Delhivery Limited: 5 Point Analysis

Q3 FY23 Result

investyadnya.in

Delhivery Limited: 5 Point Analysis

5 Point Analysis

1. Company Overview
2. Q3FY23 Performance
3. Key Highlights
4. Valuation
5. Earnings call Highlights

Q3 FY23 Result Analysis

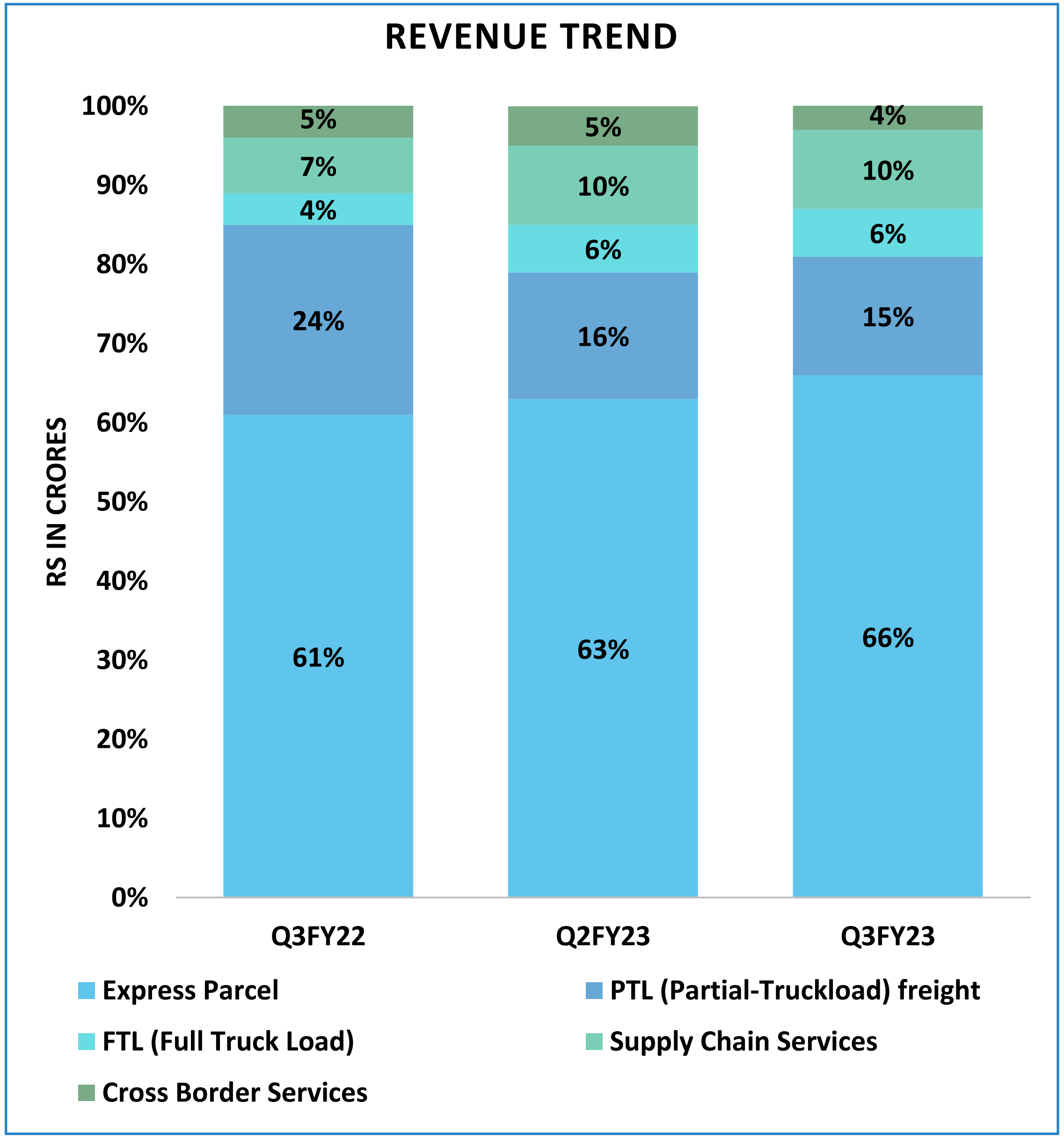
Rs. Crore	Q3 FY23	Q3 FY22	YoY %	Q2 FY23	QoQ %
Revenue from Operations	1823.84	1995.04	-8.58%	1796.10	1.54%
EBITDA (excluding OI)	-73.27	54.18	-235.24%	-137.69	46.79%
EBITDA Margin (%)	-4.02%	2.72%	-673 Bps	-7.67%	365 Bps
Net Profit/(Loss) (PAT)	-195.65	-126.52	-54.64%	-254.11	23%
Net Profit Margin (%)	-10.73%	-6.34%	-439 Bps	-14.15%	342 Bps

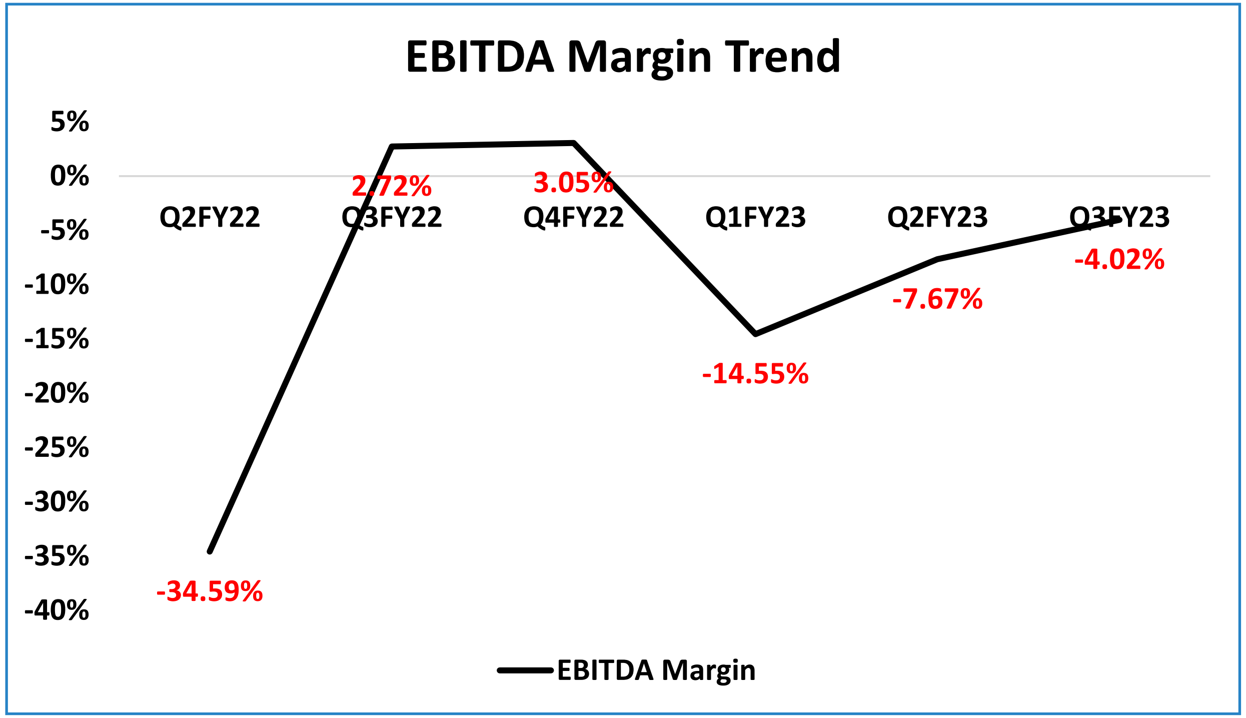
Revenue from Operations showed a growth of 1.54% Q-o-Q to Rs.1,823.84 Cr in Q3FY23 as compared to Rs.1796.10 Cr in Q2FY23 with improved capacity utilisation along with cost optimisation. Margins showed an improvement on quarterly basis.

Highlights of Q3FY23

- EBIDTA margins improved from negative 7.67% in Q2 FY23 to negative 4.02% in Q3 FY23. As operations stabilize after Spoton integration and volumes increase along with improvement in cost advantage. This will continue to get reflected in margins over the coming quarters.
- Company's cost structure allows to pass on efficiency gains to customer while maintaining extremely healthy gross margins at a business line level and at a client level without increasing pries.
- Company has Completed acquisition of Algorhythm Tech in January 2023. This will enhance supply chain services along with inventory management and transport optimization solutions.
- Company is expanding its operational reach through partnerships with FedEx, Aramex and other global players. At the end of FY 22, company reached 18,074 pin codes, that has expanded to 18,510 pin codes as of Q3 FY 23.
- Network service metrics are stable across all business lines and network re-evaluation structure to drive better capacity utilization and reduce cost is underway as planned by the company.

Margin and Revenue Trend





EBIDTA margins are showing continue improvement on QoQ, post SpotOn integration. Along with pricing revisions carried out with low-margin customers, improved capacity utilization, cost optimization measures and continued focus on revenue quality contributed to an improvement in EBITDA.

Key Operating Matrix

Particulars	Q2 FY23	Q3 FY23
No. of active customers	28100	26845
Infrastructure (in million sq. ft.)	18.46	17.89
Gateways	96	92
Freight Service centers	188	150
Express delivery centers	2,904	2751

Particulars	Q2 FY23	Q3 FY23
Revenue/person (₹ lacs)	12.7	13.8
Revenue/sq.ft. (₹, Transportation)	4598	5096
Revenue/sq.ft. (₹, Warehousing)	586	545

Segment Performance

Revenue Mix (Rs.Cr)	Q3 FY23	Q3 FY22	YoY %	Q2 FY23	QoQ %
Express Parcel	1200	1214	-1.15%	1125	6.67%
PTL (Partial-Truckload) freight	277	477	-41.93%	293	-5.46%
FTL (Full Truck Load)	102	76	34.21%	103	-0.97%
Supply Chain Services	178	133	33.83%	180	-1.11%
Cross Border Services	66	95	-30.53%	96	-31.25%

Revenue Mix	Q3 FY23	Q3 FY22	YoY %	Q2 FY23	QoQ %
Express Parcel shipments (Cr)	17	17	0.00%	16.1	5.59%
PTL (Partial-Truckload) freight ('000 tonnes)	258	443	-41.76%	286	-9.79%

- Company is regaining its market share in FTL(Full Truck load) growing at a rate of 34.21% on Y-o-Y basis.
- Express Parcel and PTL showed improvement in revenue as Fixed cost decreased due to network optimisation.
- Supply chain services continue to gain momentum as company focuses on client acquisition, expanding client contracts in auto, industrial and consumer segment.

Valuation

Particulars	Ratios
Current PE Ratio (TTM)	-
Current Market Price	321.4
EV/EBIDTA	-201

Since Delhivery Ltd has been incurring loses, therefore has a negative PE ratio.

Peer Comparison	P/E Ratios
Delhivery	-
Blue Dart Express	32.79
Mahindra Logistics	69.37
Aegis Logistics	29.73

Data is taken as on 15th Feb 23

Earnings Call Highlights

- Cross Border business declined from Rs.96 Cr of revenue to about Rs.66 Cr. This business has a significantly high proportion of linehaul cost as a percentage of revenue which led to reduction.
- Consistent increase in PTL volumes is driven primarily by massive improvements in service quality across the network, which is a natural consequence of the operational integration being complete between Delhivery and Spoton.
- Volumes in the ocean freight business have grown significantly over this financial year. And there has been a shift from air freight volumes towards ocean freight volumes in the same period.
- Company is testing drone capacity through transition Robotics, essentially, what company has built, Sohan, has capability to deliver using a fixed wing aircraft up to a 4 kg payload over a 40-kilometer distance.
- In PTL business, Short shipments have dropped from 0.2% when the integration began to nearly 0.05% as of January and network speed has returned to pre-integration levels or better.
- According to the management, volumes have been picking up steadily and also mentioned that it has been renegotiating contracts with low-paying clients in PTL business. This resulted in PTL yields improving by ~4.8% QoQ.

Disclaimer & Disclosure

- **LEGAL DISCLAIMER:**
- Use of this information is at the user's own risk. The Company and its directors, associates and employees will not be liable for any loss or liability incurred to the user due to investments made or decisions taken based on the information provided herein. The investment discussed or views expressed herein may not be suitable for all investors. The users should rely on their own research and analysis and should consult their investment advisors to determine the merit, risks and suitability of recommendation. Past performance is not a guarantee for future performance or future results. Information herein is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The images used may be copyright of the company or third party. As a condition to using the services, the user agrees to the terms of use of the website and the services.
- **DISCLOSURES UNDER SEBI (RESEARCH ANALYST) REGULATIONS, 2014:**
- Yadnya Academy Pvt. Ltd. (InvestYadnya) is registered with SEBI under SEBI (Research Analyst) Regulations, 2014 with registration no. INH000008349.
- **Disclosure with regard to ownership and material conflicts of interest**

- Neither Research Analyst nor the entity nor his associates or relatives have any financial interest in the subject Company;
- Neither Research Analyst nor the entity nor its associates or relatives have actual / beneficial ownership of one per cent or more securities of the subject Company, at the end of the month immediately preceding the date of publication of the research report or date of public appearance;
- Neither Research Analyst nor the entity nor its associates or his relatives have any other material conflict of interest at the time of publication of the research report or at the time of public appearance.

- **Disclosure with regard to receipt of Compensation**

- The Research Entity and its associates have not received compensation from the subject company in the past twelve months.
- The subject company is not or was not a client during the twelve months preceding the date of recommendation.

Thank You

investyadnya.in