

Details of the Issue	
Price Band	₹ 462 - ₹487
Issue Size	₹ 5235 Cr
Face Value	₹ 1
Bid Lot	30
Listing on	BSE, NSE
Post Issue Implied Mcap -Upper Price	Rs. 35,284 Cr
Investment Range	Rs.13,860 - 14,610

Important Indicative Dates (2022)	
Opening	11-May
Closing	13-May
Basis of Allotment	19-May
Refund Initiation	20-May
Credit to Demat	23-May
Listing Date	24-May

Lead Managers	
Kotak Mahindra capital	
Morgan Stanley	
BofA Securities	
Citigroup Global	

No of shares	
Fresh Issue of Shares	82,135,523
Offer for Sales	25,359,342
Total No of Shares	107,517,088

Offer Details	
Offer Size	Rs.5235 Cr.
Fresh Issue	Rs. 4000 Cr (76%)
OFS	Rs 1235 Cr (24%)

Type	In Rs Cr	No of Shares(Mn)		% of Issue
		Upper	Lower	
QIB	3199.3	84.65	80.13	75%
NIB	782.3	16.9	16.02	15%
Retail	521	11.3	10.7	10%
Empl.	20	0.45	0.43	-
Total	8549	508	538	100%

Type	Pre-Issue		Post-Issue	
	No. Shares (k)	% of Total	No. of Shares	% of Total
Promoter	0	0%	0	0%
Public-Selling	255661	39.8%	230296	31.8%
Public	386704	60.2%	494221	68.2%
Total	642365	100%	724518	100%

Source: RHP, GEPL Research

Company Background

Delhivery Limited (“Delhivery”) was incorporated on June 22, 2011. Delhivery is the largest and fastest growing fully-integrated logistics services player in India by revenue as of Fiscal 2021. Delhivery provided supply chain solutions to a diverse base of 23,113 Active Customers such as e-commerce marketplaces, direct-to-consumer e-tailers and enterprises and SMEs across several verticals.

Company Key Highlights

Delhivery collect, structure, store and process vast amounts of transaction and environmental data to guide real-time operational decision making. Delhivery operated 21 fully and semi-automated sortation centers and 82 gateways across India (excluding Spoton) as of December 31, 2021.

They had a Rated Automated Sort Capacity of 3.70 million shipments per day as of December 31, 2021. Delhivery operates a Pan-India network and provide their services in 17,488 postal index number (“PIN”) codes, as of December 31, 2021. Company’s approach is to invest in critical service elements and IP-sensitive areas of the network, while delivering services through a large number of network partners.

Utilization of IPO Proceeds:

- Funding organic growth initiatives for INR 2000 Cr and Funding inorganic growth through acquisitions and other strategic initiatives INR 1000 Cr.

Board of Directors:

- Deepak Kapoor is the Chairman and Non-Executive Independent Director of the company. He was previously associated with PricewaterhouseCoopers Pvt Ltd as Chairman and Chief Executive Officer.
- Sahil Barua is the Managing Director and Chief Executive Officer of the company. He has previously been associated with Bain & Company India Pvt Ltd as Consultant.

Key Managerial Persons:

- Ajith Pai Mangalore is the Chief Operating Officer of the company. He has been associated with the company since April 6, 2013.
- Amit Agarwal is the Chief Financial Officer of the company. He has been associated with the company since August 4, 2012.

Company’s Key Differentiator

• **Integrated Solutions:** Delhivery provide a 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, along with value added services such as ecommerce return services, payment collection and processing, installation and assembly services and fraud detection.

• **Proprietary logistics operating system:** Company have over 80 applications through which they provide various services, orchestrated by platform. its investments in technology, comprising investments in team and other infrastructure relating to data intelligence, proprietary logistics operating system, cyber security, hardware, software and cloud infrastructure, amongst others, amounted to ₹943.61 million, ₹1,377.34 million, ₹1,701.66 million, ₹1.288.17 million and ₹2,418.03 million, respectively.

• **Data Intelligence:** It collect, structure, store and process vast amounts of transaction and environmental data to guide real-time operational decision making. Since inception, company have collected participant, product, location and network data for over 1 billion orders along with over 30 billion shipment lifecycle events points.

- **Unified Infrastructure and Network:** It operate a pan-India network and provide services in 17,488 postal index number (“PIN”) codes, as of December 31, 2021. its logistics platform, data intelligence and automation enable their network to be seamlessly interoperable and allow them to share infrastructure and operational capacity across business lines and set new service standards, such as providing e-commerce-like turnaround times to traditional part-truckload shippers on several lanes.
- **Asset light Operations:** It follows an asset-light model. As of December 31, 2021, all of logistics facilities were leased from third parties. Pursuant to the FedEx Asset Purchase Agreement which came into effect on December 5, 2021, ownership of nine facilities aggregating 12,671 sq. ft. is in the process of being transferred from FedEx to Delhivery.

Key Operational Parameters

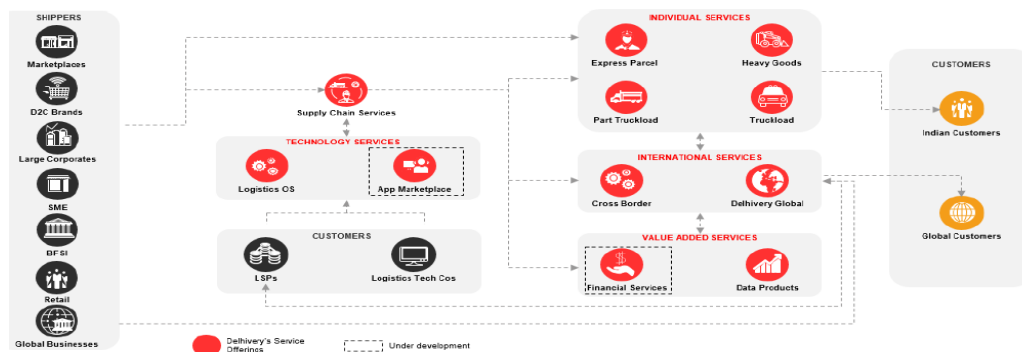
Particulars	9MFY22	2021	2020	2019
PIN code reach	17,488	16,677	15,875	13,485
Infrastructure (in Mn Sqft)	14.27	12.23	9.85	5.96
No. of gateways	82	88	83	73
Rated Automated Sort Capacity (in Mn parcel/ Day)	3.7	2.62	2.26	1.58
Number of delivery points	3,836	3,382	2,973	2,258
Team size	86,184	53,086	40,416	28,830
No. of Active Customers	23,113	16,741	7,957	4,867
Revenue from contracts with customers (in ₹ Mn)	48,105.30	36,465.27	27,805.75	16,538.97
Restated loss for the period/ year (in ₹ Mn)	-8,911.39	-4,157.43	-2,689.26	-17,833.04
EBITDA	-2,317.92	-1,003.79	-1,720.47	-1,370.71
Adjusted EBITDA (in ₹ Mn)	-348.01	-2,532.83	-2,531.93	-1,876.44

Operating Revenue Breakup

Particulars	9MFY				March Ended					
	2021		2020		2021		2020		2019	
Sale of services (Rs Cr)	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
Revenue from Express Parcel services	2,958.8	62%	1,883.0	71%	2,550.5	70%	1,928.9	69%	1,373.1	83%
Revenue from Part Truck Load services	864.0	18%	277.0	10%	384.2	11%	230.7	8%	140.2	8%
Revenue from Truck Load services	185.3	4%	132.7	5%	214.1	6%	365.9	13%		0%
Revenue from Supply chain services	350.6	7%	270.2	10%	390.1	11%	214.9	8%	132.0	8%
Revenue from Cross Border services	263.8	5%	72.0	3%	96.4	3%	34.4	1%	8.6	1%
Others	0.6	0%	0.1	0%	0.2	0%	0.0	0%		0%
Sale of goods										
Revenue from sale of traded goods	187.5	4%	8.8	0%	11.1	0%	5.8	0%		0%
Total	4,810.5	100%	2,643.9	100%	3,646.5	100%	2,780.6	100%	1,653.9	100%

Delivery's Services

The integration of technology platform with physical network and its operations enables it to provide comprehensive supply chain solutions to a wide range of customers. The following schematic depicts overall service map:



• Express Parcel

Its express parcel delivery network, which serviced 17,488 PIN codes for the nine months period ended December 31, 2021, covering 90.61% of the 19,300 PIN codes in India as of December 31, 2021 (per India Post), is capable of handling consignments of up to 10 kilograms with same-day and next-day capabilities and 48-96 hour deliveries for long-distance orders.

• PTL Freight

Acquired Spoton in August 2021 to further scale PTL freight services business. Spoton delivered 758,730 tonnes and 683,999 tonnes of freight in Fiscal 2021 and the nine months period ended December 31, 2021, respectively, and had a network presence across 13,087 PIN codes with 2.85 million sq. ft. of infrastructure as of December 31, 2021.

• TL Freight

Its Truckload freight brokerage platform, “Orion”, connects shippers with fleet-owners and suppliers of truckload capacity across the country via a centralized bidding and matching engine.

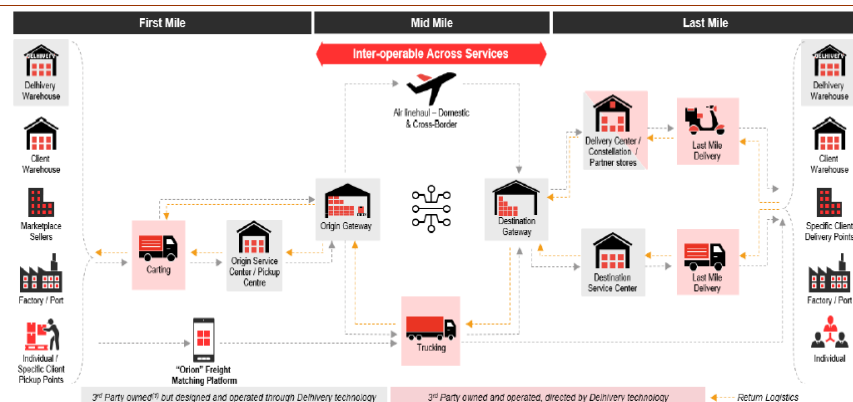
• Supply Chain Services

provides integrated supply chain solutions to e-commerce and corporate customers. their supply chain solutions combine the strength of warehousing and transportation operations, infrastructure, network and technology with deep data-science and business intelligence capabilities.

• Cross-Border Services

Began providing door-to-door and port-to-port express parcel services to and from India in 2018 to meet the rising demand for cross-border e-commerce and expanded this offering to include cross-border air-cargo services in late 2019.

Network, Infrastructure and Automation



Financial Snapshot

Particulars	As of 31 Dec -21	2021	2020	2019
Equity Share Capital	21.6	1.63	0.98	0.96
Reserves	5915.68	2799	3130	3348
Net worth as stated	5979	2836	3170	3388
Revenue from Operations	4810	3646	2780	1653
EBITDA as stated	-231	-100	-172	-137
EBITDA (%) as stated	--	--	--	--
Profit Before Tax	-898	-415	-268	-1783
Net Profit for the period	-891	-415	-268	-1783
Net Profit (%) as stated	--	--	--	--
Net Asset Value (₹)	93.2	54.8	61.5	69

Valuation & Recommendation

- Delhivery is an emerging leader in fully integrated logistics services. With a diverse range, it has gained momentum and scaled up its operations.
- However, Company is operationally not profitable despite achieving higher revenues. Its annualized Revenue for FY22 is at Rs 6413 Cr and its post issue implied market capitalization is Rs 35,284 Cr which makes a price to sales ratio of 5.5x which is expensive at current juncture. Post issue Company going to focused on Organic growth which may further affect the timeline for profitability.
- We assign **AVOID** rating to the Issue.

NOTES :

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