



## WEEKLY WEALTH

Jan 16, 2023



Investments in stock markets are subject to market risks,  
read all related documents carefully before investing.

## Week Gone

- In the week that ended on Friday, 13 January 2023, the Sensex lost 360.81 points or 0.60% to settle at 60,261.18. The Nifty 50 index declined 97.15 points or 0.54% to settle at 17,956.60
- The BSE Mid-Cap index rose 0.02% to settle at 25,170.97
- The BSE Small-Cap advanced 0.26% to settle at 28,858.30

## Week Ahead

- The Chinese Government is due to release Q4 GDP data along with Industrial Production data for December on 17th January 2023
- Japan will announce the Inflation rate for December 2022 on 20 January 2023
- The US Retail Sales for December 2022 will be announced on 18 January 2023

## Technical View

The 50 index began the week on a higher note, but it kept facing stiff selling pressure from the shorter-term EMAs and edged lower throughout the week. The index breached below the 100 DEMA and undercut the key support levels of 17774 and saw a smart recovery on Friday. On the higher timeframe, the price action has formed a series of inside bars at the support of 20 WEMA indicating a volatility compression. The vicinity of 17774-17850 levels holds a strong support zone by means of 20 WEMA, 100 DEMA, and the previous gap area. Hence as far as Nifty sustains above the said zone there are higher possibilities of the index avoiding any major breakdown and it is anticipated to attract bullish momentum on a decisive close above 18100.



Source: Falcon, BP Equities Research

## DOMESTIC INDICES

Index	13-Jan-23	06-Jan-23	Weekly % Chg
Nifty 50	17,956.6	17,859.5	0.5
Nifty Next 50	42,152.5	41,841.4	0.7
Nifty 100	18,126.3	18,014.0	0.6
Nifty 500	15,346.1	15,272.0	0.5
NIFTY MIDCAP 100	31,328.4	31,420.2	-0.3
S&P BSE SENSEX	60,261.2	59,900.4	0.6
S&P BSE 100	18,274.1	18,182.5	0.5
S&P BSE 200	7,792.7	7,754.1	0.5
S&P BSE 500	24,436.7	24,317.6	0.5
S&P BSE MidCap	25,171.0	25,166.7	0.0
S&P BSE SmallCap	28,858.3	28,783.6	0.3

## WORLD INDICES

Index	13-Jan-23	06-Jan-23	Weekly % Chg
Nikkei Index	26,119.5	25,973.9	0.6
Hang Seng Index	21,738.7	20,991.6	3.6
Kospi Index	2,386.1	2,290.0	4.2
Shanghai SE Composite	3,195.3	3,157.6	1.2
Strait Times Index	3,293.8	3,276.7	0.5
Dow Jones	34,302.6	33,630.6	2.0
NASDAQ	11,079.2	10,569.3	4.8
FTSE	7,844.1	7,699.5	1.9

## FOREX

Currency	13-Jan-23	06-Jan-23	Weekly % Chg
US\$ (Rs.)	81.2	82.6	-1.7
GBP (Rs.)	98.9	98.3	0.7
Euro (Rs.)	87.9	86.9	1.2
Yen (Rs.) 100 Units	62.6	61.8	1.2

## NIFTY TOP GAINERS (WEEKLY)

Scrp	13-Jan-23	06-Jan-23	Weekly % Chg
Tata Motors	411.5	386.9	6.4%
Mahindra & Mahindra	1328.15	1252.65	6.0%
Hindalco	488.5	465.7	4.9%
Indian Oil Corp.	82.3	79.1	4.0%
Ultratech Cement	7248.9	7007	3.5%

## FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
13-Jan-23	9,305.7	11,728.1	-2,422.4
12-Jan-23	8,707.4	10,370.0	-1,662.6
11-Jan-23	6,980.5	10,188.7	-3,208.2
10-Jan-23	6,287.5	8,396.8	-2,109.3
09-Jan-23	8,643.6	8,846.8	-203.1
<b>MTD</b>	<b>39,924.7</b>	<b>49,530.3</b>	<b>-9,605.6</b>

## NIFTY TOP LOSERS (WEEKLY)

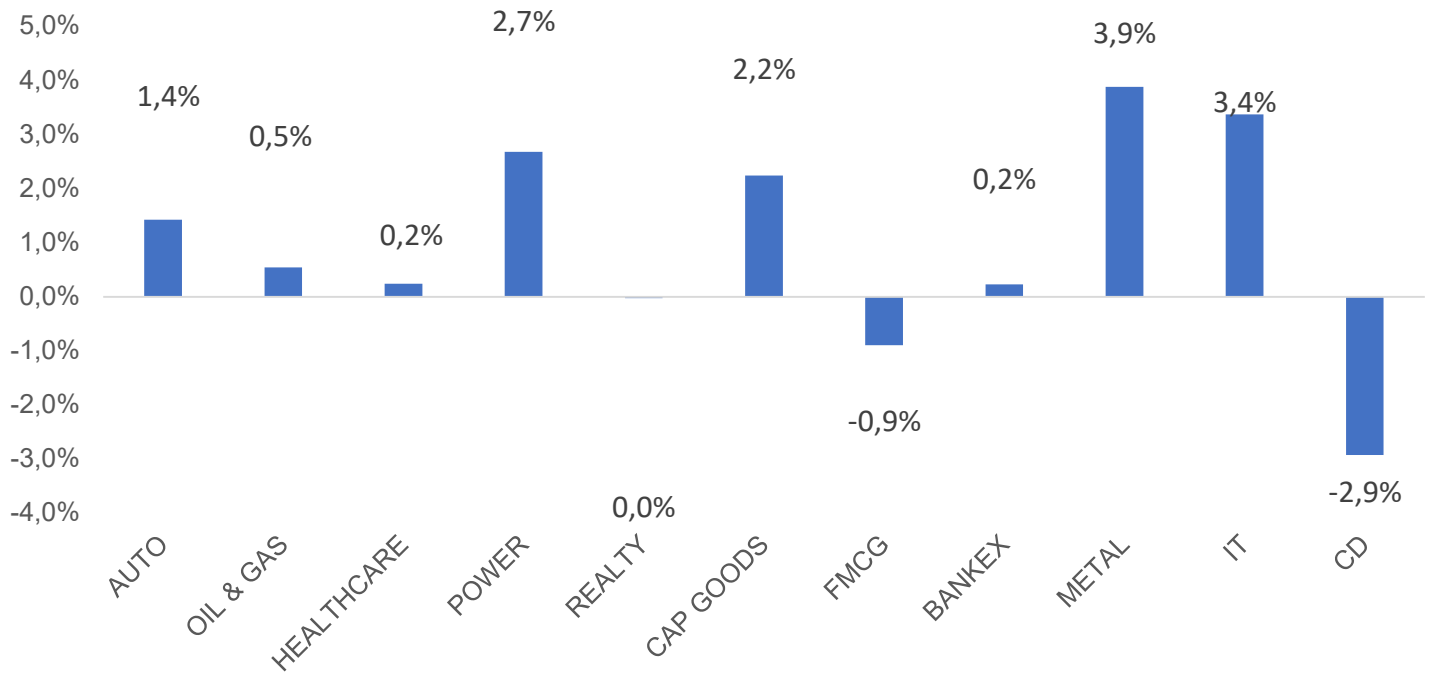
Scrp	13-Jan-23	06-Jan-23	Weekly % Chg
Yes Bank	20.15	21.45	-6.1%
Titan Co	2417.2	2562.1	-5.7%
Bharti Airtel	764.3	807.1	-5.3%
Bajaj Finserv	1391.15	1468.85	-5.3%
Zee Entertainment	230.25	239.75	-4.0%

## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
13-Jan-23	5,700.6	3,747.2	1,953.4
12-Jan-23	6,087.9	3,960.2	2,127.7
11-Jan-23	6,859.9	4,429.3	2,430.6
10-Jan-23	6,558.2	4,751.5	1,806.6
09-Jan-23	6,476.5	4,752.7	1,723.8
<b>MTD</b>	<b>31,683.0</b>	<b>21,641.0</b>	<b>10,042.1</b>

## BSE WEEKLY SECTORAL PERFORMANCE



## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	13/01/23 Share Price (Rs.)	06/01/23	Weekly % Chg	13/01/23 Open Interest	06/01/23	Weekly % Chg
LTTS	3335	3593	-7.2	1461400	1012000	44.4
ABFRL	266.3	278.85	-4.5	17607200	13348400	31.9
GUJGASLTD	442.05	483.2	-8.5	5495000	4322500	27.1
TATACOMM	1377	1331	3.5	2441500	1983500	23.1
BAJAJFINSV	1379.8	1438.25	-4.1	10893500	8898000	22.4

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	13/01/23 Share Price (Rs.)	06/01/23	Weekly % Chg	13/01/23 Open Interest	06/01/23	Weekly % Chg
IBULHSGFIN	138.4	140.55	-1.5	35588000	41748000	-14.8
MOTHERSON	74	75.55	-2.1	61904250	71091000	-12.9
MFSL	790.95	745.5	6.1	4969250	5495750	-9.6
OFSS	3049.35	3004.45	1.5	438200	484600	-9.6
HAVELLS	1159.35	1194.85	-3.0	4388500	4825500	-9.1

## Company Background

Delhivery Limited was incorporated on June 22, 2011. The Company is the largest and fastest growing fully-integrated logistics services player in India by revenue (source: RedSeer Report). The Company has an asset-light business model wherein it extends the logistics ecosystem by enabling network partners, such as franchisees, retail partners, and delivery agents, to onboard their physical assets and resources and participate in the platform. The Company has provided supply chain solutions to a diverse base of active customers such as e-commerce marketplaces, D2C e-tailers, and enterprises and SMEs across several verticals such as FMCG, consumer durables, consumer electronics, lifestyle, retail, automotive, and manufacturing. It has built proprietary technology systems that have enabled it to offer integrated logistics services to a wide variety of customers while remaining asset-light and ensuring service quality and efficiency. The Company's market leadership in the domestic market has led it to expand internationally by establishing a reciprocal partnership with Aramex and a strategic alliance with FedEx, both global express leaders, for customs clearance, pickup, and delivery services. The Company delivered about 161 million packages through its express delivery network in Q3FY23 thus making it the leading independent express player in India and has delivered close to about 1.7 billion packages since inception. It continues to be one of the largest players from an infrastructure and reach standpoint across the country. It operates close to about 18.5 million square feet of logistics infrastructure, including trucking terminals, automated sortation centers, gateways, freight service stations, collection points, and delivery centers. The Company has over 28,000 customers across 18,454 pin codes across India as of September 2022.

## Investment Rationale

### Advanced proprietary logistics operating system

Delhivery has built proprietary technology systems that have enabled it to offer integrated logistics services to a wide variety of customers. Their 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 their customers' systems. The Company has a robust, scalable, and service-agnostic architecture that enables it to configure new workflows, define rules and business logic in applications, and facilitate the rapid launch of new service offerings (e.g., repurposing e-commerce parcel applications to support BFSI); support interoperability with any physical or software services in a plug-and-play manner (e.g., easily onboard any sortation systems, handheld devices or new hardware, independent of underlying firmware); enable partners like franchisees, retail partners and delivery agents to onboard their physical assets and resources on their platform, allowing them to seamlessly scale network capacity up or down.

### Stock Rating

BUY	HOLD	SELL
>15%	-5% to 15%	<-5%

### Stock Details

CMP (INR)	510
Target Price (INR)	570
NSE Symbol	DELHIVERY
BSE Code	543529
Bloomberg	DELHIVER IN
Reuters	DELHS.NS

### Key Data

NIFTY	17,957
52Week H/L (INR)	708/306
O/s shares (mn)	728
Market Cap (INR bn)	226
Face Value (INR)	1

### Average Volume

3 months	23,12,860
6 months	15,65,960
12 months	15,61,700

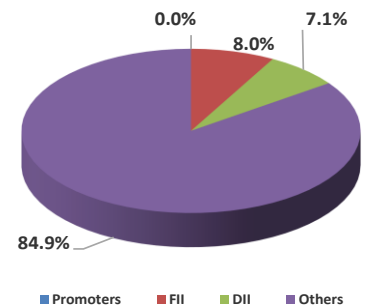
## An innovative integrated portfolio of logistics services

Delhivery aims to meet its overall customers' requirements of supply chain reliability, and efficiency rather than only mono-line. They 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 e-commerce return services, payment collection and processing, installation and assembly services and fraud detection. In addition, the integrated approach allows the company to exploit network and infrastructure synergies, reduces dependence on any single business line, and also reduces the effect of cyclicity in their customers' business operations.

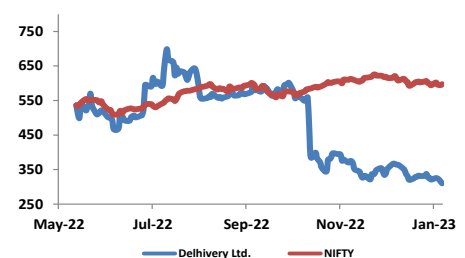
## Valuation and Outlook

The Indian logistics sector is expected to grow to US\$365 billion by FY26 at a CAGR of 9%. The organized players in the sector accounted for only ~3.5% of the logistics market (road transportation, warehousing & supply chain services only) in FY20. The organized players are expected to grow at a CAGR of 35% between FY20 and FY26, taking their share of 12.5-15% by FY26 of the logistics market. Delhivery is expected to expand capacity at existing automated sort centers, commission new sorters at strategic locations, and invest in portable automation to enhance capacity at the collection and return centers and intermediate processing centers. The Company will continue to expand wallet share with existing customers by designing customized and integrated supply chain solutions for their specific needs and industries and introducing practices from their experiences with other customers. The management's eagle eye to look for high-quality acquisition and investment opportunities within and outside India that are complementary to its business will enable it to build new, valuable capabilities for its customers, and strengthen or establish its presence in its target markets in India and globally. This will lead to gaining access to software and hardware technology, expanding the company's customer base, and thus gaining access to a skilled team. Based on the above factors, we give a "BUY" rating to the Company. On the valuation front, we feel that the company will continue to gain market share in the organized logistics market and have assigned a conservative Market Cap./Sales multiple of about 2x to arrive at a target of INR 370 which is an upside of 19% from the current levels.

### Shareholding Pattern (%)



### Relative Price Chart



Key Financials						
YE March (INR. Mn)	FY19	FY20	FY21	FY22	Q1FY23	Q2FY23
<b>Revenue</b>	<b>16,539.0</b>	<b>27,805.8</b>	<b>36,465.3</b>	<b>68,822.9</b>	<b>17,460.0</b>	<b>17,960.0</b>
<i>Revenue Growth (Y-o-Y)</i>		68.1%	31.1%	88.7%		
<b>EBIDTA</b>	<b>(16,184.6)</b>	<b>(1,720.5)</b>	<b>(1,229.3)</b>	<b>(4,719.7)</b>	<b>(2,540.0)</b>	<b>(1,380.0)</b>
<i>EBIDTA Growth (Y-o-Y)</i>		89.4%	28.5%	283.9%		
<b>Net Profit/Loss</b>	<b>(17,833.0)</b>	<b>(2,689.3)</b>	<b>(4,157.4)</b>	<b>(10,110.0)</b>	<b>(3,990.0)</b>	<b>(2,540.0)</b>
<i>Net Profit Growth (Y-o-Y)</i>		84.9%	54.6%	143.2%		
<b>Diluted EPS</b>	<b>(47.2)</b>	<b>(5.2)</b>	<b>(8.1)</b>	<b>(17.0)</b>	<b>(6.7)</b>	<b>(4.3)</b>
<i>Diluted EPS Growth (Y-o-Y)</i>		88.9%	54.2%	110.9%		
Key Ratios						
<b>EBIDTA margin (%)</b>	<b>-97.9%</b>	<b>-6.2%</b>	<b>-3.4%</b>	<b>-6.9%</b>	<b>-14.5%</b>	<b>-7.7%</b>
<b>NPM (%)</b>	<b>-107.8%</b>	<b>-9.7%</b>	<b>-11.4%</b>	<b>-14.7%</b>	<b>-22.9%</b>	<b>-14.1%</b>
<b>RoE (%)</b>	<b>-52.6%</b>	<b>-8.5%</b>	<b>-14.7%</b>	<b>-17.0%</b>	<b>-4.6%</b>	<b>-3.4%</b>
<b>RoCE (%)</b>	<b>-46.5%</b>	<b>-5.0%</b>	<b>-3.9%</b>	<b>-7.5%</b>	<b>-2.8%</b>	<b>-1.7%</b>
Valuation Ratios						
<b>P/E (x)</b>	<b>-6.5x</b>	<b>-58.8x</b>	<b>-38.1x</b>	<b>-18.1x</b>	<b>-45.8x</b>	<b>-72.0x</b>
<b>EV/EBITDA</b>	<b>-13.0x</b>	<b>-130.3x</b>	<b>-183.8x</b>	<b>-48.1x</b>	<b>-22.5x</b>	<b>-41.2x</b>
<b>P/BV (x)</b>	<b>3.4x</b>	<b>5.0x</b>	<b>5.6x</b>	<b>3.1x</b>	<b>2.1x</b>	<b>2.4x</b>
<b>Market Cap. / Sales (x)</b>	<b>13.6x</b>	<b>8.1x</b>	<b>6.2x</b>	<b>3.3x</b>	<b>3.2x</b>	<b>3.1x</b>

Source: Ace Equity, Stoxbox Research



## Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

### Analyst (s) Certification :

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