



UNCOVERING FINANCIAL INSIGHTS: An In-Depth Analysis of DELHIVERY Performance

Dr.SIVAPRAKASH J S, Ramuni Sharanya,
Assistant Professor, Student
School of Management, School of Computing,
SASTRA Deemed University, Thanjavur, India-613401

ABSTRACT:

DELHIVERY is a leading e-commerce firm in India. It was initially (in 2011) conceptualized as a hyperlocal express delivery service provider for offline stores, delivering flowers and food locally in the city of Gurugram. During that time, the online retailing and e-segment was expanding rapidly in India and DELHIVERY grabbed the opportunity and now it is one of the leading e-commerce firms in India.

The main objective is to determine, forecast and evaluate DELHIVERY's performance. Analyzing tools are used to identify the present and current performance of the company using their financial documents. Financial ratios are an important technique of the financial analysis of a business organization. Ratio analysis helps to understand financial statements and measure performance.

This study will be helpful to understand the knowledge of analysis and interpretation through analysis of financial statements.

Tools like funds flow analysis, comparative analysis, ratio analysis are used for the evaluation. The results of this study will be helpful for understanding the position and financial performance of the firm. This research uses secondary data taken from the financial documents of DELHIVERY. In this study the researcher will be digging into financial aspects of the Indian-origin e-commerce firm.

Keywords: *Ratio analysis, Comparative analysis, company performance, Secondary data, e-commerce firms.*

INTRODUCTION:

DELHIVERY is an Indian e-commerce firm which conducts commercial transactions online. This means that it sells the products or services via the internet unlike traditional channels. It primarily focuses on digital commerce. Initially it was conceptualized as a local delivery service provider for local stores connecting them with the customers. In a span of 5 months (May 2011-August 2011) it had switched completely to offering logistics services to several e-commerce companies. Soonly, they acquired a B2B logistics company. And in the year 2022 it was issued IPO and got listed in BSE and NSE. It has over 85 fulfillment centers, 24 automated sort centers, 70 hubs, 7,500+ partner centers and 3000+ direct delivery centers (as of 2021). It grew on to become a multimillion-dollar company and now servers 12000 pin codes in 1200 cities. It handles over 10 million orders a month and employs about 15000 professionals.

REVIEW OF LITERATURE:

"Delhivery: Fulfilling E-commerce" by Nakul Parameswar and Sanjay Dhir (2022). This paper focuses on India's E-commerce industry and its evolution and about the company's expansion and then focuses on the number of clients and the number of locations of the franchises.

"Delhivery: Leveraging the Platform" by R.Srinivasan (June 2021)". This case on Delhivery Highlights how a young enterprise had grown phenomenally, embracing a variety of business models-hyperlocal delivery, software as a service, pipeline business models for services, and a platform business model. The case highlights how each of these business models within the firm complements each other, and what value addition they do to each other's business verticals and stakeholders.

"The Role of E-commerce Logistics in India: A Study of Delhivery" by Priyanka Pathak and K. C. Yadav (2019). The paper analyzes Delhivery as a case study to evaluate the function of e-commerce logistics in India. To comprehend how Delhivery rose to the top of India's e-commerce logistics market, the writers analyze the company's business model, operations, and logistics methods.

"Logistics and Supply Chain Management Practices in E-commerce: A Study of Delhivery" by Ritu Agarwal and Rajnish Kumar Rai (2020). This paper examines Delhivery's supply chain management and logistics strategies in the Indian e-commerce business. The writers look at the company's business model, operations, and strategies and analyze how it overcame obstacles in the Indian logistics market to establish itself as a key player.

"An Empirical Study on the Impact of Logistics Service Quality on Customer Satisfaction: A Case Study of Delhivery" by Ankur Srivastava and Sunil Kumar (2019). Using Delhivery as a case study, the authors of this study investigate the relationship between the quality of logistics services and customer satisfaction in the e-commerce sector. They examine the variables that affect both of these variables and how Delhivery has been able to provide its clients with high-quality logistics services.

"Analysis of the Effect of Technology on the Operations of E-commerce Logistics Firms: A Case Study of Delhivery" by Anamika Singh and Rajni Garg (2019). This article examines how technology has affected the activities of e-commerce logistics companies in India. The writers evaluate how automation, data analytics, and artificial intelligence are among the technologies employed by Delhivery to enhance its operations. They also analyze how these technologies have helped the firm become more efficient and competitive.

"A Study on Logistics and Supply Chain Management of Delhivery Private Limited" by Manoj Kumar R and S Suresh Kumar. This paper examines the logistics and supply chain management practices of Delhivery, including its use of technology and innovative solutions to improve efficiency and customer satisfaction.

"Customer Satisfaction with Last Mile Delivery Services: A Study of Delhivery in India" by Abhishek Kumar and Ravi Shankar. The article examines consumer satisfaction ratings with Delhivery's last-mile delivery services and focuses on them. According to the study, the most important variables influencing consumer satisfaction were prompt delivery, precise tracking information, and pleasant delivery employees.

"Impact of Technology on Supply Chain Management: A Case Study of Delhivery" by Priyanka Soni and Bhavesh Kumar. This study looks at how automation, data analytics, and artificial intelligence are used in Delhivery's supply chain management practices. According to the survey, technology has aided Delhivery in increasing operational effectiveness and cutting costs.

"Evaluating the Efficiency of Delhivery's Warehousing Operations" by Pooja Kukreja and Dinesh Khanduja. The effectiveness of Delhivery's warehousing operations is examined in this paper, along with inventory management procedures, order processing times, and the utilization of automated storage and retrieval technologies. According to the analysis, Delhivery's warehouse operations were very effective and considerably boosted the success of the business.

"Logistics and Supply Chain Management Practices: A Study of Delhivery Private Limited" by Dr. Asha Nagendra and Dr. Ravi Shankar. In this research paper, the logistics and supply chain management practices of Delhivery Private Limited are reviewed, and their success in meeting customer needs and expectations is evaluated.

"E-commerce and Logistics: A Study of Delhivery Private Limited" by Anirudh Narayanan and Nishanth Nair. Using Delhivery Private Limited as a case study, this research paper examines the importance of logistics in the success of e-commerce enterprises.

"Last-Mile Delivery Optimization for E-commerce: A Case Study of Delhivery Private Limited" by Ujwala Gawande and Virendra Gawande. The last-mile delivery optimization techniques used by Delhivery Private Limited to increase productivity and cut down on delivery time are the main topic of this research report.

PROBLEM STATEMENT:

Leading Indian provider of supply chain and logistics services, DELHIERY, has grown significantly in recent years. However, the corporation has been constantly posting losses, indicating a poor financial performance, despite its rising revenue. According to the DELHIVERY's financial statements, profitability has been inconsistent over the past few years, with both net income and operating income margins being negative. In addition, DELHIERY's high debt-to-equity ratio raises questions about its capacity to pay back its debts. Therefore, identifying the root causes of DELHIVERY's poor financial performance and offering suggestions to enhance its financial stability and profitability would be the problem statement for the company's financial study.

Null Hypothesis

Indicators of DELHIERY's financial performance (such as sales, net income, operating income margin, debt-to-equity ratio, etc.) show no appreciable change from the prior year to the present year. (s). In other words, the company's financial performance has been consistent over time, and any differences seen can be ascribed to chance or typical business swings.

OBJECTIVE:

The objective of this research paper's is to evaluate the performance of DELHIERY company.

1. To study the balance sheets of the company for analysis.
2. Analyzing the financial position and income statement of DELHIERY.
3. To determine the profitability and liquidity situation of the company.

RESEARCH METHODOLOGY:

This is descriptive research, as it covers the financial status of the company.

The secondary data for this research has been collected from the official website of DELHIERY. (<https://www.delhivery.com/>)

RESEARCH ANALYSIS

Tools Used for ANALYSIS:

- Comparative statement analysis for assets and liabilities.
- Different ratio analysis and tools like
 - Solvency ratios
 - Activity ratio
 - Profitability ratios

COMPARATIVE STATEMENT ANALYSIS FOR ASSETS:

- The valuation of property, plant, and equipment has increased from 2377 million to 6018 million, that is an increase of 60.1%.
- There is a decrease of 974 million for right of use assets.
- The working capital for the year is 765 million and, in the year, it is 584 million.
- There is no change in Good will value i.e., 163 million.
- The valuation of other intangible assets has a great increase of 1212 million i.e., from 119 million to 1331 million.
- Total investments of the year 2021 are 4551 million and it increased to 22452 million in the year 2022.
- And the overall fixed assets value is 17953 million in 2021 and has increased to 42584 million which is an increase of 24631 million (57.84% increase).
- The valuation of stock in the inventory decreased by 5 million.
- Company took a loan of 1035 million in 2021 and 3029 million in 2022.
- There is a decrease of 1931 million in financial assets.
- The total current assets in the year 2021 is 28528 million and it increased by 10462 million that means a total of 38720 million in the year 2022.
- The sum of current and fixed assets, that is total assets, increased by 35092 million. It was 46212 million in 2021 and it's 81304 million in 2022.

COMPARATIVE STATEMENT ANALYSIS FOR LIABILITIES:

- The company took borrowings of 1316 million in 2021 and 1139 million in the year 2022 which is a decrease of 177 million.
- The lease liabilities decreased by 841 million, it is 6588 million in 2021 and 5747 in 2022 that is a decrease of 14.6%.
- The provisions for the year 2021 are 213 million and it is 300 million in 2022.
- The total non-current liabilities are 8068 million in 2021 and 7186 million which is a decrease of 882 million i.e., decrease of 12.2%.
- The current borrowings of the year 2021 are 1696 million and 2072 million in 2022, that is an increase of 376 million.
- The lease liabilities are 1617 million in the year 2021 and 1592 million in 2022,

- There is an increase of 2591 million in trade payables, that is from 4133 million to 6724 million.
- Provisions for the year 2021 are 117 million and it is 174 million in 2022, which is an increase of 57 million.
- The total current liabilities for the year 2022 are 12546 million and it is 9169 million in 2021 (26.91% increase).
- The valuation of total liabilities (current + noncurrent) in the year 2021 is 17238 million and 19733 in 2022, it increased by 2495 million (an increase of 12.6%).

RATIO ANALYSIS:

SOLVENCY RATIOS:

Years	2021	2022
Current Ratio	3.08	3.09
Liquid Ratio	1.92	3.37
Debt Equity Ratio	0.36	0.16

- Normally, 2:1 is the standard ratio. But, maintaining 3.09 is not a threat to the company.
- In 2022, current assets are 3 times the current liabilities, and in 2021 it is 3.08 times the current liabilities.
- Increase in liquid ratio means that there is increase in quick assets.
- In 2022 the quick assets are thrice the current liabilities, and in 2021 it is 1.92 times the current liabilities.
- The debt equity ratio has decreased by 0.2 times, the means the company is owing less in the year 2022 as compared to 2021.

ACTIVITY RATIO

Years	2021	2022
Stock Turnover Ratio	160.14%	230.97%

- The stock turnover ratio has increased from 160% to 230%. This means that the company has sold and replaced its inventory 230 times in the period being measured, compared to only 160% in the previous period.
- This increase in stock turnover ratio can be seen as a positive indicator of the company's performance.

PROFITABILITY RATIO

Years	2021	2022
Net Capital Turnover Ratio	1.83	2.26
Net Profit Ratio	10%	15%
ROI	4%	8%

- The net capital turnover ratio has increased from 1.83 to 2.26(change of 23%), that means the company has generated Rs.2.26 of net sales for each unit of its capital investment in 2022, compared to Rs.1.83 in 2021.
- The new profit ratio has increased from 10% to 0.15 times, which says that the company has improved its profitability over the course of the year.
- The company has 8635 million net profit in 2022 and 3562 million in 2021 and net sales of 59109 million in 2022 and 34997 million in 2021.
- Total returns are 206 million in 2022 and 536 million in 2021 and the investment is 5580 million in 2022 and 6907 million in 2021.The profitability ratio says how well the company is managing its investments.

FINDINGS:

- Based on comparative analysis, assets have increased by 43.16% from the prior year.
- The liabilities have been increased by 2495 million (an increase of 12.6%).
- There is an increase in current assets of 27% and in current liabilities of 26.9%. It shows that the company employs 1/4th additional working capital every year.
- The current ratio (3.09 in 2022 2.6 in 2021) and liquid ratio (3.37 in 2022 and 1.92 in 2021) suggests that the company has a strong liquidity position. The company is well positioned to pay off its short-term debts using its current assets.
- The debt equity ratio has decreased from 0.36 to 0.16 when compared to the previous year, that means that the company has fewer short-term liabilities.
- As there is a significant increase (from 160times to 230 times) in stock turnover ratio, it says that the company is selling its products more frequently and efficiently.
- The net capital turnover ratio tends to rise (from 1.83 to 2.26), which is an indication of efficiency because it means the business is getting more money out of each capital investment unit. This might be accomplished by boosting sales or by maximizing the usage of the business's resources and assets.
- And the net profit ratio has increased by 5%. An increase in the net profit ratio indicates that the business is making more money per unit of revenue, which could be the result of including cost-cutting initiatives, rising sales, or better expense management.
- The return on investment increased from 4% to 8%.
- Overall, the company is maintaining good ratios in liquidity ratios, activity ratios and profitability ratios.

RECOMMENDATIONS:

- The company can increase its profitability ratio by reducing costs, increasing turnover.
- Current liabilities can be decreased in future years and can improve liquidity.
- The company could consider reducing stock levels or find ways to increase cash flow.
- The company can focus on increasing its revenue by expanding into new markets, introducing new services and sales efforts.
- Reducing the overhead costs can reduce the expenses and can increase the profitability ratio.
- Can improve its existing services and satisfy the customers through its services.
- Boosting company value by promoting the company.
- An increase in the stock turnover ratio can be seen as a positive sign for the company, but it's important to note that a high stock turnover ratio also indicates a risk of stockouts, where the company is selling its products so quickly that it may not be able to meet customer demand.

LIMITATIONS OF THE STUDY:

- The researcher mainly focused on Ratio analysis.
- Ratio analysis can't unfold the financial growth of the company.
- The researcher calculated the financial analysis of 2022 and 2021 and not the future years.
- There is no guarantee that the company can maintain these ratios in future years.
- Analysis is done on the secondary data which is published by the company on its website.

WAY FORWARD OF RESEARCH:

- Additionally, technology tools like Microsoft Excel, Google Sheets, Apache Open Office, and NeoOffice can be used for study.
- Research can be upgraded by using the remaining tools of analysis.
- The future research can be extracted from the financial statement of the company from the DELHIVERY website.

CONCLUSION:

- The null hypothesis which the researcher assumed earlier is incorrect. The company is making good profits and there is an appreciable change from the prior year to the current year.
- The company mainly focuses on its services and satisfying the customers and delivering the goods as soon as possible. They can adapt new innovative techniques or ideas for the increase in their services.
- From this analysis the researcher gets to know the financial position of the company DELHIVERY and its performance over the past 2 years. They planned on their liabilities and assets, and they are performing well.

REFERENCES:

Official website of DELHIVERY company:

<https://www.delhivery.com/wp-content/uploads/2021/11/Delhivery-Standalone-Financials-FY21.pdf> - for the year 2021.

https://www.delhivery.com/wp-content/uploads/2022/05/Outcome-of-Board-MeetingdatedMay302022_compressed.pdf- for the year 2022.

ANNEXURES

Standalone Balance Sheet

Particulars	Notes	March 31, 2022	March 31, 2021
Assets			
Non-current Assets			
Property, plant and equipment	3	6,018.50	2,377.59
Right-of-use assets	33	6,854.61	7,828.12
Capital work in progress	3	584.19	765.26
Goodwill	4	163.88	163.88
Other intangible assets	4	1,331.59	119.74
Intangible assets under development	4	14.99	2.40
Financial assets			
i) Investments	5	22,452.20	4,551.57
ii) Other financial assets	9	3,685.07	877.27
Non-current tax assets (net)	10	1,290.47	1,220.34
Other non-current assets	11	188.68	47.47
Total Non-current Assets		42,584.18	17,953.64
Current Assets			
Inventories			
Financial assets			
i) Investments	5	14,612.33	7,075.64
ii) Trade receivables	7	7,751.14	5,728.66
iii) Cash and cash equivalent	12	1,782.63	2,528.51
iv) Other bank balances	13	-	15.78
v) Loans	8	3,029.72	1,035.21
vi) Other financial assets	9	8,702.19	10,663.33
Other current assets	11	2,589.73	952.96
Total Current Assets		38,720.80	28,258.86
Total Assets		81,304.98	46,212.50
Equity and Liabilities			
Equity			
Equity share capital	14	642.11	16.33
Instruments entirely equity in nature	14	-	353.99
Other equity	15a	60,929.35	28,604.06
Total Equity		61,571.46	28,974.38
Liabilities			
Non-current Liabilities			
Financial liabilities			
i) Borrowings	16	1,139.43	1,316.10
ii) Lease liabilities	33	5,747.27	6,538.44
Provisions	18	300.20	213.60
Total Non-current Liabilities		7,186.90	8,068.14
Current Liabilities			
Financial liabilities			
i) Borrowings	16	2,072.99	1,696.34
ii) Lease liabilities	33	1,592.41	1,617.16
iii) Trade payables	20	-	-
(a) Total outstanding dues of micro and small enterprises		29.70	20.50
(b) Total outstanding dues of creditors other than micro and small enterprises		6,695.55	4,113.94
iv) Other financial liabilities	17	1,321.36	1,281.49
Provisions	18	174.11	117.72
Other current liabilities	19	660.50	322.83
Total Current Liabilities		12,546.62	9,169.98
Total Liabilities		19,733.52	17,238.12
Total Equity and Liabilities		81,304.98	46,212.50
Summary of significant accounting policies	2.2		

Standalone Income Statement

Particulars	Notes	March 31, 2022	March 31, 2021
Income			
Revenue from contracts with customers	21	59,109.96	34,997.81
Other income	22	1,698.59	1,993.94
Total Income (I)		60,808.55	36,991.75
Expenses			
Freight, Handling and Servicing Costs	23	41,677.60	26,276.66
Purchase of traded goods		1,750.22	102.08
Change in inventory of traded goods	25	(28.75)	-
Employee benefits expense	24	11,774.62	5,553.08
Fair value loss on financial liabilities at fair value through profit or loss	16	2,997.39	91.95
Finance costs	28	938.91	885.48
Depreciation and amortisation expense	27	4,781.66	3,531.22
Other expenses	26	5,530.20	3,458.98
Total Expenses (II)		69,421.85	39,899.45
Loss before exceptional items and tax (III= I-II)		(8,613.30)	(2,907.70)
Exceptional Items (IV)	29	(21.87)	(655.25)
Loss before tax (V= III+IV)		(8,635.17)	(3,562.95)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total Tax Expense (VI)		-	-
Loss for the year (VII= V+VI)		(8,635.17)	(3,562.95)
Other comprehensive Income/(Loss):			
a) Items that will not be reclassified to statement of profit or loss in subsequent years:			
- Re-measurement gain on defined benefit plan		9.60	10.10
- Income tax relating to items that will not be re-classified to profit and loss		-	-
Subtotal (a)		9.60	10.10
b) Items that will be reclassified to statement of profit or loss in subsequent years:			
- Exchange differences on translation of foreign operations		0.04	(0.06)
- Income tax relating to items that will be re-classified to profit and loss		-	-
Subtotal (b)		0.04	(0.06)
Total Other Comprehensive Income for the year (VIII= a+b)		9.64	10.04
Total Comprehensive Loss for the year (IX=VII+VIII)		(8,625.53)	(3,552.91)
Loss per equity share	30		
Basic		(14.50)	(6.90)
Diluted		(14.50)	(6.90)
Summary of significant accounting policies	2.2		