CFA Institute

CFA Institute Research Challenge

Hosted by – CFA Society India (IAIP)

Arth-Kalpana

The CFA Institute Research Challenge is a global competition that tests the equity research and valuation, investment report writing, and presentation skills of university students. The following report was prepared by a team of university students as part of this annual educational initiative and should not be considered a professional report.

Disclosures:

Ownership and material conflicts of interest

The author(s), or a member of their household, of this report [holds/does not hold] a financial interest in the securities of this company. The author(s), or a member of their household, of this report [knows/does not know] of the existence of any conflicts of interest that might bias the content or publication of this report. [The conflict of interest is..]

Receipt of compensation

Compensation of the author(s) of this report is not based on investment banking revenue.

Position as an officer or director

The author(s), or a member of their household, does not serve as an officer, director, or advisory board member of the subject company. Marketing making The author(s) does not act as a market maker in the subject company's securities.

Disclaimer

The information set forth herein has been obtained or derived from sources generally available to the public and believed by the author(s) to be reliable, but the author(s) does not make any representation or warranty, express or implied, as to its accuracy or completeness. The information is not intended to be used as the basis of any investment decisions by any person or entity. This information does not constitute investment advice, nor is it an offer or a solicitation of an offer to buy or sell any security. This report should not be considered to be a recommendation by any individual affiliated with [CFA Society Poland], CFA Institute, or the CFA Institute Research Challenge with regard to this company's stock.

Delhivery

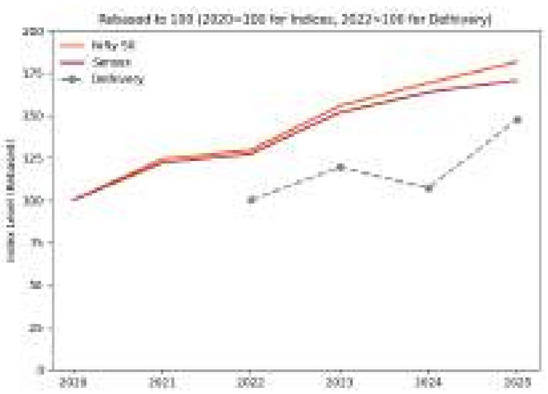
SELL

Date: 03 October 2025	**Stock Exchange:** NSE, BSE	**TICKER:** DELHIVERY
Market Cap: ₹32,479 Cr.	**Industry:** Air Freight & Logistics	**Sector:** Logistics
Current Price: ₹430	**Target Price:** ₹151	**Downside:** 68%

Stock Information

CMP (03 Oct'25) (₹)	430
Market Capitalisation (₹)	32,150 Cr
O/s Share	746 Mn
Free Float %	100%
Net Sales (FY25) (₹)	91 Bn
EBITDA (FY25) (%)	10.80%
ROE (%)	1.52%
ROCE (%)	2.47%
LTM P/E (FY25)	184.42
52-week H/L (₹)	489.10 / 236.53
Beta	0.85
Face Value (₹)	1
Piotroski Score	5.00
Graham Factor	3.00

Share Price Performance



Market Share (FY25)

Source: Student Research, Company Annual Reports

Inability to generate sufficient free cash flow, major governance red flags and high valuation present substantial downside risk

We kick off a Sell on Delhivery Ltd. with a 12-month target price of ₹71–151 through relative valuation approach, implying a 68–85% drop from the current price of ₹474. The stock is quoting extended valuations of 41.1x EV/EBITDA and 177.8x P/E, compared to peer medians of 13.9x and 26.5x. Even on conservative assumptions, fair value lies significantly below the current levels, leading us to believe that unwarranted optimism over growth prospects has propelled Delhivery to unsustainable prices.

Q1 FY26 UPDATE

Delhivery started FY26 on a high, with Q1 revenue growing 5.6% YoY to ₹22.9 billion and profit improving to ₹910 million from ₹544 million in the corresponding period last year. Growth is driven by the acquisition of Ecom Express, but momentum will have to be maintained with high capital expenditure, which was higher than operating cash flow in FY25 and might hurt free cash flow in the near term.

INVESTMENT THESIS

Dependence on Working Capital

Delhivery enjoys the benefit of a negative cash conversion cycle (~(-30 days) in FY25), but this benefit depends upon favorable vendor and partner credit terms. Any deterioration here can soon stretch liquidity.

Tech Story vs. Disclosures

The firm positions itself as "tech-first," yet no distinct R&D expense line appears in financials, and no patents were filed at IPO. This undermines the proprietary innovation story.

High Capex Pressure

Capex has always dwarfed depreciation (₹462 Cr vs. ₹601 Cr in FY25). Though driving growth, this leaves little scope for free cash flow, a metric investors track after profitability.

Related Party Transactions

FY25 recorded service sales of ₹328.6 Mn to a company associated with management. Though disclosed, such transactions require diligent observation to maintain shareholder interests.

Earnings Quality Questions

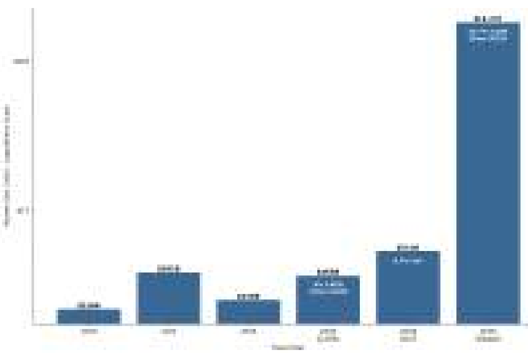
Fees increased at a ~48% CAGR (FY21–25), significantly higher than revenue growth (~24%). The gap necessitates investigation of financial quality.

Valuation Risk

Once profitable, Delhivery has a premium valuation based on continued high growth. If headwinds in the industry slow down revenue momentum, expectations may reset abruptly.

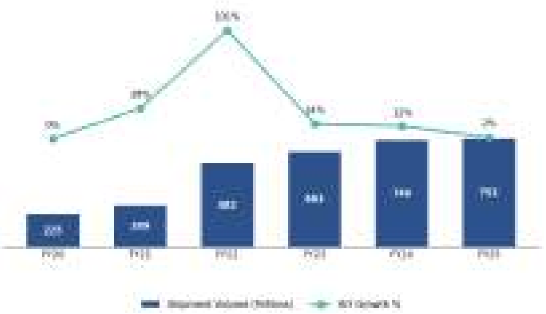
Porter's 5 Forces

Market Size Forecast



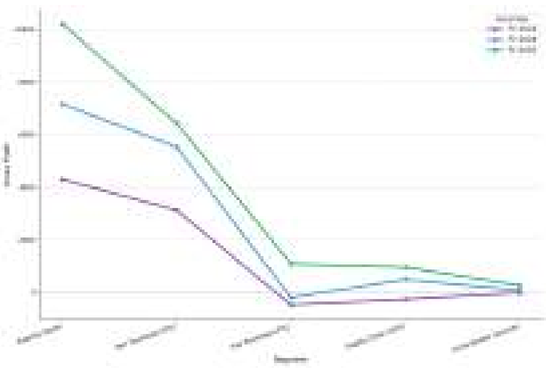
Source: Student Research

Shipment Volumes



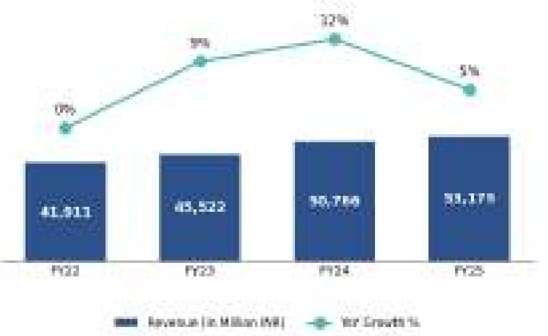
Source: Company Annual Reports

Gross Profit by Segment



Source: Company Annual Reports

Revenue & YoY Growth



Source: Company Annual Reports

INDUSTRY OVERVIEW

Market Size and Growth India's logistics industry is among the country's largest employers and an important contributor to its economy. The sector has been growing steadily, driven chiefly by the explosive growth of e-commerce, domestic consumption, and an infrastructure push. Government policies such as the National Logistics Policy (NLP) and Goods and Services Tax (GST) have also been pivotal to formalizing the industry, enhancing efficiency, and speeding up the migration of market share from the large unorganized sector to organized players.

Key Trends and Emerging Business Models

The industry is characterized by some key trends that are revolutionizing the way logistics businesses operate:

1. **Digital Transformation:** Technologies such as AI, machine learning, and big data analytics are transforming operations. Top companies are creating end-to-end "logistics operating systems" for everything from route optimization and real-time location tracking to demand forecasting and warehouse automation.
2. **E-commerce Rise:** The rise of e-commerce has given rise to huge demand for express parcel delivery, last-mile connectivity, and reverse logistics services. This has been the main driver for growth of tech-enabled players.
3. **The "Asset-Light" Model:** One of the major structural shifts, especially among next-generation players, is adopting an "asset-light" or network-partner model. Rather than owning all trucks and warehouses, organizations create a technology platform that brings together thousands of independent partners, enabling scalability at speed and operational agility.
4. **Focus on Sustainability:** There is an increasing trend towards "green logistics," with corporations investing in electric vehicles (EVs) and route optimization to lower carbon footprints.

Competitive Landscape, Segmentation, and Consolidation

The market is a sophisticated and competitive blend of players that serve multiple key service segments, i.e., Express Parcel, Part-Truckload (PTL), Full-Truckload (FTL), and integrated Supply Chain Services (SCS).

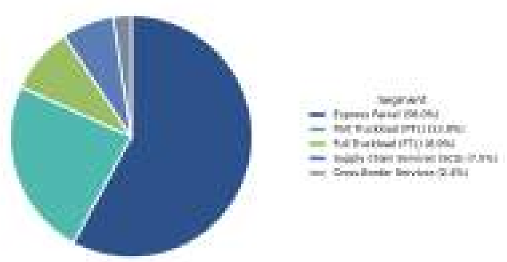
1. **Traditional Players:** Established players such as Blue Dart, Gati, and VRL Logistics enjoy long-term reputations and wide networks, mainly in the B2B freight and parcel segments.
2. **Tech-Driven Players:** Players such as Delhivery, Ecom Express, and Xpressbees have established their business models based on the unique requirements of e-commerce but have also gone aggressively into the PTL and SCS segments at the cost of directly competing with conventional players.
3. **International Players:** DHL and FedEx, the international giants, have a strong foothold, especially in cross-border logistics and premium express services.

A key, continuous trend is industry consolidation. Capital-rich players are aggressively acquiring smaller players to acquire scale and market share. Delhivery's acquisition of Spoton Logistics for its PTL business and its planned acquisition of Ecom Express are classic examples of such consolidation defining the future of the industry.

BUSINESS DESCRIPTION

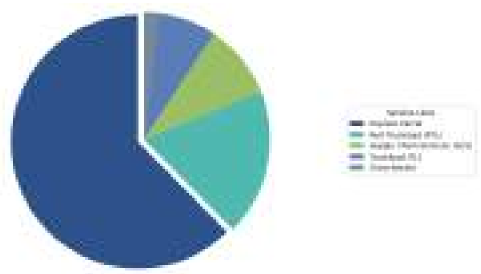
Delhivery is a fully-integrated logistics provider in India, offering a comprehensive suite of services to a diverse range of customers. The company's technology-driven approach and extensive network have established it as a key player in the Indian logistics landscape.

Revenue Split (FY25)



Source: Company Annual Reports

Revenue Split (Customers)



Source: Company Annual Reports

Revenue Concentration

Source: Company Annual Reports

Active Customer Base

Fiscal Year	Active Customers
FY23	Over 27,500
FY24	Over 33,000
FY25	Over 40,000

Source: Company Annual Reports

Operating Locations

MAIN SEGMENTS

Delhivery's operations are organized into five primary business segments:

- **Express Parcel:** This is the company's largest segment, providing express parcel delivery services across India. It caters to the rapidly growing e-commerce industry, offering fast, reliable, and trackable last-mile delivery. The service is characterized by high volumes and a focus on speed and efficiency. The Express Parcel segment consistently contributes the largest share of the company's revenue and has strong, positive gross margins.
- **Part Truckload (PTL):** The PTL service focuses on the transportation of larger shipments that do not require a full truck. This segment serves a wide range of industries, including manufacturing, retail, and consumer goods. PTL is a significant revenue contributor and has demonstrated strong growth and profitability.
- **Full Truckload (FTL):** This segment provides dedicated freight transportation for large shipments that require the entire capacity of a truck. It serves businesses with high-volume transportation needs and has recently shown a turnaround from losses to profitability.
- **Supply Chain Services (SCS):** Delhivery's SCS segment offers a range of warehousing and supply chain solutions, including inventory management, order fulfillment, and distribution. It caters to businesses looking to outsource their logistics operations and has also shown a positive trend in profitability.
- **Cross-Border Services:** This segment handles international logistics, providing services for both imports and exports. While currently a smaller part of the business, it has been growing and has recently become profitable.

BUSINESS SEASONALITY

The business is subject to seasonal fluctuations, largely driven by the patterns of the e-commerce industry. The second half of the financial year, particularly the third quarter (October-December), is typically the strongest period due to the festive season and major online shopping events like Diwali, Black Friday, and Cyber Monday. The fourth quarter (January-March) also sees high activity. The first and second quarters are generally leaner in comparison.

CUSTOMERS

Delhivery serves a diverse customer base, from large e-commerce marketplaces to small and medium enterprises (SMEs) and individual consumers.

- E-commerce Marketplaces: Major online retailers are significant clients, relying on Delhivery for last-mile delivery of their products.
- Direct-to-Consumer (D2C) Brands: A growing number of D2C brands use Delhivery's services for order fulfillment and delivery.
- Enterprises: The company serves a wide array of businesses across various sectors, including consumer goods, industrial products, and healthcare, for their PTL, FTL, and SCS needs.
- SMEs: Small and medium-sized businesses are a key customer segment, benefiting from Delhivery's extensive network and technology platform.

COMPETITIVE POSITIONING

1. Diversified & Integrated Service Offering

Delhivery works on five verticals: Express Parcel for e-commerce businesses, PTL for partial truckload shipments, TL for dedicated freight solutions, Supply Chain Services for warehousing and fulfillment solutions, and Cross-Border for international shipping. This model of integration makes it easy to handle first-mile, mid-mile, and last-mile operations, which bestows upon it a significant competitive edge with enterprise customers.

Operational Inputs

Physical Infrastructure	Transportation & Fleet
Human Resources	Technology & Data
Fuel & Energy	Capital & Financial Resources

Source: Student Research, Company Annual Reports

Major Competitors

कॉनकॉर CONCOR

TCI LEADERS IN LOGISTICS

TVS Supply Chain Solutions

BLUE DART

Source: Student Research

Major Customers

Flipkart

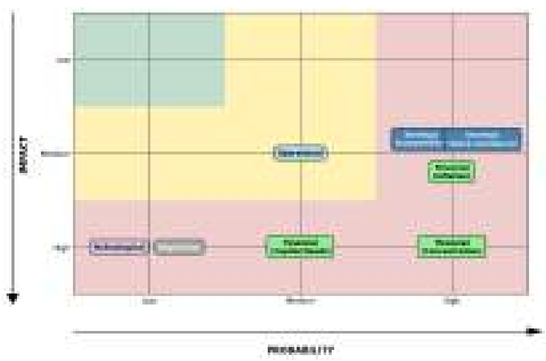
amazon

meesho

Enterprises & SMEs

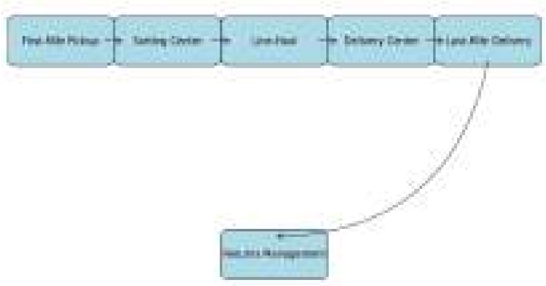
Source: Student Research

Business Risk Matrix



Source: Student Research

Supply Chain Model



Source: Student Research

2. Well-Positioned for Industry Growth

Delhivery enjoys India's thriving digital economy and favorable policies. Online consumers are likely to double by 2034, while e-commerce is expected to grow at >20% CAGR. Policies such as the National Logistics Policy and GST, as well as investments in infrastructure, lower logistics costs, make operations more streamlined, and increase efficiency.

3. Competitive Landscape

Delhivery stands out in terms of scale in all the verticals but has segment-level competition from Blue Dart, Xpressbees, TCI Express, VRL Logistics, and Amazon and Flipkart captive logistics units. Its comparative advantages rest in a proprietary technology stack, asset-light setup, and capability to deliver an integrated B2C and B2B solution.

4. Diversified Customer Base

Delivering for top e-commerce portals, D2C players, and large industrial corporations, Delhivery has low client concentration, with the top five customers generating only 25.3% of FY25 revenue. This diversification offers a stable and predictable revenue base.

BUSINESS RISKS

Operational Risk | Network Disruptions and Partner Dependence

Delhivery's operations depend on its large, leased network of logistics facilities and its immense ecosystem of more than 6,000 third-party network partners. The asset-light business model subjects the company to material operational risks. Disruptions due to equipment failure, labor disputes, or technology problems at material facilities such as automated sorting hubs can have a material negative impact on operations and financial performance. The firm has limited control over its network partners, which poses risks of service quality failure or fraudulent behavior that could damage its brand and customer experience.

Technological Risk | System Integrity and Cybersecurity

Its own proprietary technology platform of more than 80 applications is the foundation of its business, controlling everything from order placement to ultimate delivery. This lifeblood infrastructure is subject to cyberattack, system disruption, and security breach. Any compromise of the enormous volume of confidential customer information could lead to material reputational harm, legal liability, and financial loss. A speculative data leak involving data from the 2015-2016 period was found by the company in 2021.

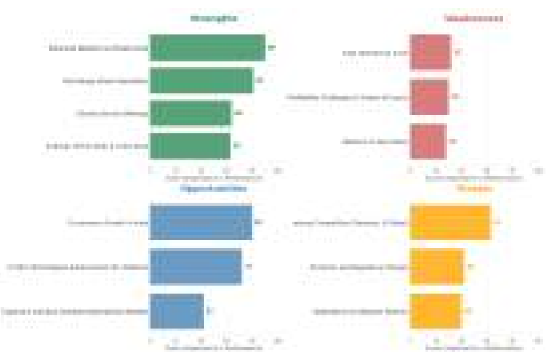
Financial Risk | Concentration of Revenue and Customer Dependence

Much of Delhivery's business is concentrated in a couple of large e-commerce customers. Delhivery's top five customers had generated 42.66% of its revenue in Fiscal 2021. This dependence is a significant risk, especially with major customers such as Meesho are stepping up in-house logistics capabilities ("insourcing"), which is expected to go up to 70% in FY26E. This reduces the amount of business that is outsourced to Delhivery directly and is a headwind to its expansion. Also, customer contracts are relatively short-term in nature, leading to uncertainty on revenue streams over the long term.

Financial Risk | Inflationary Pressures and Cost Control

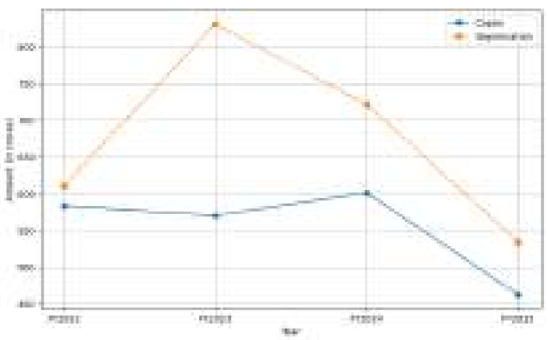
Delhivery's profitability is under high inflationary pressures, especially those emanating from increasing fuel prices, that affect its large network of operations. Delhivery's limited ability to transfer extra operating expenses, in turn, is constrained by the negotiating power of its major customers and the very tough competition in the logistics industry. Failure to control such costs or price adjustments accordingly directly affects margins and bottom-line performance.

SWOT Scorecard



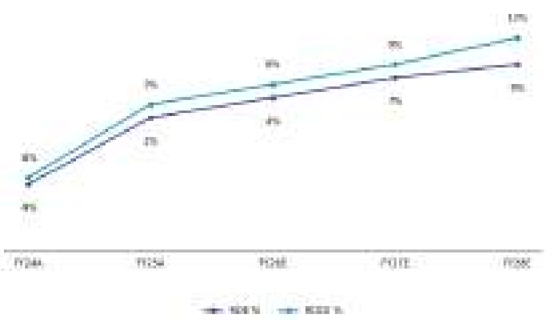
Source: Student Research

Capex vs Depreciation



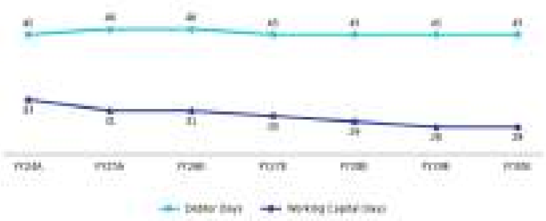
Source: Student Research, Company Annual Reports

ROE vs ROCE



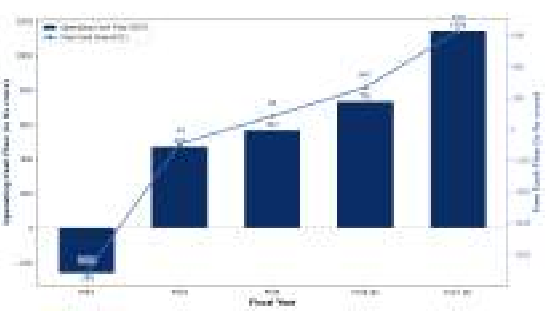
Source: Student Research, Company Annual Reports

Activity Ratios



Source: Student Research, Company Annual Reports

Cash FLow Analysis



Source: Student Research, Company Annual Reports

Financial Risk | Past Losses and Capital Requirements

The company has past losses, having incurred a restated loss of ₹4,157.43 million during Fiscal 2021. The business model involves huge and ongoing capital investment to finance growth, technology enhancements, and the upkeep of its network infrastructure. Although the company has raised capital, its growth plan could need further financing, and failure to obtain it on acceptable terms can negatively impact its operations and growth plans.

Strategic Risk | High Competition and Market Changes

The Indian logistics sector is witnessing a structural transformation with rising consolidation. Delhivery, although improving its market position with acquisitions such as Ecom Express, has a bifurcated competitive landscape to contend with. It competes with Shadowfax, a nimble, asset-light player with dominance in quick-commerce, and operational challenges from peers like Xpressbees. A key strategic risk is the large channel shift towards Quick Commerce (QC), which is likely to achieve a peak effect in FY26, and can eat into the market share of conventional e-commerce platforms that Delhivery caters to.

Regulatory Risk | Shifting Legal and Compliance Environment

Delhivery has to navigate a challenging and dynamic regulatory landscape in India. Its operations are regulated by numerous pieces of legislation covering transportation, labor, data privacy, and e-commerce. Government policies, such as the FDI Policy governing foreign investment into e-commerce, may indirectly adversely impact Delhivery's business by influencing the growth and operations of its major customers. A failure to satisfy these diverse regulations will lead to fines, license suspension, and loss of reputation.

FINANCIAL ANALYSIS

Transition to Sustained Profitability

Having invested so much in the past few years, Delhivery finally became profitable in FY25 with a net profit of ₹1,621 million compared to a ₹2,492 million loss in FY24. EBITDA also rose from a loss of ₹452 crore in FY23 to a profit of ₹376 crore in FY25. ROE increased to 1.8% from -2.9% and can be estimated at 5.6% by FY28, while ROCE rose to 3.2% from -1.8%, on the back of scale in Express Parcels and PTL stabilization post-Spoton buy.

Working capital efficiency also enhanced with NWC days reduced to 28 (from 38) and operating cash flow up 20% YoY at ₹5,674 million. Revenue increased 12.7% in FY24 and 9.7% in FY25 to ₹89,319 million, with a 14% CAGR anticipated through FY28, driven by PTL (18% CAGR) and Express Parcels (10% CAGR).

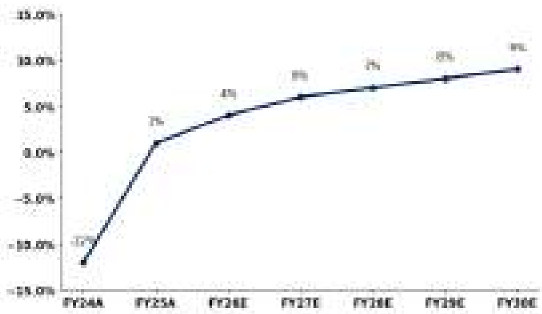
Client Insourcing: Anticipated to stabilise at 65%; Ecom Express merger could yield cost advantages to retain clients.

Quick Commerce: Channel shift effect to peak in FY26 to then stabilize, with e-commerce maintaining the advantages.

Simplified Balance Sheet & Asset-Light Model

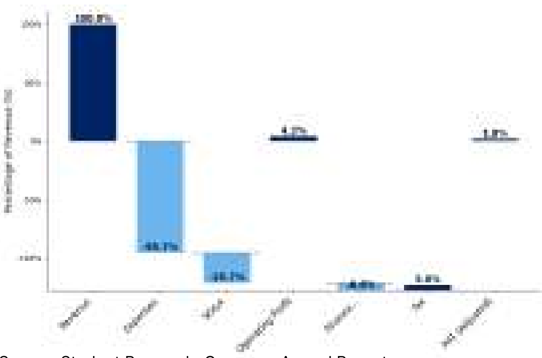
Robust balance sheet with low debt supports growth through internal accruals. Asset-light model (leased fleet and infrastructure) focuses capital on tech and automation, increasing efficiency.

PAT Margin



Source: Student Research, Company Annual Reports

Income Analysis

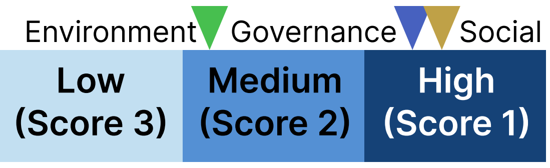


Source: Student Research, Company Annual Reports

Board Scorecard

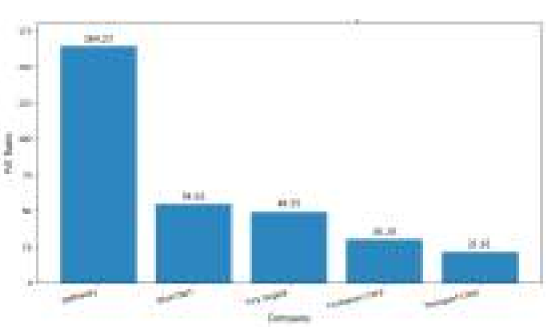
Source: Student Research

ESG Scorecard



Source: Student Research

Comparable PE



Source: Student Research, Company Annual Reports

Balanced Financial Position

Piotroski F-score: 5/9 (moderate strength). Altman Z-score: 6.65 (low risk of bankruptcy). G Factor: 3 (acceptable growth rate). Combined, these depict a strong platform with formidable profitability.

Competitive Benchmarking – Market Dominance

Indian logistics is coalescing into a Delhivery–Shadowfax duopoly. Delhivery dominates as a technology-enabled full-stack provider, while competitors such as Xpressbees struggle. Spoton acquisition made PTL more robust, and upcoming Ecom Express acquisition further consolidates express parcels, reduces competition, and accelerates cost synergies.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Environmental (E)

Small Green Initiatives: Solar and EV usage are present but small-scale and in amounts that are not enough to decrease overall carbon footprint within a logistics-intensive company.

Poor Reporting: Announcements are qualitative with no measurable, time-bound targets, making it hard for investors to monitor progress or responsibility.

Social (S)

Sexual Harassment Complaints: FY22 had 26 complaints (22 disposed, 4 pending), which raised serious questions regarding workplace safety, culture, and reputational risk.

High Attrition & Contractual Dependence: High attrition rates and extensive use of contractual workers pose risks of labour agitation, supply chain volatility, and reduced long-term employee commitment.

Governance (G)

No Identifiable Promoter: Lack of a promoter diminishes responsibility and widens scope for stakeholder conflicts.

Weak Internal Controls: Auditor identified issues such as missing local server backups and absence of audit trails, leaving risks related to data integrity and fraud uncovered.

Related Party Transactions: Continuing transactions, while alleged at arm's length, still entail conflict-of-interest risk and may not be entirely in shareholder interest.

The company’s risky management, coupled with social concerns and a weak environmental approach, is a major reason why its stock is rated a sell.

VALUATION

EARNING MULTIPLIER APPROACH

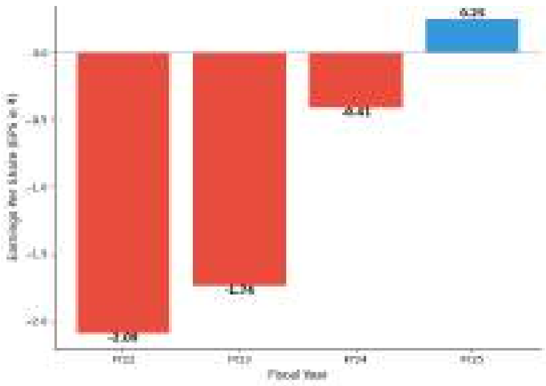
We estimated the value of Delhivery, India's top logistics and supply chain solutions company, using the Earning Multiplier (Price-to-Earnings) methodology. Our estimates imply an intrinsic value per share between ₹91.7 and ₹117.9, which implies substantial downside from the current price of ₹435 (as of September 30, 2025).

Understanding the Earning Multiplier Approach

The Earning Multiplier method estimates a company's value by multiplying its Earnings Per Share (EPS) with an industry representative Price-to-Earnings (P/E) ratio:

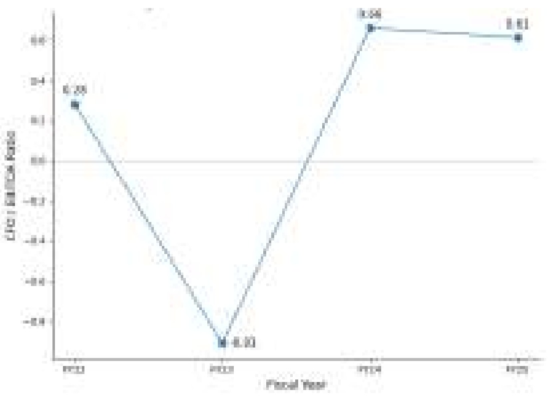
Stock Value=EPS×P/E Ratio

EPS



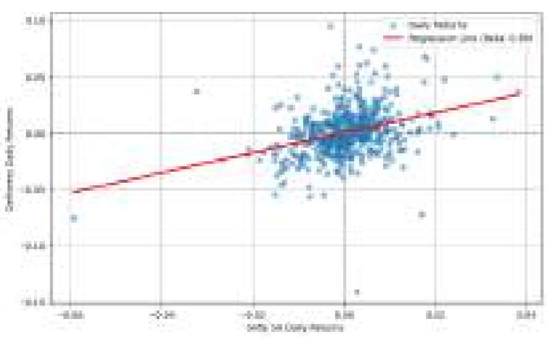
Source: Student Research, Company Annual Reports

CFO to EBITDA



Source: Student Research, Company Annual Reports

Beta: Nifty vs Delhivery



Source: Student Research, Company Annual Reports

Cost of Equity

Risk Free Rate	6.50%
Beta	0.87
ERP	4.12%
Cost of Equity	**10.08%**

Source: Student Research

The success of this method relies on the rigorous choice of a comparable peer group and a reasonable P/E multiple that accurately represents Delhivery's growth prospects, risk level, and relative position within the logistics industry.

Key Assumptions:

EPS – Delhivery's TTM EPS is ₹2.62.

Valuation Multiples – Assumed three scenarios:

1. Conservative: 35x → ₹91.7
2. Moderate: 40x → ₹104.8
3. Optimistic: 45x → ₹117.9

Outcome – Vs. market price of ₹434, stock appears heavily overvalued.

Key Considerations:

1. Results are extremely sensitive to P/E multiple.
2. Methodology omits cash flows, debt, and capex.
3. E-commerce tailwinds and strong infra push drive growth, but existing pricing illustrates aggressive expectations.

RELATIVE VALUATION METHOD

Delhivery is a top integrated logistics player with presence across express parcel, supply chain, and cross-border services. We considered listed domestic peers in logistics to normalize its valuation. The peer group consists of players like Blue Dart Express, Container Corporation of India, and VRL Logistics.

Domestic Peers

We selected nine peers. Although the companies differ in size and business composition, we believe they are appropriate to construct a rationalized industry view considering that Delhivery does not have a direct comparable with an asset-light model.

Multiples

Peers have a median EV/EBITDA multiple of 13.94x and a median P/E multiple of 26.52x. In comparison, Delhivery has a multiple of 41.1x EV/EBITDA and 177.84x P/E, indicating a wide premium. Imposing the peer median EV/EBITDA on Delhivery's FY EBITDA of ₹888 Cr implies a fair value of ₹151.44 per share. Likewise, imposing the peer median P/E on its net income of ₹199 Cr implies a fair value of ₹70.68 per share. Both results indicate substantial downside compared to the current market price of ₹474.

Valuation

The analysis precisely incorporates relative valuation analysis and suggests a value of ₹71-151 per share for Delhivery, or a 68–85% downside from current levels. The premium valuation suggests that investors are already expecting robust future growth prospects, which are not yet embedded in the peer set.

INVESTMENT SUMMARY

INVESTMENT THESIS

We are starting coverage on Delhivery with a guarded outlook. While Delhivery is now one of India's largest logistics firms with a market cap of ₹35,144 Cr and a robust pan-India network handling close to 2 million parcels every day, the valuation already accounts for aggressive assumptions of growth. The firm's asset-light, technology-based model and diversified presence in B2B and B2C segments are structural strengths, but profitability-related challenges, risks of scalability, and rising competition in the industry may cap future investor returns.

Domestic Peers

Name	PE	EV/ EBITDA
Container Corp.	168.16	16.39
Delhivery	30.14	41.1
Blue Dart Express	54.87	15.85
Transport Corp.	21.48	15.03
TVS Supply	48.72	8.03
Mean	47.69	15.37
Median	26.52	13.94

Source: Student Research, Company Annual Reports

Relative Valuation

Particulars	Value
Median Domestic forward P/E	26.52
Private Sector Premium	25%
Scarcity Premium	20%
Forward EPS	2.54
Implied Share Price	**101.04**

Source: Student Research

Valuation

Method	Share Price
Earning Multiplier	117.9
Relative Valuation	101.04
Average Price	**109.47**

Source: Student Research

Shareholding Pattern

Source: Student Research, Company Annual Reports

POSITIVES OF THE BUSINESS

Diversified business model across B2B and B2C

In contrast to most logistics players, who are predominantly B2B focused, Delhivery derives advantages from a fair exposure to both B2B and B2C. Its long-term associations with e-commerce leaders like Amazon and Flipkart mean there is consistent volume throughout the year, subduing the effects of fluctuating seasonal demand. This diversification also increases asset utilization, improves warehouse and fleet utilization, and lowers cost per shipment.

Asset-light and scalable operations

Delhivery has an asset-light strategy, where it partners with third-party transporters rather than using its own fleet exclusively. This lowers fixed asset intensity, decreases depreciation, and enhances capital efficiency. The low-debt model enhances investor confidence and offers freedom for future growth and acquisitions, making Delhivery more competitive against asset-heavy traditional competitors.

Healthy financial trajectory

Delhivery has posted steady revenue growth since 2020, with June 2025 quarterly sales of ₹2,294 Cr—the highest among Indian logistics companies. Its asset-light model translates to a lower fixed asset base (₹3,887 Cr versus Container Corporation's ₹6,578 Cr) and allows for less leverage and more financial flexibility. This leaves the company well-placed to reinvest in growth opportunities.

Cross-border expansion

The firm is scaling up its services to cross-border logistics via express parcel delivery across import and export markets. Collaboration with cargo ship companies and airlines limits capital risk and allows it to grow. As India's trade links with the Middle East and other regions improve, Delhivery stands to gain from overseas demand growth. Its connections with high-growth D2C brands like Meesho and Nykaa also supplement international growth opportunities.

NEGATIVES OF THE BUSINESS

High valuation issues

Delhivery is priced at a considerable premium to peers in terms of EV/EBITDA and P/E multiples. Existing valuations seem to include extremely optimistic assumptions of growth, with little room for manoeuvre for investors.

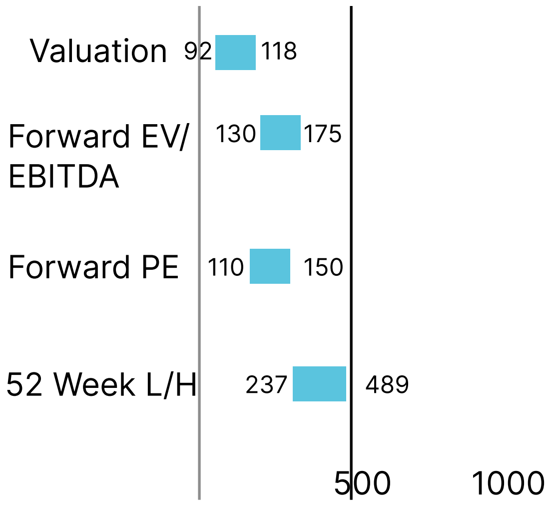
Profitability risks

Even with robust revenue expansion, logistics is a low-margin business, and Delhivery's use of partners for transportation, while effective, can constrain operating leverage relative to asset-intensive peers. Profitability will be crucial for long-term value creation.

Competitive intensity

The logistics industry is intensely competitive, with incumbent operators and new entrants aggressively growing. Although Delhivery's size has its benefits, it could feel pressure on margins as competition heightens, especially in e-commerce.

Football Field Analysis



Source: Student Research, Company Annual Reports

INVESTMENT RISKS

Market Risk

Delhivery is challenged by increasing competition from indigenous logistics businesses and technology-based competitors, which has the potential to erode its cost leadership. Seasonal dependence on e-commerce orders also creates volatility, with demand spiking during festivals and tapering off-season. Increasing inflation erodes consumer buying power, and inventory stocks can become a cost burden if demand declines. Last-minute cancellation of orders can also raise reverse logistics costs.

Operational Risk

Internal inefficiencies may influence the performance of Delhivery. Although joint ventures lower capital intensity, depreciation and maintenance expenses for the fleet still fall on the company. Older vehicles do not have advanced monitoring of fuel and efficiency, boosting operating expenses. Unions have driven higher labor costs, adding to the pressure on SG&A. Net profit is low even with robust revenue growth, and ROCE is ~2% compared to a sector average of 5%, indicative of inefficient use of capital and debt.

Policy and Regulatory Risk

Policy shifts in government rules, e.g., toll prices, interstate permits, and taxation, may have a negative impact on operations. International expansion makes Delhivery vulnerable to geopolitics, e.g., disruption of trade, which may lead to order cancellations and write-offs of inventories. Taxation reforms under Section 115BAA or general reforms can affect cash flows.

Labor and HR Risk

Labor union regulations and HR-related matters can interfere with day-to-day activities. Since logistics is a time-sensitive industry, time losses due to labor disputes may contribute to customer dissatisfaction as well as reputational damage.

ESG and Compliance Risk

Delhivery needs to keep up with changing carbon emission standards for the fleet, which will involve capital expenditure to upgrade vehicles. Non-compliance may attract regulatory fines, whereas fleet depreciation can boost operating expenses.

Corruption and Social Risk

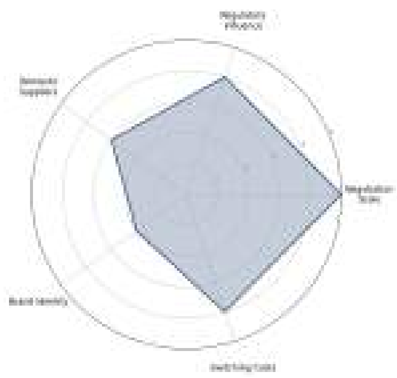
Permit, license, or operational approval delays caused by corruption can cause service disruptions. Riots or social unrest, as witnessed during the farmer protests in North India, can have a major impact on supply chain operations and delivery schedules.

TABLE OF CONTENTS

APPENDIX I: BUSINESS & INDUSTRY ANALYSIS

Appendix I-A: Porter's 5 Forces

Bargaining Power of Buyers



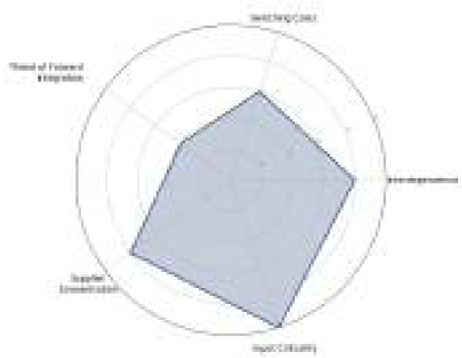
▲ The sector has a very high bargaining power of buyers, scored 5 out of 5. This means that customers enjoy very high negotiating power.

▲ Buyers tend to be concentrated or buy in large quantities, thus are able to dictate terms and price.

▲ The industry has standardized or undifferentiated products or services, so it is simple for customers to switch among competitors.

▲ Low switching costs for consumers further enable them to look for the best price, compressing industry profitability.

Bargaining Power of Suppliers



▲ Suppliers have a moderate to high bargaining power, scoring about 3 out of 5.

▲ This could be the result of the concentration of suppliers, such that there are fewer than the number of firms in the industry.

▲ Suppliers' inputs are of paramount importance to the final product, and there could be no substitute inputs.

▼ The power is not perfect, indicating that the industry continues to be an important customer for the suppliers, or that there are some substitute inputs, which ensure the suppliers do not have full power.

Threat of New Entrants

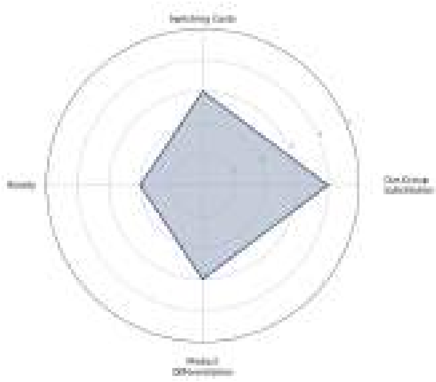
▲ The danger of new firms entering the sector is high, marked at 4 out of 5.

▲ This indicates that entry barriers are low, so it is appealing for entrants to compete with incumbent firms.

▲ The factors may be such that they have low capital requirements, readily available distribution channels, or the absence of proprietary technology insulating incumbents.

▼ Although the threat is elevated, there could be some entry barriers such as economies of scale or well-established brand names to hinder an absolute influx of new competitors.

Threat of Substitutes



▲ There is a high threat of substitute products or services, measured at 3 out of 5.

▲ There are other solutions the customer can buy which represent a good price-performance trade-off.

▲ Switching costs for buyers are low when it comes to these substitute products, hence the threat is stronger.

▼ The threat is reduced only partially, possibly through brand loyalty or special characteristics the substitutes are unable to match.

Industry Rivalry

▲ The level of rivalry between current competitors is moderate, at 2.5 out of 5.

▲ Competition is due to several similar-sized firms or due to sluggish market expansion, resulting in fights for market share.

▲ High exit barriers, including specialized assets or high fixed closure costs, can prevent unprofitable firms from exiting and instead stay in the market.

▼ The competition is not being maximized, which may be due to a certain amount of product differentiation or brand loyalty that keeps price competition from occurring.

APPENDIX II: FINANCIALS

Appendix II-A: Income Statement

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Sales	8,142	8,932	9,825	10,808	11,889	13,078	14,386
Expenses	8,015	8,556	9,324	10,144	11,032	11,977	12,983
Operating Profit	**127**	**376**	**501**	**664**	**857**	**1,101**	**1,403**
Other Income	439	442	460	480	500	520	540
Interest	89	126	135	140	145	150	155
D&A	722	535	560	580	600	620	640
PBT	-244	157	266	424	612	851	1,148
Tax	5	-5	67	106	153	213	287
PAT	**-249**	**162**	**199**	**318**	**459**	**638**	**861**
Dividend	0	0	0	0	0	0	0
PAT (Adjusted)	-249	162	199	318	459	638	861

Appendix II-B: Balance Sheet

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
ASSETS							
Non-Current Assets							
Property, Plant, Equipment	932.08	1,184.64	1,500.0	1,850.0	2,200.0	2,550.0	2,900.0
Right-of-Use Assets	988.18	1,299.39	1,650.0	2,000.0	2,350.0	2,700.0	3,050.0
Goodwill	1,344.16	1,344.16	2,751.2	2,751.2	2,751.2	2,751.2	2,751.2
Other Non-Current Assets	2,238.42	2,282.82	1,600.0	1,750.0	1,900.0	2,050.0	2,200.0
Current Assets							
Inventories	16.43	16.48	19.0	21.8	24.4	27.3	30.6
Trade Receivables	1,429.69	1,412.11	1,697.5	1,952.1	2,186.4	2,448.7	2,742.6
Cash & Cash-Equivalents	2,181.35	2,892.07	4,300.0	4,800.0	5,300.0	5,800.0	6,300.0
Other Current Assets	2,322.72	1,631.47	400.0	500.0	650.0	800.0	1,000.0
Total Assets	**11,453.02**	**12,063.14**	**13,917.7**	**15,625.1**	**17,362.0**	**19,127.2**	**20,974.4**
EQUITY & LIABILITIES							
EQUITY							
Total Equity	9,144.65	9,432.15	10,800.0	12,000.0	13,300.0	14,700.0	16,200.0
Non-Current Liabilities							
Borrowings	40.18	2.46	20.0	22.0	24.0	26.0	28.0
Lease Liabilities	843.64	1,138.05	1,400.0	1,700.0	2,000.0	2,300.0	2,600.0
Other Non-Current Liabilities	78.03	82.42	100.0	110.0	120.0	130.0	140.0
Current Liabilities							
Borrowings	85.41	37.21	40.0	45.0	50.0	55.0	60.0
Trade Payables	797.37	855.23	950.0	1,050.0	1,150.0	1,250.0	1,350.0
Lease Liabilities	200.10	243.88	300.0	350.0	400.0	450.0	500.0
Other Current Liabilities	263.64	271.73	307.7	348.1	318.0	216.2	96.4
Total Equity & Liabilities	**11,453.02**	**12,063.14**	**13,917.7**	**15,625.1**	**17,362.0**	**19,127.2**	**20,974.4**

Appendix II-C: Cash Flow from Operations

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
EBIT(1-T)	(158.9)	291.8	408.5	531.1	663.8	796.6	916.1
D&A	722	535	560	580	600	620	640
Δ in NWC	(912.6)	(59.5)	(73.5)	(90.3)	(106.2)	(119.5)	(137.5)
Interest(1-T)	90.2	129.7	130.0	125.0	120.0	115.0	110.0
CFO	**(439.7)**	**637.6**	**765.0**	**895.8**	**1037.6**	**1182.1**	**1308.7**

Appendix II-D: Financial Ratios

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Profitability Ratios							
GPM%	17%	26%	28%	29%	31%	32%	33%
EBITDA%	-1%	10%	11%	13%	14%	15%	16%
EBIT%	-11%	4%	6%	8%	10%	11%	12%
PAT%	-12%	1%	4%	6%	7%	8%	9%
ROE%	-9%	1%	4%	7%	9%	11%	12%
ROCE%	-8%	3%	6%	9%	13%	16%	19%
Activity Ratios							
Debtor Days	45	46	46	45	45	45	45
CCC	3	1	1	1	1	1	1
Working Capital Days	33	31	31	30	29	28	28
Asset Turnover	0.61	0.67	0.81	0.95	1.05	1.14	1.21
Liquidity Ratios							
Current Ratio	1.47	1.39	1.55	1.78	2.05	2.38	2.75
Quick Ratio	1.44	1.36	1.52	1.75	2.02	2.35	2.72
Solvency Ratios							
Debt/Equity	0.07	0.09	0.07	0.05	0.04	0.02	0.01
Interest Coverage	-7.48	1.71	9.27	18.72	34.60	63.67	130.28
Debt/Total Assets	0.06	0.07	0.06	0.05	0.03	0.02	0.01
Performance Ratios							
CFO to Revenue	-6%	8%	9%	10%	11%	12%	12%
CFO to Assets	-4%	5%	7%	10%	12%	12%	14%
CFO to Operating Income	0.56	2.17	1.57	1.27	1.12	1.05	0.97

Appendix II-E: DuPont Analysis

Particulars	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
DuPont Analysis							
PAT%	-12%	1%	4%	6%	7%	8%	9%
ATO	0.61	0.67	0.81	0.95	1.05	1.14	1.21
Leverage	1.18	1.27	1.28	1.26	1.24	1.18	1.11
ROE	**-9%**	**1%**	**4%**	**7%**	**9%**	**11%**	**12%**

Appendix II-F: Piotroski F-Score

Metric	Score
Profitability	
ROA	1
CFO	1
Change in ROA	1
Accurals	1
Operating Efficiency	
Δ in Gross Margin	1
Δ in ATO	0

Metric	Score
Leverage, Liquidity & Fund Source	
Δ in Long-term leverage	0
Δ in Current Ratio	0
Δ in number of shares	0
Final Score	
Piotroski F-Score	**5**

Interpretation

A Piotroski F-score of 5 is a signal that the company is in a relatively even condition. It's not indicating anything wrong financially, but it's not exceptional either. Essentially, the company is sound financially but could still be better.

Appendix II-G: Beneish's M-Score

Beneish M-Score is used to look at the earnings quality and the possibility of earnings manipulation. A value of less that –1.78 suggests low likelihood of manipulation while a value greater than –1.78 suggests high likelihood of earnings manipulation.

Variables	Value	Coefficient
Days Sales in Receivables Index	1.03	0.92
Gross Margin Index	0.82	0.53
Asset Quality Index	1.07	0.40
Sales Growth Index	1.12	0.89
Depreciation Index	0.98	0.12
SG&A Index	0.88	(0.17)
Leverage Index	1.09	(0.33)
Total Accruals to Total Assets	(0.06)	4.68
Intercept	**-4.84**	
Beneish's M-Score	**-2.70**	

Interpretation

A Beneish M-score of -2.7 indicates a low chance of earnings manipulation, which aligns with the company's careful and transparent reporting style, further reinforcing the absence of governance concerns.

Appendix II-H: Competitive Benchmarking

OPM	2022	2023	2024	2025
Delhivery	-6.9%	-6.1%	1.4%	4.54%
Container Corp.	16%	23.1%	23%	21.49%
Blue Dart	21.8%	18.1%	16.2%	14.88%
Transport Corp.	9.3%	12.3%	11.21%	10.43%
TVS Supply	0.56%	6.6%	7.3%	6.63%

Current Ratio	2022	2023	2024	2025
Delhivery	2.6	5.4	1.47	1.39
Container Corp.	3.2	3.5	3.44	4.01
Blue Dart	0.9	0.9	0.86	0.85
Transport Corp.	1.8	2.1	4.54	2.98
TVS Supply	1.1	1.1	1.1	1.08

D/E	2022	2023	2024	2025
Delhivery	0.05	0.08	0.07	0.09
Container Corp.	0.07	0.05	0.04	0.07
Blue Dart	3.53	3.23	2.2	0.65
Transport Corp.	0.44	0.35	0.33	0.11
TVS Supply	2.5	2.5	4.19	1.16

RoE	2022	2023	2024	2025
Delhivery	-8.91%	-8.11%	-8.91%	0.99%
Container Corp.	10.22%	11.23%	10.68%	10.79%
Blue Dart	47.53%	49.38%	39.46%	16.19%
Transport Corp.	19.5%	18.25%	16.59%	19.79%
TVS Supply	-5.6%	-4.41%	4.81%	-0.72%

RoA	2022	2023	2024	2025
Delhivery	-7.14%	-6.91%	-0.89%	1.2%
Container Corp.	7.13%	7.88%	7.56%	9.18%
Blue Dart	12.59%	12.98%	11.96%	6.65%
Transport Corp.	12%	11.43%	10.29%	15.72%
TVS Supply	-0.9%	-0.74%	0.87%	-0.16%

ROCE	2022	2023	2024	2025
Delhivery	-6.32%	-5.83%	-7.62%	2.80%
Container Corp.	10.02%	11.23%	10.51%	13.87%
Blue Dart	37.72%	34.2%	29.98%	16.33%
Transport Corp.	18.1%	17.79%	16.35%	20.52%
TVS Supply	4.9%	5.4%	7.22%	4.83%

P/E	2022	2023	2024	2025
Delhivery	-	-	-	168.16
Container Corp.	38.97	35.34	49.00	30.14
Blue Dart	47.78	41.52	61.27	54.87
Transport Corp.	23.01	24.31	27.99	21.48
TVS Supply	-	-	181.82	48.72

Asset Turnover	2022	2023	2024	2025
Delhivery	0.43	0.58	0.61	0.67
Container Corp.	0.47	0.52	0.53	0.62
Blue Dart	2.23	2.31	2.03	1.61
Transport Corp.	0.71	0.73	0.7	1.7
TVS Supply	1.53	1.56	1.43	1.74

APPENDIX III: ESG

Appendix III-A: ESG Analysis Methodology

1. **Determine Industry specific Disclosure and key materiality issues.** The company's applicable ESG topics are derived from SASB's framework of materiality industry ESG topics.
2. **Evaluate Company initiatives and spending** in relation to ESG Issues and assign a risk rating based on several factors and ESG criteria derived from CFA manual and ESG rating agencies.
3. **Examine Governance Structure** in more depth according to the CFA institute's Corporate Governance Manual.

Appendix III-B: Relevant Issues for Industry

Environmental	Social	Business Model & Innovation	Leadership & Governance
Carbon Emissions Sustainable Initiatives	Corporate Social Responsibility Labor & Human Rights	Innovation as a Cornerstone Negative Cash Flow	Transparency & Disclosures

Appendix III-C: Risk Rating for Delhivery

Environment - Medium Risk

Reason for Risk Rating: Delhivery has rolled out some sustainable initiatives, but these are minor in size vis-a-vis its overall operations. For instance, it incorporated 20 LNG trucks and collaborated on solar installations for rural schools, which are an infinitesimal portion of its fleet and energy consumption. While the FY23–FY25 annual reports make a mention of sustainability, it is more incremental and project-focused than a comprehensive transition plan. Furthermore, reporting is poor, with disclosures being primarily qualitative and failing to set measurable, time-specific goals on core areas such as emissions, fleet transition, and reducing waste, so stakeholders find it challenging to monitor actual progress.

Social - High Risk

Reason for Risk Rating: Delhivery has significant social risks associated with work environment safety and labor management. The FY22 Annual Report revealed 26 sexual harassment allegations (22 settled, 4 outstanding), posing questions about work culture, morale, and the employer's reputation. Concurrently, its overdependence on contractual employees and delivery partners poses structural risks. The Draft Red Herring Prospectus itself cautionarily indicates that wage growth or labor unrest may interrupt operations. Coupled with high attrition and low long-term employee engagement, these elements heighten the threat of instability, supply chain interruptions, and reputational costs.

Governance - High Risk

Reason for Risk Rating: Delhivery's governance risks are some of the most paramount, having a direct impact on investor confidence and strategic direction. The company lacks an identifiable promoter, according to the DRHP and annual reports, which points to professional management but also may entail a control vacuum with diffused accountability and possible stakeholder conflicts. Auditor comments in FY22 and FY23 identify internal control weaknesses such as missing server backups and missing audit trails as indicative of data integrity and financial reliability concerns. Furthermore, related party transactions, which are normally disclosed as part of annual reports, raise conflict-of-interest issues. Even if done on an "arm's length" basis, their recurring nature with significant management staff or significant shareholders raises concern that minority shareholder interests may not be adequately safeguarded.

Appendix III-D: Expenditures related to Corporate Social Responsibility

Cause	Organisation	Expenditure (in Lakhs)
Highway Accident Prevention	SaveLIFE Foundation	40
Upskilling and Employment Generation for Women	MannDeshi Foundation	10

Appendix III-E: Women Participation in the Company

Percentage of Women Representation in the Board:	22.22%
Percentage of Women Representation in the Executive Committee:	28.57%
Total Number of Employees (Permanent + Contractual/Indirect):	20,080
Number of Permanent Employees:	19,984
Number of Permanent Women Employees:	1,658
Percentage of Permanent Women Employees:	8.30%

Appendix III-F: Board of Directors

Name	Position	Member Since	No. of Shares	Independent	Committee	Background
Mr. Sahil Barua	Managing Director and Chief Executive Officer	December 19, 2011	12,900, 909	No (Executive)	• Member of CSR & Sustainability Committee	• MD & CEO at Delhivery
Mr. Kapil Bharati	Executive Director and Chief Technology Officer	August 19, 2021	6,950, 622	No (Executive)	• Member of Stakeholders Relationship Committee	• Member of CSR & Sustainability Committee
Mr. Deepak Kapoor	Chairperson and Non-Executive Independent Director	October 1, 2021	100,000	Yes	• Member of Audit Committee	• Member of Nomination and Remuneration Committee
Mr. Romesh Sobti	Non-Executive Independent Director	October 1, 2021	0	Yes	• Chairperson of Audit Committee	• Member of Risk Management Committee
Mr. Saugata Gupta	Non-Executive Independent Director	October 1, 2021	0	Yes	• Chairperson of Nomination and Remuneration Committee	• Chairperson of Stakeholders Relationship Committee
Ms. Aruna Sundararajan	Non-Executive Independent Director	July 8, 2022	0	Yes	• Chairperson of CSR & Sustainability Committee	• Member of Audit Committee
Mr. Srivatsan Rajan	Non-Executive Independent Director	March 1, 2016	155,000	Yes	• Chairperson of Risk Management Committee	• Member of Nomination and Remuneration Committee
Dr. Padmini Srinivasan	Non-Executive Independent Director	August 1, 2025	0	Yes	• Member of Audit Committee	• Senior faculty member and Chairperson of the Centre for Corporate Governance and Sustainability at IIM Bangalore .
Mr. Yashish Dahiya	Non-Executive Independent Director	August 1, 2025	0	Yes	• Member of Nomination and Remuneration Committee	• Chairman & CEO of PB Fintech; started Policybazaar. com in 2008 .
Mr. Sameer Mehta	Non-Executive Independent Director	February 7, 2025	0	Yes	• Member of Nomination and Remuneration Committee	• Co-Founder and CEO of boAt Lifestyle.
Ms. Namita Thapar	Non-Executive Independent Director	February 17, 2025	0	Yes		• Whole-time Director at Emcure Pharmaceuticals.
Mr. Suraj Saharan	Executive Director and Chief People Officer	May 16, 2025		No (Executive)		• Chief People Officer of the Company

Appendix III-G: Board Rating

Consideration	Rating	Remarks
Has a majority of independent board members?	2	Yes. As of August 1, 2025, the board comprises 12 directors, of which 9 are Non-Executive Independent Directors, making up 75% of the board
The board members have the qualification the company needs?	2	The board comprises seasoned leaders including former IAS officers, CEOs of major corporations, and senior academics with strong expertise in logistics, finance, technology, and governance.
Are all board members elected annually?	1	No. Independent directors are appointed for a fixed term of five years and are not liable to retire by rotation.
Does the company engage in outside business relationships with management, board members or individuals associated with mgmt?	1	Yes, the company discloses transactions with related parties.
Establishment of an audit committee composed of independent board members, including those with relevant experience in finance?	2	Yes, the Audit Committee comprises three members, all of whom are Independent Directors.
Executive remuneration & compensation committee of independent board members?	2	Yes. The Nomination and Remuneration Committee (NRC), which is responsible for compensation, is composed of three members, all of whom are Independent Directors.
The company has a nominations committee of independent board members?	2	Yes. The Nomination and Remuneration Committee (NRC) is composed entirely of Independent Directors and handles nominations to the board.
The company has other committees responsible for environmental health and safety issues, risk management etc.?	2	Yes. The company has a Risk Management Committee and a Corporate Social Responsibility (CSR) & Sustainability Committee, among others, to oversee these specific areas.
Average Score	**1.75**	

Appendix III-H: Shareholding Pattern

	Jun 2024	Sep 2024	Dec 2024	Mar 2025	Jun 2025
Promoters	-	-	-	-	-
FIIs	61.16%	55.02%	53.75%	51.99%	52.95%
DIIs	22.03%	28.56%	28.99%	30.04%	29.60%
Public	16.81%	16.41%	17.27%	17.99%	17.46%
Total	100%	100%	100%	100%	100%

Appendix III-H: Audit Fees Growth

	FY22	FY23	FY24	FY25
Audit Fees (INR Cr)	1.15	1.61	1.82	2.4
Growth		40.0%	13.0%	31.9%

APPENDIX IV: VALUATION

As Delhivery's free cash flow is negative at present, a conventional Discounted Cash Flow (DCF) valuation based on forecasting and discounting future positive cash flows is not a correct approach at this point in time. However, we have instead used the **Earnings Multiplier Approach**, which offers a more appropriate context by grounding the valuation in the company's just reached positive earnings.

Major Opportunities

1. International Expansion via cross-border logistics.
2. Technological innovation in automation and EVs for green logistics.

Appendix IV-A: Assumptions for the Valuation Approach

1. We have taken Blue Dart Express, Transport Corp., Container Corp and TVS Supply as **appropriate comparables for the valuation of Delhivery** since they have comparable business models, risk profiles, growth opportunities, and market conditions.
2. We used Delhivery's previous year EPS of ₹2.62 as the basis for valuation, assuming steady near-term profitability. This is noteworthy considering the company has just become profitable, if the earnings were being manipulated by one-offs, it might be overestimating the stock, but if the growth in future years is robust, it might be underestimating it. The model is still a snapshot in time and does not account for future earnings growth.
3. This being a market-based method, the earning multiplier approach prices Delhivery against peers, not in absolute terms. That means if the logistics sector is fairly overvalued or undervalued, that bias gets transmitted into Delhivery's price, representing relative positioning but not absolute value.
4. This being a market-based method, the earning multiplier approach prices Delhivery against peers, not in absolute terms. That means if the logistics sector is fairly overvalued or undervalued, that bias gets transmitted into Delhivery's price, representing relative positioning but not absolute value.
5. We have assumed that P/E is the appropriate measure, considering earnings to be the primary driver of value. However, for high-growth or cap-exervative companies, revenue or cash flows might be more important, and P/E can be misleading by disregarding debt, capex, and free cash flows.
6. We have omitted Mahindra Logistics and Allcargo Logistics from the P/E average as negative P/Es do not make sense. Though required, this reduces the dataset to just profitable participants, which can lead to a higher peer average and hence Delhivery's valuation.

Appendix IV-B: Projected EPS Assumptions

1. We have used the **Trailing Twelve Months (TTM) EPS of ₹2.62**. This serves as the constant earnings base for all our calculations.

Reasons for this consideration:

Earnings Per Share (EPS): It is the share of profit of a company that comes to every outstanding common stock share. It's a key measure of a company's profitability.

Trailing Twelve Months (TTM): What this implies is that the EPS is not derived from a single quarter or calendar year, but from the collective outcome of the last four quarters of the company. This approach is more recent and holistic in its representation of a company's performance than a straightforward annual EPS value.

Appendix IV-C: Projected PE Assumptions

The Assumptions of P/E (The Multiplier)

Then, we defined a reasonable range for the multiplier. The premise was that Delhivery's value should compare relative to its profitable competitors and hence came up with a base-case P/E and a range for varying scenarios.

P/E Assumption (Base Case): 40 (Based on the average of comparable companies)

P/E Assumption (Conservative): 35 (Applying a discount for risks)

P/E Assumption (Optimistic): 45 (Applying a premium for high growth potential)

Formula Used:

1. **TTM EPS=** $\frac{\text{Sum of Net Income from the Last 4 Quarters}}{\text{Weighted Average Number of Shares Outstanding over the Last 4 Quarters}}$

2. Share Price= EPS * PE
3. Results:

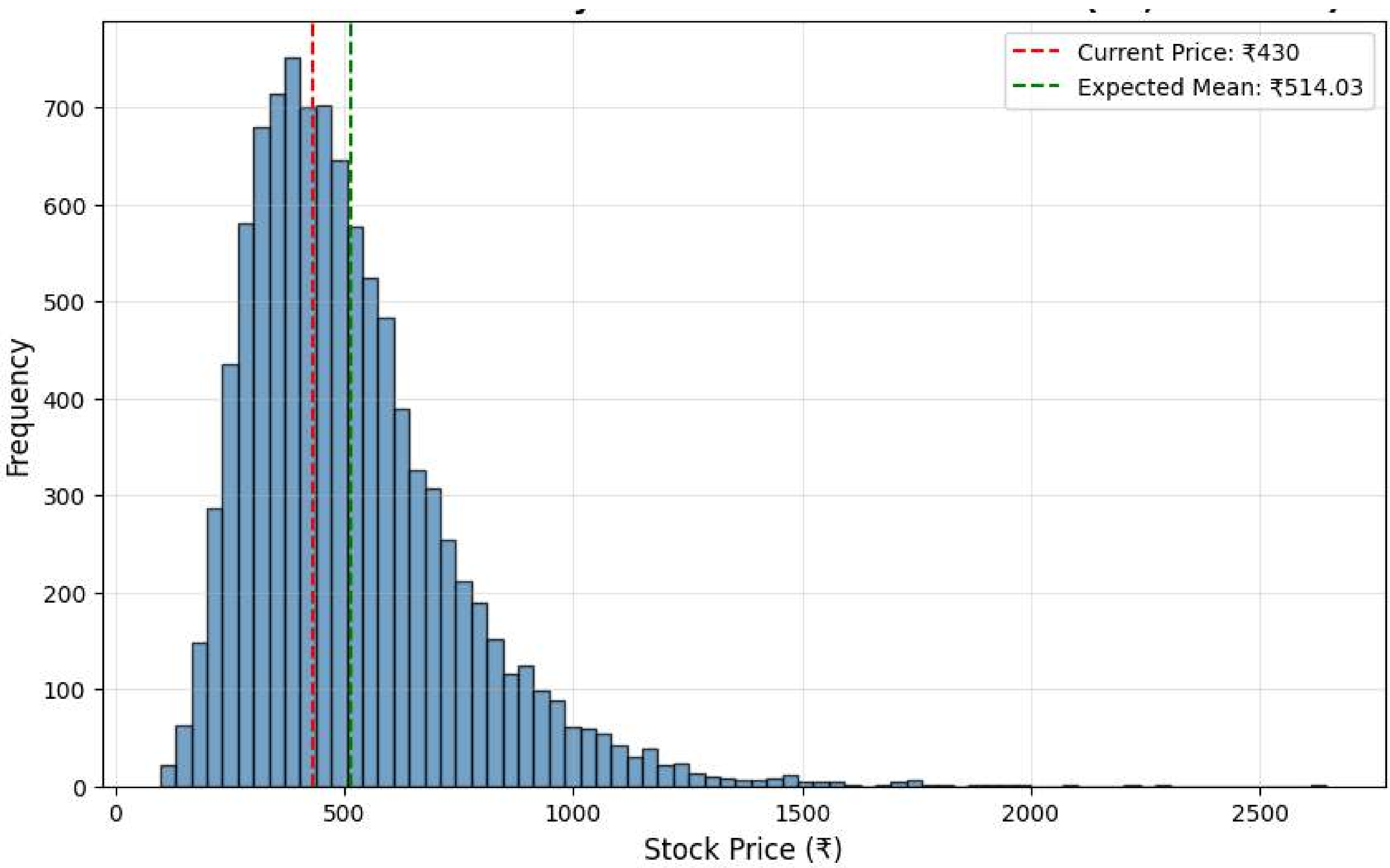
Base Case Calculation:
Resultant Share Price: ₹104.80

Conservative Case Calculation:
Resultant Share Price: ₹91.70

Optimistic Case Calculation:
Resultant Share Price: ₹117.90

After considering the single EPS assumption (₹2.62) and multiplying it by each of the three P/E assumptions (35, 40, and 45), we got the resultant intrinsic share price range of **₹91.70 to ₹117.90.**

Appendix IV-D: Monte Carlo Simulation



Frequency: No. of Trading Days