

Delhivery (DELHIVER) - BUY

Company Update

Current Market Price (CMP) Rs.460	Fair Value (FV) Rs.590
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Rationale:

- Our visit to Delhivery's Lonad facility suggests operations being low on utilization and high on automation.
- The endeavor remains on reducing time of inventory at the warehouse and improving deadweight utilization of mid-mile transportation.
- This entails increasing share of PTL and recent wins with likes of accounts such as HPCL in the region.
- We also increase our estimates and FV to Rs590 (Rs570 earlier) as we factor in Meesho's growing salience in business. Reiterate BUY.
- We increase our Express Parcel estimates for Delhivery, while broadly retaining our service EBITDA assumptions.
- We factor in lower tax outgo based on past losses, leading to a 50-146% increase in EPS estimate.

Positives:

- Lonad is Delhivery's largest gateway center (1.2 mn sq. ft) with large co-located facilities of B2C and PTL operations.
- Endeavor is to minimize time of inventory at the gateway with an ideal time of four hours.
- Focus on improving inventory turns, deadweight utilization of transportation.
- Growing salience of Meesho a net positive for growth even if hit rates normalize.

Negatives:

- Meesho's in-sourcing mix has declined since 1HFY26, over the peak festive period.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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