BUY (Maintain)

CMP: **INR 485** Target Price: **INR 600** ▲ 24%

ICICI Securities

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06 November 2025

India | Equity Research | Results Update

Delhivery

Logistics

Revenue growth beats elevated expectations; operational margin miss of 100bps

Express parcel volumes grew 33% YoY, with 24% YoY revenue growth. Express parcel's yield declined 3% QoQ due to inferior mix. PTL tonnage grew 12% YoY despite a 3% YoY price increase, which shows Delhivery's pricing power. Express parcel and PTL's service-level EBITDA margin missed our estimates by ~100bps due to a premature festive capacity build-up and a week's delay in festive dispatches, following the GST rate change. Transient costs due to the Ecom Express acquisition were INR 900mn in Q2FY26. Management believes that the overall integration cost will likely come in at ~INR 2.1bn (30% lower than initial guidance of INR 3bn). We think, any correction in the stock's price should be an attractive opportunity to buy as the outlook for Delhivery remains strong given the underlying demand uplift and consolidation trend in express parcel business. **BUY.**

Q2FY26 performance review

Delhivery's Q2FY26 consol. revenue was INR 26bn (up 11.6% QoQ/16.9% YoY), in line with our estimates. Adj. EBITDA was INR 830mn, with margin of 3.2% (flattish QoQ/up 278bps YoY). Loss was INR 505mn in Q2FY26 (vs. PAT of INR 910 in Q1FY26).

Express parcel revenue was INR 16.1bn, up 14.8% QoQ/24.1% YoY driven by volume growth of 18.3% QoQ/33.0% YoY. Service-level EBITDA margin declined ~100bps QoQ to 15.3% for express parcel, due to 2.9% QoQ lower parcel yield amid inferior mix (lower proportion of heavies) and unutilised extra capacity due to GST cuts. PTL revenue grew 7.5% QoQ/15.2% YoY to INR 5.5bn. PTL freight tonnage grew 4.1% QoQ/11.7% YoY. Service-level EBITDA margin was 8.5% (down 220bps QoQ) for PTL. Truck load service revenue was up 1.4% QoQ/down 5.1% YoY to INR 1.5bn. Supply-chain services' revenue was down 17.1% QoQ/13.7% YoY to INR 1.7bn.

Management commentary

Management stated that express parcel volumes grew 18.3% QoQ/33% YoY, driven by 40% YoY growth in D2C and SME e-commerce volumes. Management attributed the express parcel and PTL service margins' decline to a temporary festive capacity build-up and a week's delay in festive dispatches following the GST rate change.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	89,319	1,04,142	1,21,620	1,40,830
EBITDA	3,758	8,244	13,509	17,108
EBITDA Margin (%)	4.2	7.9	11.1	12.1
Net Profit	1,621	3,954	7,644	9,913
EPS (INR)	2.2	5.4	10.5	13.6
EPS % Chg YoY	(165.1)	143.9	93.3	29.7
P/E (x)	218.0	89.4	46.2	35.6
EV/EBITDA (x)	72.2	38.0	23.0	17.9
RoCE (%)	2.1	6.3	10.6	12.8
RoE (%)	1.7	4.0	7.2	8.6

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Market Data

Market Cap (INR)	363bn
Market Cap (USD)	4,087mn
Bloomberg Code	DELHIVER IN
Reuters Code	DELH BO
52-week Range (INR)	490 /237
Free Float (%)	71.0
ADTV-3M (mn) (USD)	16.7

Price Performance (%)	3m	6m	12m
Absolute	5.0	57.8	37.1
Relative to Sensex	2.0	54.1	31.2

ESG Score	2023	2024	Change
ESG score	**65.0**	**62.9**	**(2.1)**
Environment	37.5	41.4	3.9
Social	63.0	58.7	(4.3)
Governance	83.2	83.3	0.1

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	0.0	0.0
EBITDA	(4.0)	(2.6)
EPS	(6.0)	(5.8)

Previous Reports

02-08-2025: Q1FY26 results review

19-05-2025: Q4FY25 results review

Management guided that express parcel service's EBITDA margins will likely return to 16–18% by end-FY26, supported by higher volumes, improved network utilisation, and greater staffing productivity. PTL service's EBITDA is expected to expand with volumes, reaching steady-state margins of 16–18% over the next 24 months.

Management stated that Ecom Express' integration cost will likely be below INR 3bn, with INR 900mn incurred in Q2FY26 and the remainder to be incurred in Q3FY26.

Supply chain services' margins improved to 12.8% in Q2FY26 (vs. 7.2% in Q1), driven by tech-led efficiencies and contract renegotiations, with steady growth expected from D2C, auto, and e-commerce clients. Management expects corporate overheads to decline by 0.5–0.7% of revenue annually, stabilising at 6–7% of revenue in steady state.

Rapid commerce is expected to reach INR 0.8–1bn revenue in the near term (run-rate INR 120mn), and Delhivery Direct achieved a ~INR 280mn run-rate across three cities, along with improved margins. Overall capital intensity is expected to continue declining toward the long-term target of ~4% of revenue.

Management stated that it has launched a new financial services arm (Delhivery Financial Services Pvt Ltd), which would offer FASTag, fuel cards, and small commercial vehicle loans to fleet partners. It shall operate as asset-light (arranger model), not lending from its own balance sheet. It has also set up subsidiaries in the UK and the UAE to support express exports.

Valuation

We maintain **BUY** on the stock with a target price of INR 600 as per our three-stage DCF model. The implied EV/EBITDA at our TP is 40x one-year forward. **Key risks**: 1) Pricing pressure in express parcel or PTL business; and 2) medium-term growth visibility worsening due to global headwinds.

Exhibit 1: Q2FY26 review

(in INR mn)	Q2FY26	Q2FY25	Chg. YoY (%)	Q1FY26	Chg. QoQ (%)	I-Sec estimate	Diff.
Total income from operations	**25,593**	**21,897**	**16.9**	**22,940**	**11.6**	**25,691**	**(0.4)**
Operating expenses	18,429	16,381	12.5	16,378	12.5	18,500	(0.4)
Employee wages	4,256	3,493	21.8	3,527	20.7	3,570	19.2
Other expenses	2,227	1,450	53.5	1,547	43.9	1,700	31.0
Total expenses	**24,912**	**21,325**	**16.8**	**21,452**	**16.1**	**23,770**	**4.8**
EBITDA	**682**	**573**	**19.0**	**1,488**	**(54.2)**	**1,921**	**(64.5)**
EBITDA Margin (%)	*2.7*	*2.6*		*6.5*		*7.5*	
Adjusted EBITDA	**830**	**100**	**730.0**	**750**	**10.7**	**1,096**	
EBITDA Margin (%)	*3.2*	*0.5*		*3.3*		*4.3*	-102.47
Depreciation	1,781	1,313	35.7	1,475	20.8	1,417	25.7
Other Income	922	1,196	(22.9)	1,299	(29.0)	1,000	(7.8)
Finance Cost	389	305	27.2	340	14.3	350	11.0
PBT	**(566)**	**151**	(475.5)	**972**	(158.2)	**1,154**	(149.0)
Tax	(27)	(16)		(14)		(12)	
PAT	**(539)**	**166**	(423.5)	**986**	(154.6)	**1,165**	(146.2)
PAT after minority	**(504)**	**102**	(593.7)	**910**	(155)	**1,143**	(144.1)

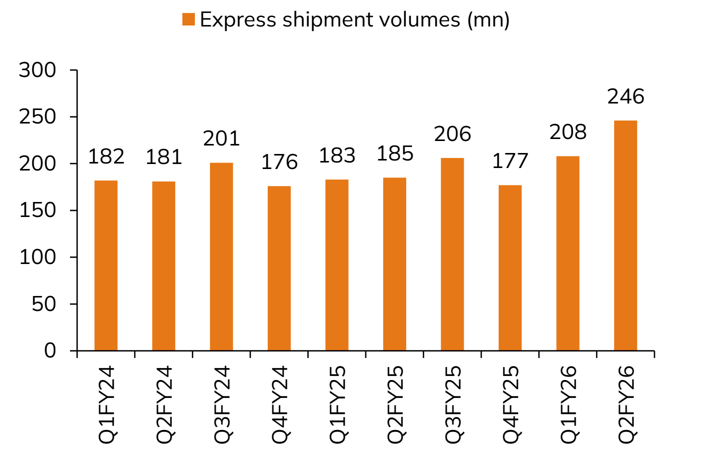
Source: I-Sec research, Company data

Exhibit 2: Q2FY26 segmental result review

	Q2FY26	Q2FY25	Chg. YoY (%)	Q1FY26	Chg. QoQ (%)
Revenue from express parcel (INR mn)	16,110	12,980	24.1	14,030	14.8
Express Parcel (mn shipments)	246	185	33.0	208	18.3
Revenue/parcel (INR/parcel)	**65.5**	**70**	**(6.7)**	**67**	**(2.9)**
PTL Revenue	5,460	4,740	15.2	5,080	7.5
PTL Freight Tonnage (mnte)	0.48	0.43	11.7	0.46	4.1
Revenue per/te (INR/te)	11,447	11,101	3.1	11,092	3.2
TL Service Revenue (INR mn)	1,500	1,580	(5.1)	1,480	1.4
Supply Chain Service Revenue (INR mn)	1,700	1,970	(13.7)	2,050	(17.1)
Cross Border Services Revenue (INR mn)	380	590	(35.6)	240	58.3

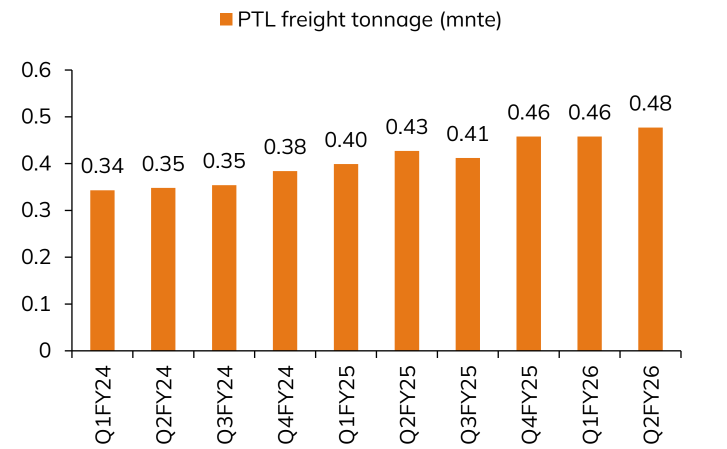
Source: I-Sec research, Company data

Exhibit 3: Express shipment volumes (mn)



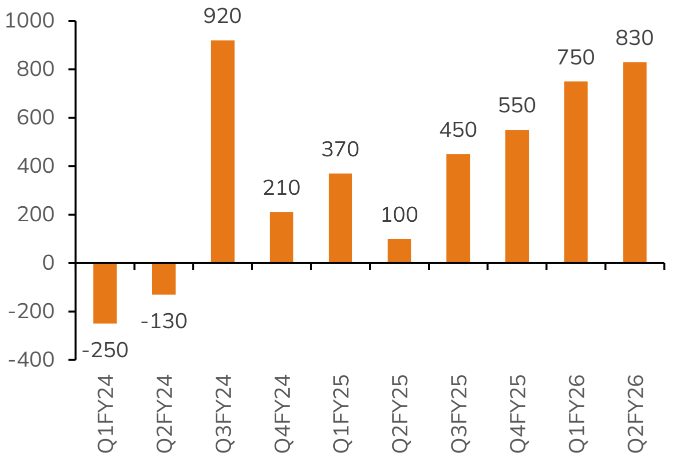
Source: I-Sec research, Company data

Exhibit 4: PTL freight tonnage (mnte)



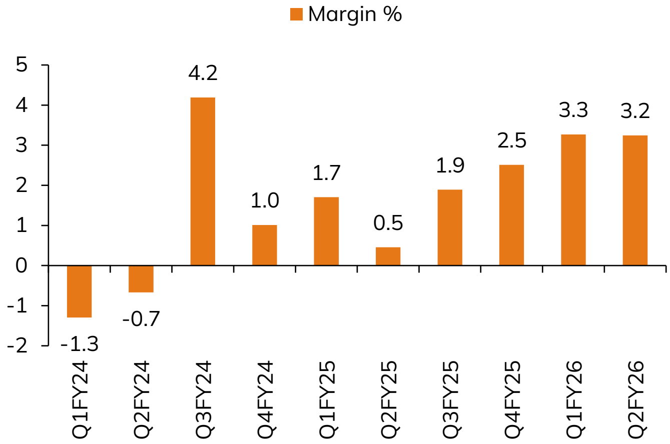
Source: I-Sec research, Company data

Exhibit 5: Adjusted EBITDA (INR mn)



Source: I-Sec research, Company data

Exhibit 6: Adjusted EBITDA margin (%)



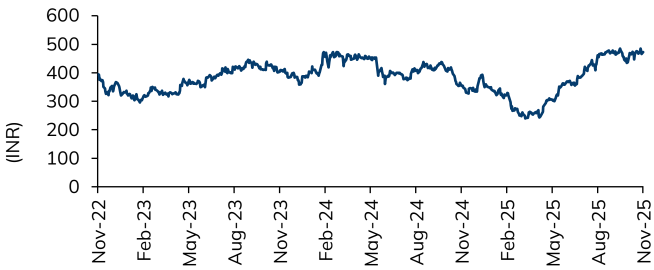
Source: I-Sec research, Company data

Exhibit 7: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	-	-	-
Institutional investors	82.1	82.6	83.6
MFs and other	26.5	27.1	29.9
Insurance	2.9	1.5	1.5
FIIs	52.7	54.0	52.2
Others	17.9	17.4	16.4

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	89,319	1,04,142	1,21,620	1,40,830
Operating Expenses	**20,213**	**21,732**	**23,668**	**25,288**
EBITDA	3,758	8,244	13,509	17,108
EBITDA Margin (%)	**4.2**	**7.9**	**11.1**	**12.1**
Depreciation & Amortization	5,349	5,777	6,547	7,385
EBIT	(1,591)	2,467	6,962	9,724
Interest expenditure	1,258	1,134	1,087	1,246
Other Non-operating Income	4,401	3,961	4,357	4,793
Recurring PBT	1,552	5,293	10,233	13,270
Profit / (Loss) from Associates	**70**	**-**	**-**	**-**
Less: Taxes	**(50)**	**1,339**	**2,589**	**3,357**
PAT	1,602	3,954	7,644	9,913
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,621	3,954	7,644	9,913
Net Income (Adjusted)	**1,621**	**3,954**	**7,644**	**9,913**

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	33,968	37,224	44,373	54,098
of which cash & cash eqv.	3,368	4,345	7,346	12,263
Total Current Liabilities & Provisions	11,270	13,894	16,212	19,323
Net Current Assets	**22,699**	**23,330**	**28,162**	**34,775**
Investments	35,782	35,782	35,782	35,782
Net Fixed Assets	11,846	15,186	18,519	21,885
ROU Assets	12,994	12,994	12,994	12,994
Capital Work-in-Progress	329	329	329	329
Total Intangible Assets	14,030	14,030	13,589	13,589
Other assets	11,689	11,689	11,689	11,689
Deferred Tax Assets	-	-	-	-
Total Assets	**1,09,362**	**1,13,333**	**1,21,056**	**1,31,035**
Liabilities				
Borrowings	**397**	**397**	**397**	**397**
Deferred Tax Liability	**77**	**77**	**77**	**77**
provisions	748	764	844	910
other Liabilities	-	-	-	-
Equity Share Capital	746	746	746	746
Reserves & Surplus	93,576	97,530	1,05,174	1,15,087
Total Net Worth	**94,322**	**98,276**	**1,05,920**	**1,15,832**
Minority Interest	-	-	-	-
Total Liabilities	**1,09,362**	**1,13,333**	**1,21,056**	**1,31,035**

Source Company data, I-Sec research

Exhibit 11: Quarterly trend

(INR mn, year ending March)

	Dec-24	Mar-25	Jun-25	Sep-25
Net Sales	23,783	21,916	22,940	25,593
% growth (YOY)	8.4	5.6	5.6	16.9
EBITDA	1,024	1,191	1,488	682
Margin %	4.3	5.4	6.5	2.7
Other Income	987	1,119	1,299	922
Net profit	250	726	910	(505)

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**5,674**	**11,227**	**13,527**	**16,914**
Working Capital Changes	(249)	362	(1,751)	(1,630)
Capital Commitments	(4,757)	(5,936)	(6,446)	(7,042)
Free Cashflow	**917**	**5,291**	**7,081**	**9,873**
Other investing cashflow	**3,721**	**(3,180)**	**(2,993)**	**(3,709)**
Cashflow from Investing Activities	(1,036)	(9,116)	(9,439)	(10,751)
Issue of Share Capital	39	-	-	-
Interest Cost	(73)	(1,134)	(1,087)	(1,246)
Inc (Dec) in Borrowings	(857)	-	-	-
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	(4,323)	(1,134)	(1,087)	(1,246)
Chg. in Cash & Bank balance	**315**	**977**	**3,001**	**4,917**
Closing cash & balance	315	977	3,001	4,917

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	2.2	5.4	10.5	13.6
Adjusted EPS (Diluted)	2.2	5.4	10.5	13.6
Cash EPS	8.7	12.0	17.6	21.4
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	129.4	134.9	145.4	159.0
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	9.7	16.6	16.8	15.8
EBITDA	196.8	119.3	63.9	26.6
EPS (INR)	(165.1)	143.9	93.3	29.7
Valuation Ratios (x)				
P/E	218.0	89.4	46.2	35.6
P/CEPS	55.8	40.3	27.6	22.7
P/BV	3.7	3.6	3.3	3.1
EV / EBITDA	72.2	38.0	23.0	17.9
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	26.8	28.8	30.6	30.1
EBITDA Margins (%)	4.2	7.9	11.1	12.1
Effective Tax Rate (%)	(3.2)	25.3	25.3	25.3
Net Profit Margins (%)	1.8	3.8	6.3	7.0
Net Debt / Equity (x)	(0.4)	(0.4)	(0.4)	(0.4)
Net Debt / EBITDA (x)	(10.3)	(4.8)	(3.2)	(2.8)
Total Asset Turnover (x)	-	-	-	-
Inventory Turnover Days	60	47	45	44
Receivables Days	14	16	24	34
Payables Days	10	9	8	6
Profitability Ratios				
RoE (%)	1.7	4.0	7.2	8.6
RoCE (%)	2.1	6.3	10.6	12.8
RoIC (%)	3.1	5.0	8.2	9.7

Source Company data, I-Sec research

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