May 09, 2022

IPO NOTE | Sector: Logistics

Delhivery Ltd

Marque player in 3PL space

We recommend SUBSCRIBE rating from a long term perspective on DELHIVERY Ltd IPO issue given it being 1) largest and fastest growing 3PL express parcel delivery player 2) having unified infrastructure network 3) proprietary technology stack and capabilities, 4) vast amount of data intelligence and R&D, 5) experienced professional management team and 6)strong relationship with diversified customer base. We believe Delhivery's asset light business model and its cutting-edge engineering and automation capabilities along with its new age technologies will help company leverage its operating efficiencies and improve the profitability in the coming years.

Over FY19-21, through the combination of integrated solutions, proprietary logistics operating system, automation, and entrepreneurial team has enabled Delhivery to deliver revenue CAGR of 48.5% with losses continuing at operating levels. We believe increasing market share, rising utilizations and synergy benefits arising from Spoton will help the company turn profitable. Given strong market sentiment and healthy market share in 3PL we recommend the stock to the investors from a long-term perspective. At upper end of the price band, this issue is trading at a 9.6x of revenue.

Integrated portfolio of logistics solutions: Delhivery provides full range of logistics services, including express parcel delivery, heavy goods delivery, PTL freight, TL freight, warehousing, supply chain solutions, cross border express and freight services and supply chain software and other value added services This approach has led to a higher wallet share and customer retention.

Proprietary logistics operating system: Delhivery has built proprietary technology systems that enables to offer integrated logistics services to a wide variety of customers. Its technology stack consists of more than 80 applications that encompasses all supply chain processes including order management, warehouse management, transportation management, financial transactions. The company continues to invest in machine learning and artificial intelligence capabilities which helps to solve several complex operational and network problems

Strong relationship with a diverse customer base: Delhivery serves a diverse base of 23,113 active customers across e-commerce, consumer durables, electronics, lifestyle, FMCG, industrial goods, automotive, healthcare and retail. The customer base included most of the key e-commerce players in India and over 750 D2C brands. In 1HFY22, 64.9% of revenues were from customers who have been transacting with over three years.

Asset light business models: Delhivery has an asset-light business model that has enabled to scale up volumes rapidly, with lower fixed costs and greater flexibility. While Delhivery's approach is to invest in critical service elements, network partners play a significant role in the business operations - pickup, mid-mile (trucking and air) and last-mile delivery. As of Dec'21, it operates over 14.27 million square ft. of leased infrastructure with majority of the vehicles being leased from third party fleet partners.

Competition and risks: Key risks for Delhivery in our view would be operating in a low entry barrier industry, dependency on network partners and third parties for fleet operations and manpower and dependence on certain large customers which contribute significant portion of revenue.

YES SECURITIES INSTITUTIONAL EQUITIES

Reco	:	SUBSCRIBE
IPO Price	:	Rs 462-487
Issue Opens	:	11-MAY-22
Issue Closes	:	13-MAY-22

Issue details

Face value (Rs)	1
Issue Size*	Rs52.4bn
Offer for sale*	Rs12.4bn
Fresh Issue	Rs40.0bn
Post-issue M-cap*	Rs352.8bn
Issue type	100% Book building

* At upper price band

Share reservation (of net offer)

QIB	Not less than 75%
Non-institutional	Not more than 15%
Retail	Not more than 10%

Issue Manager

BRLM	Kotak Mahindra Capital Co Ltd, Morgan Stanley (I) Co Ltd, Bofa Securities India Ltd, Citigroup global markets (I) Pvt Ltd
Registrar	Link Intime India Pvt. Ltd.
Listing	BSE, NSE

Objects of the Issue

Funding organic growth initiatives	Rs20.0bnn
Funding inorganic growth through acquisitions and other strategic initiatives	Rs10.0bn
General Corporate Purpose	[•]

Financial Summary – Y/E March (Rs mn)

(Rs mn)	FY19	FY20	FY21
Revenues	16,539	27,806	36,465
Yoy growth (%)	NA	68.1	31.1
OPM (%)	(97.9)	(6.2)	(3.4)
EPS (Rs)	(34.5)	(5.2)	(7.2)
EPS growth	NA	-84.9	39.2
P/E (x)	(14.1)	(93.7)	(67.3)
EV/EBITDA (x)	(14.8)	(148.4)	(211.8)
Debt/Equity (x)	0.1	0.2	0.4
RoE (%)	-52.8	-13.5	-16.8
RoCE (%)	-47.1	-10.9	-12.1

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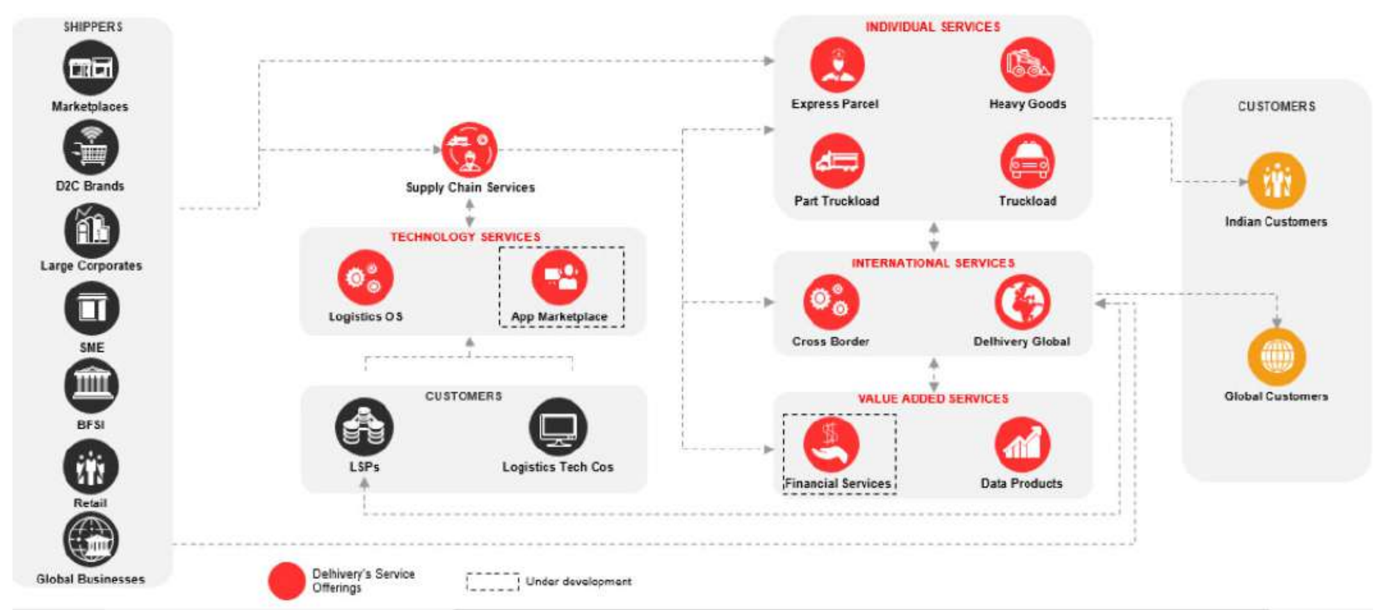
INVESTMENT THESIS

Integrated portfolio of logistics solutions:

Delhivery provides full range of logistics services, including express parcel delivery, heavy goods delivery, PTL freight, TL freight, warehousing, supply chain solutions, cross border express and freight services and supply chain software. It offers value added services such as e-commerce return services, payment collection and processing, installation and assembly services and fraud detection. This approach has led to a higher wallet share and customer retention. In addition, the integrated approach allows to exploit network and infrastructure synergies, reduces dependence on any single business line and also reduces the effect of cyclicality in customers businesses on the operations.

Exhibit 1: **Delhivery's service offerings**



Source: Company RHP, YES Sec

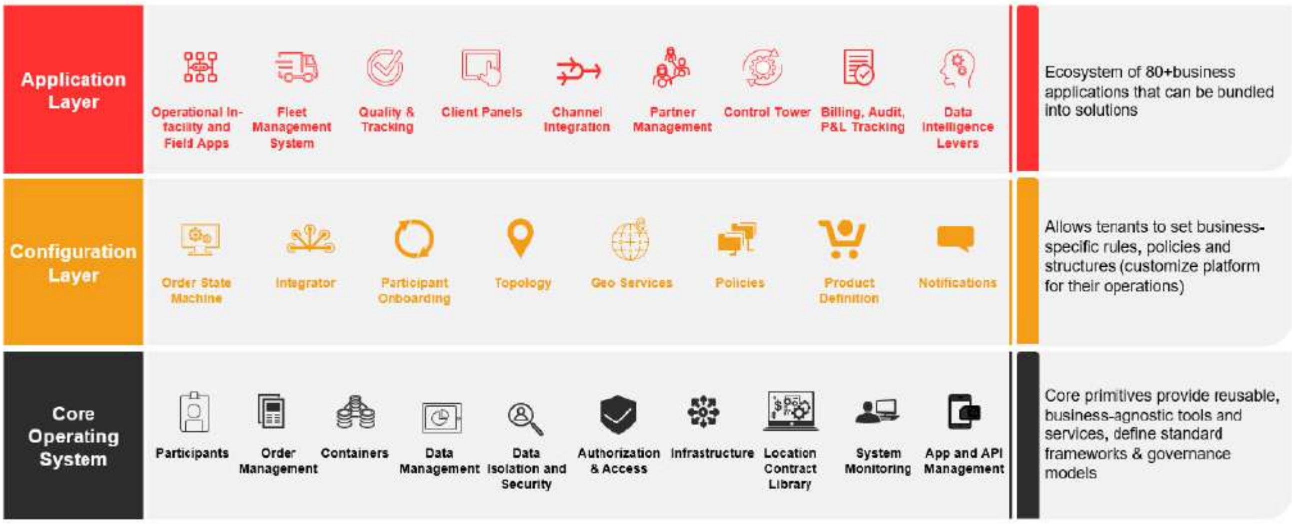
Entrepreneurial team:

Being professionally managed, the company has a team composed of people from diverse backgrounds who bring perspective from industries like global logistics, technology services, financial services, management consulting, e-commerce, FMCG, telecommunications and armed forces. The company has invested significantly in training and upskilling front-line operations personnel via the Delhivery Academy, with the aim of building the next generation of operational leadership from within the line organization. As on Dec'21, out of 15,392 permanent employees, 505 are engineering, data sciences and product professionals.

Proprietary logistics operating system

Delhivery have built proprietary technology systems that enable it to offer integrated logistics services to a wide variety of customers. Its technology stack consists of more than 80 applications that encompass all supply chain processes including order management, warehouse management, transportation management, financial transactions such as billing and remittance, tracking and supply chain analytics, and that integrate with customers' systems. The company continues to invest in machine learning and artificial intelligence capabilities which enables to solve several complex operational and network problems, such as maximizing vehicle utilization, selecting appropriate delivery vehicles, predicting delays in real-time, identifying addresses with precision and detecting frauds. Additionally, the company intends to externalize logistics operating system as a platform and as a SaaS offering by enabling other LSPs, logistics-tech companies, enterprises, developer partners and customers, in India and globally, to build their own applications on top of the underlying operating system.

Exhibit 2: Technology architecture



Source: Company RHP, YES Sec

Exhibit 3: Major applications and their purpose

Applications	Purpose
Operational applications	
Transportation management system	Tracks shipment and asset movement in real-time across the entire network, including partner operations
Mid mile system	in-facility activities such as sortation, consolidation, de-consolidation, loading/unloading, trans-shipment, line-haul schedule management, tracking and provides detailed traceability of shipments moving through these facilities.
Last mile and dispatch system	Helps to plan, create, and manage the delivery routes; receive guidance to consignee addresses; communicate with consignees while on their delivery route; and view their performance and earnings
Fleet management system	Enables fleet owners and suppliers of fleet capacity to enter into contracts, track their service metrics (quality, usage, and earnings) against those contracts, and manage claims and disputes
Godam	Manages order fulfillment operations and transportation services
Orion	a truckload freight brokerage platform, matches demand from shippers with suppliers of truckload capacity in real time
Customer and Partner facing applications	
Partner management toolkit	enables registration, onboarding and management of third-party agents
Axle and Roadpiper	mobile applications provide real-time order visibility to truckload partners, allow them to bid and win contracts
Telescope	a supply chain visibility product for enterprises, provides a configurable, end-to-end view of the customers' entire supply chain
Customer Portals	provide customers with web-based customer portals to register, self-onboard and manage their fulfilment and shipping accounts
Consumer Applications	provide door-to-door domestic shipping services to individual consumers from the comfort of their homes

Source: Company RHP, YES Sec

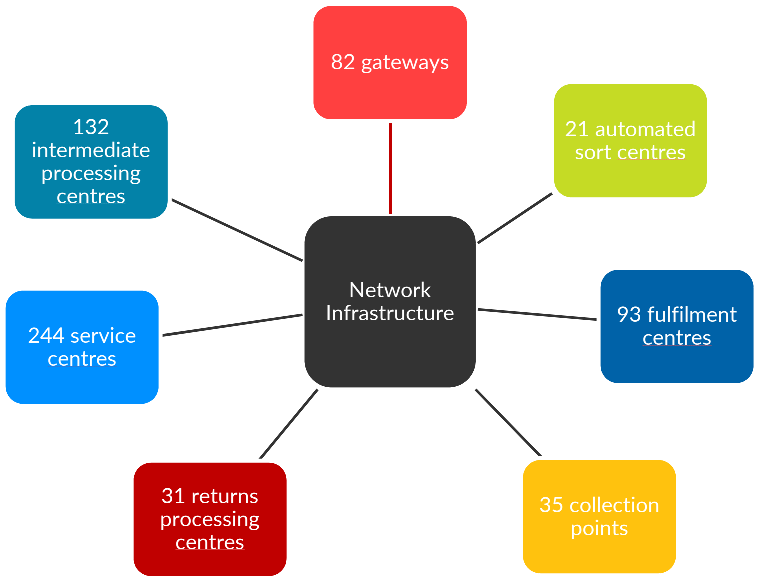
Strong relationship with a diverse customer base:

Delhivery served a diverse base of 23,113 active customers across e-commerce, consumer durables, electronics, lifestyle, FMCG, industrial goods, automotive, healthcare and retail. The customer base included most of the key e-commerce players in India and over 750 D2C brands. It's service quality, reach and efficiency, coupled with deep integration with customer's ERP systems and business processes have led to customer stickiness. In the first half of FY22, 64.97% of the revenues were from customers who have been transacting with over three years

Asset light operations

Delhivery has an asset asset-light business model that has enabled to scale up volumes rapidly, with lower fixed costs and greater flexibility. While Delhivery's approach is to invest in critical service elements, network partners play a significant role in the business operations - pickup, mid-mile (trucking and air) and last-mile delivery. Company has partnered with over 11,000 vendors and network partners who provide pickup, delivery services and truckload capacity. As of Dec'21, it operates over 14.27 mn sq ft. of leased infrastructure with majority of the vehicles being leased from third party fleet partners.

Exhibit 4: Nationwide network infrastructure



Source: Company RHP, YES Sec

EVOLUTION IN INDIAN LOGISTIC INDUSTRY

Indian logistic sector is one of the largest in the world and is highly fragmented compared to other markets. Over 85% of fleet owners operate fleets of less than 20 trucks, trucks are smaller in size as compared in developed markets, poorly utilization (driving less than 325 kms/day on an average) and smaller warehouses (less than 10,000 sq ft). The top 10 organized players account for ~1.5% of the logistics market in India, versus ~15% in US and ~7-10% in China. The largest logistics companies in US and China are 20-30x and 10x+ the size of India's largest logistics companies, while GDPs are 8x and 5x of India.

Exhibit 5: Comparison between US, China and India logistics markets

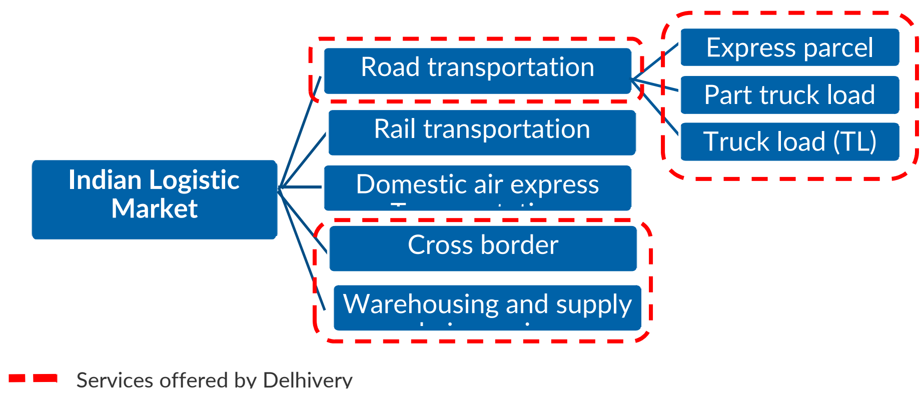
Parameter	US	China	India
GDP	US$21trn	US$14.7trn	US$2.7trn
Logistics market spend	US$1.6trn	US$2.2trn	US$390bn
Total logistics spend as a % of GDP	~8%	~15%	~14%
Direct spends as % of GDP	~7%	~10%	~8%
Indirect spends as % of GDP	~1%	~5%	~6%
Per capita logistics spend	~US$4,860	~US$1,540	~US$280
Per capita direct logistics spend	~US$4,460	~US$1,050	~US$150
Per capita indirect logistics spend	~US$400	~US$490	~US$130
Share of top 10 organized players	~15%	7-10%	~1.5%
Average size of warehouse (sq.ft.)	100-200k	20-50k	8-12k
Average size of truck (ft.)	48	45	24-32
Average daily distance travelled by trucks (kms)	500+	423	325

Source: Company RHP, YES Sec

Components of Indian logistic market

The logistic market is primarily comprised of transportation and warehousing, of which transportation accounted for 70%, or US$151bn in FY20. Indian logistics players have evolved differently compared to global counterparts in other large economies. New-age, tech-enabled players in India have built asset-light models with full control over operational decisions while network partners provide the assets.

Exhibit 6: Structure of Indian logistic market



Source: Company RHP, YES Sec

Road transportation: With a national highway network of 150,000 kms, India has the second largest road network in the world. 70-80% of freight movements in India are short-to-medium haulage, where road transportation is the quickest and cheapest alternative. The total road transportation market was estimated at US$124bn in FY20 and is expected to grow at a CAGR of ~8% to reach US$200bn in FY26. In road transportation, express parcel is the fastest growing segment as the segment is driven by growth of e-commerce and rising customer expectation for delivery speed and Delhivery is well recognized for its express parcel service offerings among large enterprise customers.

- **Rail transportation:** India is the 4th largest railway network globally with market size of US$21bn in FY20 and is expected to grow at a CAGR of 17% to US$47bn in FY26. The Indian government has made rail a key investment priority, with several initiatives such as development of the Dedicated Freight Corridor and introduction of roll-off-roll-on (RORO) capabilities on select routes have made rail to be a cost-effective and efficient alternative for a significant share of India's freight in the future
- **Domestic air express:** Air-express is a relatively niche service suitable for highly time-sensitive shipments requiring reliable, mid to long-distance transportation. The domestic air-express transportation market was estimated to be US$0.8bn in FY20 and is expected to touch US$1.2bn by FY26. The sector is expected to grow at a slower rate as it faces increasing competition from infrastructure and speed improvements in road transportation, which is significantly more cost-efficient.
- **Cross border logistics:** Cross-border transportation is done primarily through air and ocean shipping. Capacity in the cross-border transportation market is quite consolidated. The international air freight market is driven by growth in trade, especially cross border e-commerce. Ocean freight is significantly more cost-efficient than air freight, and suited for larger, less time-sensitive freight movements thereby forming 25-30% of the total cross border market.
- **Warehouse and supply:** India had a per capita warehousing stock of 0.02 sq. m. compared to the US and China which had per capita warehousing stock of 4.4 sq. m / 0.8 sq. m. respectively, as of FY20. Demand for warehousing is being driven by rapid growth in e-commerce, organized retail, manufacturing and international trade. Supply chain services refers to integrated warehousing, transportation and technology solutions created for industry-specific and customer-specific requirements. Within the overall supply chain services market, the integrated supply chain services segment is an evolving segment requiring bespoke supply chain solutions.

Evolution of the Indian logistics and supply chain market is driven by a) changing needs of enterprises and customers, b) favorable regulatory changes, c) availability and penetration of technology systems and d) availability of capital. Organized, new-age and technology-enabled logistics players in India are positioning themselves for growth in digital consumption in India across eCommerce, D2C, omni channel and other digital commerce as well as in the offline commerce. Among such players, Delhivery is well positioned at the cross-section of the various logistics sector growth drivers including infrastructure, offline commerce, digital consumption and adoption of technology & data sciences.

Indian logistic market ready for transformation

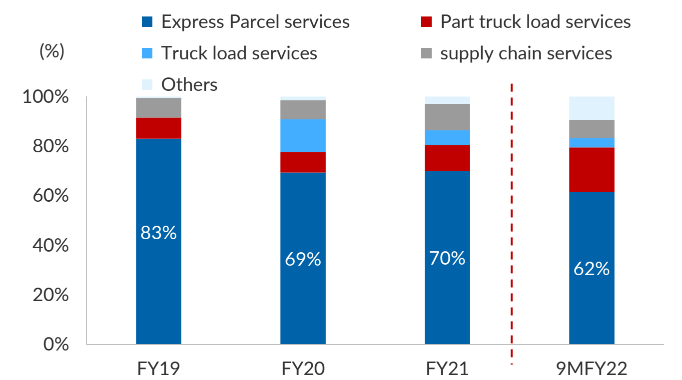
Organized players accounted for only ~3.5% of the logistics market (road transportation, warehousing & supply chain services only) in FY20. However, the share of organized players is expected to grow at a CAGR of 35% between FY20 and FY26 to 12.5-15% by FY26 of the logistics market. This shift is expected to be driven by the ability of organized players to offer integrated services, network and scale-driven efficiencies and larger investments in technology and engineering, resulting in higher share of wallet with customers.

- **Evolving business models:** The emergence of new digital-native segments, new distribution channels and go-to market strategies such as direct-to-retail (D2R) and direct-to-consumer (D2C) are driving the need for innovation in the traditional B2B supply chain, with greater demand for supply-chain visibility, precision and value-added services.
- **Changing production trends:** Manufacturing accounts for 17% of India's GDP and has emerged as a high-growth sector on the back of strong push by the Indian government through initiatives like Make in India, production linked incentives (PLI), government tenders for domestically manufactured goods etc. As a result, Indian manufacturing has been transitioning from bulk commodities to non-commodity consumption-focused products which need faster go-to-market and more reliable and efficient logistics operations.
- **Demand for integrated services:** With the rollout of GST, enterprise customers are increasingly looking to optimize their supply chains for speed and efficiency. This shift towards a "total-cost" approach is driving the demand for reliable, national, integrated supply chain service providers instead of traditional, mono-line partners.
- **Emergence of new markets:** Economic growth of Tier-2+ towns is increasing demand for reliable turn-around times and efficiency comparable to larger urban centers, further driving the need for integrated, national logistics players.
- **Regulatory and policy reforms:** The Indian government has undertaken several regulatory and policy reforms to drive economic growth, enhance general capital formation, support infra-development and facilitate ease of doing business. Some of these measures have directly benefited the Indian logistics sector, such as implementation of Goods and Services Tax ("GST"), National Logistics Policy and Logistics Efficiency Enhancement Program. These measures are rationalizing the indirect tax structure, improving transportation infrastructure and expanding connectivity, thereby improving overall logistics efficiency.
- **Vehicle utilization:** Vehicles in India are frequently under-utilized, from both fill rate and time utilization perspectives. Fleet owners often have to haul freight at ~70% fill-rates, face utilization challenges due to seasonal demand and face challenges in finding return loads due to lack of demand information. New-age logistics companies have begun to solve these problems by using technology for route consolidation and to forecast and match demand and supply more efficiently

KEY POINTS FROM FINANCIALS STATEMENTS

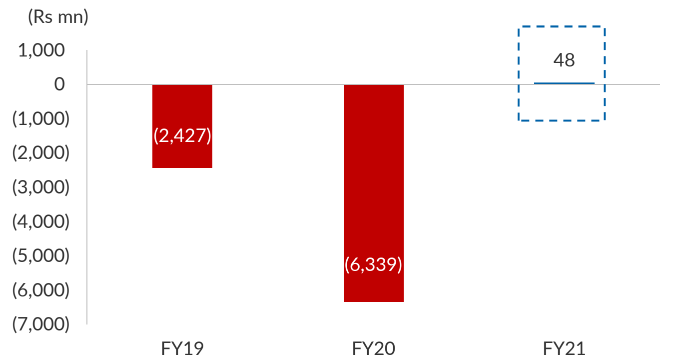
- Delhivery's consolidated revenues grew from Rs16.5bn in FY19 to Rs36.5bn in FY21 (healthy CAGR of 48.5%). Revenue concentration from Express Parcel services (EPL) segment has reduced from 83% in FY19 to 70% in FY21 and 62% in 9MFY22 due to growth in other segments. Higher revenues were driven by rising demand of e-commerce industry.
- EBITDA margins are improving from -6.2% in FY20 to -3.4% in FY21 on account of operational efficiencies.
- Exceptional loss of Rs413.3mn has been accounted for allowance for doubtful debts on account of anticipated non recoverability of receivables, primarily due to restrictions imposed on certain of the customers from operating their business in India.
- Gross debt at consol level stands at ~Rs11mn and debt:equity is comfortable at 0.39x as at FY21.

Exhibit 7: Revenue bifurcation across segments



Source: Company, YES Sec

Exhibit 8: Steady improvement in cash flow



Source: Company, YES Sec

Exhibit 9: Relative valuation

Company (Rs mn)	Market Cap	Revenue	EBITDA	PAT	Face value	EPS (Rs)	Book Value (Rs)	P/E	P/BV	RONW
Delhivery	352,832.2	38,382.9	(1,229)	(3,744.1)	1	(8.04)	54.8	NA	8.9	-14.7%
Blue Dart Express Ltd	158,146.7	32,923.6	6,863	1,018.1	10	42.9	249.5	155.3	26.7	17.1%
TCI Express Ltd	65,788.2	8,516.4	1,343	1,006.0	2	26.2	112.9	65.3	15.1	23.1%
Mahindra Logistics Ltd	34,354.6	32,811.9	1,342	300.0	10	4.2	79.7	114.9	6.0	5.1%

Source: RHP, Company, YES Sec; CMP is as on 09/05/2022

COMPANY OVERVIEW

Incorporated in 2011, Delhivery is the largest and fastest growing fully integrated logistics service player in India by revenue in FY21 offering full-range of logistics services, including express parcel delivery, heavy goods delivery, part truckload freight, truckload freight, warehousing, supply chain solutions, cross border express and freight services and supply chain software. Its core competencies include **having high quality infrastructure and network engineering, vast network of domestic and global partners and significant investment in automation.**

The company has pan-India presence serving 17,488 PIN codes through network infrastructure of 82 gateways, 21 automated sort centers, 93 fulfilment centers, 35 collection points, 31 processing centers, 244 service centers, 132 intermediate processing centers and 2521 codes. The company has built an asset light model which has enabled to quickly expand to geographically dispersed locations thereby scaling up the volumes, optimize loads, improve cost structure and maintain flexibility in handling seasonal variations and changes in client requirements while incurring minimal fixed costs and capital expenditures.

Over the years the company has invested in technology, comprising investments in the team and other infrastructure relating to data intelligence, proprietary logistics operating system, cyber security, hardware, software and cloud infrastructure. Company's in-house logistics technology stack is built to meet the dynamic needs of modern supply chain. Delhivery have over 80 applications through which various services are provided and orchestrated by the platform that is designed as a set of foundational layers, libraries and APIs that provides a configurable framework and tools to enable both internal and external developers to build custom applications thereby expanding the wallet share in the market.

Further the company is professionally managed and have teams composed of diverse industry backgrounds like global logistics, technology services, financial services, management consulting, ecommerce, FMCG, telecommunications and armed forces.

The company seeks strategic alliances with global and domestic leaders in various segments of the logistics industry that bring synergies to the business. Delhivery will also continue to look for high-quality acquisition and investment opportunities within and outside India that are complementary to the business or that enables to build new, valuable capabilities for the customers, strengthen or establish presence in the target markets in India and globally, enables to gain access to software and hardware technology, expand the customer base or gain excess to a skilled team.

KEY RISKS

Operate in a highly fragmented and competitive industry

Delhivery operates in a highly competitive industry. Many segments in which the company operates have low barriers to entry, resulting in a highly fragmented market. Increased competition from unorganized third-party logistics or transport providers could force to lower the prices, thereby reducing the profit margins or market share. Such rate reductions may limit the ability to maintain or increase the rates and operating margins and impede the ability to grow the business.

Dependency on network partners and other third parties:

Delhivery has a total of 15,392 permanent employees and 36,956 contracted workers in addition to temporary workers that are hired from time to time to provide last mile delivery services. The company also engage contractual manpower agencies to provide a large number of contracted workers for the logistics facilities. The future success greatly depends on the continued ability to attract, develop, motivate, recruit and retain suitably qualified employees, particularly those skilled in technology, data science, industrial design, automation, robotics and engineering.

Dependency on a limited number of clients:

Delhivery`s top five customers contributed 48.8%, 41.8%, 42.7%, 41.66% and 43.9% of the total revenue in FY19, FY20, FY21 and 9MFY22. The success depends on the ability to generate repeat customer use and increase the size of the business from the existing customers. Loss of a customer or termination of the contract by any significant customer may materially and adversely affect the revenues, cash flows and prospects

Business is highly dependent on technology and automation:

Delhivery's proprietary technology infrastructure powered by self-developed software, applications and data-science capabilities orchestrates its network. The company depends on technology systems to control the logistics operations, manage inventory, process and bill shipments, process payments and record cash payments by customers, amongst other processes. Any errors, bugs or malfunctioning of the technology systems can adversely affect the financials and results of operations. Given the continuing technological advancements, the company must continuously invest in new technologies and upgrade the technology systems in order to meet evolving customer needs and accommodate changes in the operational needs resulting in significant R&D expenses and require significant investments. Failure to sufficiently invest in the technology systems could put the company at a disadvantage compared to the competitors and lead to loss of customers or market share or other economic losses.

Exhibit 10: **Key managerial personnel**

Deepak Kumar	Chairman and non-executive independent Director	Holds a bachelor's degree in commerce from the University of Delhi and was conferred a doctorate in philosophy by the Amity University. He is a fellow member of the ICAI and ICSI. He has been certified as a fraud examiner by the association of certified fraud examiners.
Sahil Barua	Managing director and CEO	He holds a bachelor's degree in mechanical engineering and a post-graduate diploma in management from the IIM, Bangalore. He has previously been associated with Bain & company India pvt ltd as a consultant.
Sandeep Kumar Barasia	Executive director and Chief Business Officer (CBO)	Holds a bachelor's degree in commerce from the Bond University and a master's degree in business administration from the London Business School, University of London.
Kapil Bharati,	Executive director and chief technology officer	Holds a bachelor's degree in technology (mechanical engineering) from IIT, Delhi. He has previously served as founder and chief technology officer at Athena information solutions pvt ltd and as senior manager technology at Sapient and Publicis Sapient.
Ajith Pai Mangalore	Chief operating officer	He holds a bachelor's degree of engineering in mechanical engineering and a post-graduate diploma in management from the Indian Institute of Management Bangalore. He was previously associated with the lodha group as associate vice president - procurement.
Amit Agarwal	Chief financial officer	He holds a master's degree in science from the Indian Institute of Technology Kanpur. He was previously associated with Inductis India Private Limited and Insight Guru Inc.
Pooja Gupta	Chief people officer	She holds a bachelor's degree in arts from the bangalore university and a post graduate diploma in personnel management and industrial relations from XLRI, Jamshedpur. She was previously associated with SAP labs india private ltd, Myntra designs pvt ltd and Kalaari capital advisors private limited.
Sunil Kumar Bansal	VP- corporate affairs, CS and compliance officer	He is a member of the Institute of cost and works accountants of India and is also a fellow member of the ICSI.
Suraj Saharan	Head of new ventures	He holds a bachelor's degree in technology from the Indian institute of technology. He was previously associated with Bain & company India pvt ltd and ICICI lombard insurance company limited .
Abhik Mitra	MD and CEO of material subsidiary Spoton	He has been associated with the material subsidiary Spoton since April 1, 2012. He holds a bachelor's degree in technology (chemical engineering).

Source: RHP, Company, YES Sec

FINANCIALS

Exhibit 11: Balance Sheet (Consolidated)

Y/e 31 Mar (Rs mn)	FY19	FY20	FY21	9MFY22
Sources of Funds				
Equity capital	10	10	16	217
CCPS	392	392	354	425
Reserves	33,482	31,303	27,998	59,157
Non-Minority Controlling Int.	0	0	0	0
Net worth	**33,883**	**31,704**	**28,368**	**59,798**
Debt	4,106	7,546	11,169	12,832
Deferred tax liab (net)	-	-	-	735
Total liabilities	**37,989**	**39,251**	**39,537**	**73,365**
Application of Funds				
Gross Block	3,876	5,831	7,276	25,361
Depreciation	2,102	3,287	4,710	5,983
Fixed Asset	4,880	7,487	10,534	31,960
CWIP	9	267	768	648
Investments	11,551	11,877	11,282	21,448
Net Working Capital	**21,549**	**19,619**	**16,954**	**19,309**
Inventories	226	178	259	318
Sundry debtors	2,147	6,013	5,946	8,918
Cash & equivalents	16,634	4,087	2,774	3,610
Loans & Advances	30	27	264	90
Other Current Asset	5,149	13,635	14,151	17,303
Sundry creditors	1,607	2,735	4,422	7,838
Provisions	176	270	342	599
Other current liabilities	853	1,317	1,677	2,493
Total Assets	**37,989**	**39,251**	**39,537**	**73,365**

Source: Company, YES Sec; We have not included Spoton as they are not audited

Exhibit 12: Income statement (Consolidated)

Y/e 31 Mar (Rs mn)	FY19	FY20	FY21	9MFY22
Revenue	16,539	27,806	36,465	48,105
% Change YoY		*68.1*	*31.1*	*NA*
Operating profit	(16,185)	(1,720)	(1,229)	(5,352)
EBITDA margins	*(97.9)*	*(6.2)*	*(3.4)*	*(11.1)*
% Change YoY		*(89.4)*	*(28.5)*	*NA*
Depreciation	1,700	2,556	3,546	3,882
EBIT	(17,885)	(4,276)	(4,776)	(9,234)
EBIT margins	*(108.1)*	*(15.4)*	*(13.1)*	*(19.2)*
Interest expense	358	492	886	762
Other income	410	2,081	1,918	1,009
Profit before tax	(17,833)	(2,688)	(3,744)	(8,987)
Taxes	0	1	0	(76)
Effective tax rate (%)	*0.0*	*(0.0)*	*0.0*	*0.8*
Net profit	(17,833)	(2,689)	(3,744)	(8,911)
Minorities and other	0	0	0	0
Net profit after minorities	(17,833)	(2,689)	(3,744)	(8,911)
Exceptional items	0	0	(413)	0
Net profit	(17,833)	(2,689)	(4,157)	(8,911)
% Change YoY		*(84.9)*	*54.6*	*NA*
EPS (Rs)	(34.5)	(5.2)	(7.2)	(15.4)

Source: Company, YES Sec; We have not included Spoton as they are not audited

Exhibit 13: Cash flow statement

Y/e 31 Mar (Rs mn)	FY19	FY20	FY21	9MFY22
Profit before Tax	(17,833)	(2,688)	(4,157)	(8,987)
Interest	355	491	882	755
Depreciation	1,700	2,556	3,546	3,882
Other Items	15,304	(951)	354	5,147
(Inc)/Dec in WC	(1,725)	(5,295)	(395)	(5,912)
Direct Taxes Paid	228	452	182	(25)
CF from Oper.Activity	**(2,427)**	**(6,339)**	**48**	**(5,091)**
(Inc)/Dec in FA	(1,566)	(2,136)	(2,509)	(3,826)
Free Cash Flow	(861)	(4,203)	2,557	(1,265)
(Pur)/Sale of Invest.	(7,828)	(7,190)	5,892	(22,567)
CF from Inv. Activity	**(9,394)**	**(9,325)**	**3,383**	**(26,392)**
Change in Networth	28,901	15	191	34,914
Inc/(Dec) in Debt	655	1,227	666	(961)
Interest Paid	(93)	(109)	(205)	(169)
Dividends Paid	-	-	-	-
Others	(878)	(1,299)	(2,119)	(1,946)
CF from Fin. Activity	**28,584**	**(167)**	**(1,467)**	**31,838**
Inc/(Dec) in Cash	**16,763**	**(15,832)**	**1,964**	**354**
Opening cash Balance	(137)	16,626	795	2,759
Others				
Closing cash Balance	**16,626**	**795**	**2,759**	**3,113**

Source: Company, YES Sec; We have not included Spoton as they are not audited

Exhibit 14: Du-Pont analysis

Y/e 31 Mar (Rs mn)	FY19	FY20	FY21	9MFY22
Tax burden (x)	NA	(3,450.3)	NA	120.4
Interest burden (x)	-	(0.0)	-	0.0
EBIT margin (x)	(1.1)	(0.2)	(0.1)	(0.2)
Asset turnover (x)	0.4	0.7	0.9	0.7
Financial leverage (x)	1.1	1.2	1.4	1.2
RoE (%)	**NA**	**-13.5%**	**NA**	**-15.3%**

Source: Company, YES Sec

Exhibit 15: Ratio Analysis

Y/e 31 Mar	FY19	FY20	FY21	9MFY22
Basic (Rs)				
EPS	(34.5)	(5.2)	(7.2)	(15.4)
Dividend per share	-	-	-	-
Cash EPS	(31.2)	(0.3)	(0.4)	(8.7)
Book value per share	65	61	55	103
Div. payout (%)	0%	0%	0%	0%
Valuation ratios (x)				
P/E	(14.1)	(93.7)	(67.3)	(31.7)
P/CEPS	(15.6)	(1,889.2)	(1,272.8)	(56.2)
P/B	7.4	7.9	8.9	4.7
EV/EBIDTA	(14.8)	(148.4)	(211.8)	(54.5)
Dividend yield (%)	-	-	-	-
Profitability Ratios (%)				
RoIC	(47.1)	(10.9)	(12.1)	(12.5)
RoE	(52.8)	(13.5)	(16.8)	(15.3)
RoCE	(47.1)	(10.9)	(12.1)	(12.5)
Liquidity ratios				
Debtor (days)	47	79	60	68
Inventory (days)	5	2	3	2
Creditor (days)	35	36	44	59
Net working Capital (days)	109	242	142	119
Asset Turnover (x)	0.4	0.7	0.9	0.7

Source: Company, YES Sec

Delhivery Ltd IPO

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