

Company Overview

Shadowfax Technologies Limited (STL) is a new-age, technology-led third-party logistics (3PL) company focused on enabling digital commerce in India through a comprehensive suite of express and hyperlocal delivery solutions. The company is the fastest-growing 3PL of scale in the country, having expanded its e-commerce shipment market share from approximately 8% in FY22 to around 23% in 6MFY26, driven by strong execution and rapid client onboarding. Within the express segment, STL holds market leadership in reverse pickup shipments, while it also commands leadership in quick commerce and same-day delivery based on order volumes in FY25 and 6MFY26. The company serves a diversified base of enterprise clients across horizontal and non-horizontal e-commerce, quick commerce, food marketplaces, and on-demand mobility, including Meesho, Flipkart, Myntra, Swiggy, Bigbasket, Zepto, Nykaa, Blinkit, Zomato, Uber, ONDC, and others. STL offers a wide range of services, including express forward parcel deliveries, reverse pickups, and exchange deliveries, prime and same-day deliveries, quick commerce and on-demand hyperlocal deliveries, mobility, and other critical logistics enabling services. The company operates a pan-India delivery network covering 14,758 pin codes as of 6MFY26 and derives a majority of its revenue from service lines involving direct delivery to end customers, with revenue contribution in FY25 split across express services at 69.0%, hyperlocal deliveries at 20.7%, and other logistics services at 10.3%, positioning STL as the only company of scale with meaningful presence across express, hyperlocal, and on-demand logistics segments.

Objects of the issue

Out of the total issue size of Rs. 1,907 crores, Rs. 907 crores comprise OFS.

The company proposes to utilise net proceeds (Rs. 1,000 crores) from the issue towards the following objects:

- ⇒ Funding of capital expenditure requirements in relation to its network infrastructure;
- ⇒ Funding of lease payments for new first mile centers, last mile centers and sort centres;
- ⇒ Funding of branding, marketing, and communication costs; and
- ⇒ Unidentified inorganic acquisitions and general corporate purposes.

Investment Rationale

Customisable service architecture to support scalable, high-quality growth

Shadowfax's differentiated positioning as the only 3PL of scale in India offering both end-to-end e-commerce deliveries and last-mile logistics for quick commerce, food delivery, and other hyperlocal use cases enables it to address the diverse and evolving requirements of digital commerce participants. Its comprehensive portfolio of express and value-added logistics services, spanning forward parcel delivery, reverse pickups, hand-in-hand exchange logistics, prime and same-day delivery, quick commerce, and on-demand hyperlocal solutions, allows the company to engage with clients across multiple use cases and business models. This breadth of offerings is particularly relevant for D2C brands and SMEs, which increasingly prioritise speed, customisation, and service flexibility, and typically exhibit superior yield profiles compared to large horizontal marketplaces. The ability to support such clients at scale is underpinned by Shadowfax's flexible, technology-driven operating model and extensive pan-India network, which enables efficient handling of complex and time-sensitive deliveries while maintaining cost discipline. As client volumes scale across existing service lines, the company benefits from operating leverage and network-level efficiencies, supporting improved margin profiles without compromising service quality. This integrated model, combining customisable solutions, scalable infrastructure, and a variable-cost structure, positions Shadowfax to deepen its presence across the e-commerce value chain, expand wallet share within high-yield client segments, and sustain a structurally competitive cost base in an industry increasingly focused on consolidation, efficiency, and sustainable growth.

Issue Details

Offer Period	20th Jan. 2026 - 22nd Jan. 2026
Price Band	Rs. 118 to Rs. 124
Bid Lot	120
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	15.4
Issue Size (Rs. in Cr.)	1,907
Face Value (Rs.)	10

Issue Structure

QIB	75%
NIB	15%
Retail	10%

BRLM	ICICI Securities Limited, Morgan Stanley India Company Private Limited, JM Financial Limited
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Registrar	KFin Technologies Limited
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	19.4%	4.1%
Public	80.6%	95.9%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

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Scaled, tech-orchestrated gig infrastructure driving superior execution and cost efficiency

Shadowfax's ability to execute high-volume, time-sensitive logistics at scale is underpinned by the combination of India's largest gig-based last-mile delivery partner infrastructure and a proprietary, technology-first operating platform. With access to over 2,05,864 average quarterly unique transacting delivery partners across more than 2,300 cities (as of 6MFY26), the company benefits from a dense, geographically distributed supply pool that enables rapid fulfillment, predictable service availability, and efficient handling of peak demand cycles. The interoperability of this fleet across multiple service categories ensures consistent supply utilization throughout the day, reduces idle time, and supports lower unit economics across express, quick commerce, and hyperlocal use cases. This scaled physical network is orchestrated through an agile, in-house technology stack designed to optimize demand-supply matching, workforce productivity, and delivery accuracy in real time. AI/ML-driven systems such as the proprietary supply-demand allocation engine, Frodo delivery partner lifecycle management platform, SF Shield fraud prevention engine, and SF Maps address intelligence solution enable skill-based partner assignment, dynamic payout optimization, fraud mitigation, and precise last-mile routing. These capabilities improve operational predictability, reduce failure rates and leakages, and enhance throughput per delivery partner, translating into lower cost per order and higher service reliability for clients. Together, the integration of a large, flexible gig workforce with advanced technology capabilities positions Shadowfax to scale efficiently, absorb demand volatility, and maintain operational excellence across complex and value-added logistics services.

Valuation

Shadowfax Technologies Limited is a technology-led third-party logistics provider with a differentiated full-stack presence across express e-commerce deliveries and last-mile logistics for quick commerce, food delivery, and other hyperlocal use cases, supported by one of the largest gig-based delivery partner networks in India and a proprietary, modular technology platform. The company's comprehensive service portfolio enables it to address complex and time-sensitive logistics requirements across diverse digital commerce models, while its scaled, interoperable gig infrastructure and AI-driven systems deliver high execution reliability and structurally competitive unit economics. At the same time, Shadowfax's flexible, customizable service architecture enables it to deepen engagement with high-yield client segments, such as D2C brands and SMEs, supporting superior revenue quality and operating leverage as volumes scale. On the economic front, STL is structurally positioned to benefit from India's underpenetrated yet fast-growing e-commerce, quick commerce, and on-demand hyperlocal markets, supported by favourable digital adoption trends, rising convenience-led consumption, and increasing demand for faster, value-added logistics services. On the financial front, the company has delivered a revenue CAGR of 33% between FY23–25. Profitability has seen a substantial turnaround over the same period, with EBITDA improving from a loss of Rs. 113 crores in FY23 to a profit of Rs. 64 crores, while PAT moved from a loss of Rs. 143 crores to a profit of Rs. 21 crores. Going forward, we expect further improvement in margins and return ratios, driven by a favourable shift in service mix toward higher-yield segments such as value-added express services, same-day delivery, quick commerce, and D2C/SME-led volumes, alongside operating leverage and continued technology-led cost efficiencies. **At the upper end of the price band of Rs. 124 per share, the company is trading at a P/E of 155.0x based on its FY26 annualised earnings. Supported by strong industry tailwinds and clear profitability drivers, STL appears well-positioned to benefit from the evolving digital commerce landscape. We thus recommend a "SUBSCRIBE" rating to the issue from a medium-to long-term perspective.**

Key Risks

- ⇒ The company is dependent on key commercial relationships with its clients, with its largest client contributing 48.9%, 48.0%, 59.2%, and 59.5% of revenue from operations for the 6MFY26, FY25, FY24, and FY23, respectively. Any loss or deterioration of such key client relationships could adversely impact the company's business, financial condition, and results of operations.
- ⇒ The company is highly dependent on its technology infrastructure and third-party technology applications to operate and scale its business. Any failure to maintain, enhance, or effectively utilize its proprietary technology systems, could disrupt operations, impair service quality, and adversely affect the company's business.

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- ⇒ The company relies on a large, crowdsourced network of delivery partners, with approximately 2,05,864 average quarterly unique transacting delivery partners as of 6MFY26, with whom it does not have exclusive arrangements. Any disruption in the availability, engagement, or retention of delivery partners could adversely affect service levels and negatively impact the company's business.

Valuation & Return Ratio (post-issue)	FY23	FY24	FY25	FY26e
EBITDA Margin	-8.0%	0.6%	2.3%	3.6%
EPS	-3.4	-0.3	0.1	0.4
P/E	-36.7x	-442.9x	953.8x	-
Book Value (in Rs. Cr.)	176	422	660	694
P/BV	40.7x	17.0x	10.9x	10.3x
ROE	-	-	1.0%	3.0%
ROA	-	-	-	9.8%

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Income Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Revenue:				
Revenue from operations	1,415	1,885	2,485	1,806
Total revenue	1,415	1,885	2,485	1,806
Expenses:				
Employee benefits expenses	214	212	266	172
Other expenses	1,315	1,662	2,163	1,569
Total expenses	1,529	1,873	2,429	1,741
EBITDA	-113	11	56	64
Depreciation & amortization	24	28	65	50
EBIT	-137	-16	-9	14
Finance costs	13	7	14	8
Other income	8	12	30	14
Profit before Tax	-143	-12	6	21
Current tax	0	0	0	0
Deferred tax	0	0	0	0
Total Tax	0	0	0	0
PAT	-143	-12	6	21
Diluted EPS	-3.4	-0.3	0.1	0.4

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Cash Flow from operating activities	-73	132	50	141
Cash flow from/(used in) investing activities	-40	-311	-119	-93
Net cash flows (used in) / from financing activities	90	200	130	-39
Net increase/(decrease) in cash and cash equivalents	-23	20	61	10
Cash and cash equivalents at the beginning of the period	104	81	101	162
Cash and cash equivalents at the end of the period	81	101	162	171

Source: RHP, BP Equities Research

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Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Assets				
Non-Current Assets				
Property, plant and equipment	66	89	117	153
Right-of-use assets	5	9	121	140
Goodwill	0	0	40	40
Other intangible assets	12	19	51	56
Financial assets	0	0	0	0
(i) Other financial assets	8	7	11	21
(ii) Other bank balances	0	20	0	23
Income tax assets	31	22	10	21
Other non current assets	0	0	15	7
Deferred tax assets (net)	0	0	2	2
Total Non Current assets	122	167	367	462
Current Assets				
Financial assets				
(i) Investments	60	312	329	375
(ii) Trade receivables	157	184	329	373
(iii) Cash and cash equivalents	81	101	162	171
(iv) Bank balance other than cash	6	2	29	11
(v) Other financial assets	15	19	37	56
Other current assets	3	2	7	4
Total Current Assets	321	620	892	991
Total Assets	443	786	1,259	1,453
Equity and Liabilities				
Equity share capital	0	0	152	152
Instruments entirely equity in nature	5	249	260	260
Other equity	171	172	248	281
Total Equity	176	422	660	694
Non-Current Liabilities				
Financial liabilities				
(i) Borrowings	26	6	0	0
(ii) Lease liabilities	2	5	81	95
(iii) Other financial liabilities	0	0	8	8
Provisions	8	9	15	17
Total Non-Current Liabilities	35	20	105	120
Current Liabilities				
Financial Liabilities				
(i) Borrowings	35	26	6	0
(ii) Lease liabilities	4	3	45	52
(iii) Trade payables	94	145	215	274
(iv) Other financial liabilities	86	131	196	231
Other current liabilities	10	36	29	79
Provisions	1	2	3	3
Total Current Liabilities	231	344	494	640
Total Liabilities	266	364	599	760
Total Equity and Liabilities	443	786	1,259	1,453

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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