



**Date: November 11, 2025**

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
India

**National Stock Exchange of India Limited**

Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051  
India

**Scrip Code: 543529**

**Symbol: DELHIVERY**

**Sub: Transcript of Earnings Conference Call pertaining to the Unaudited Financial Results for the quarter and half year ended September 30, 2025**

Dear Sir,

This is in continuation to our earlier letter dated November 05, 2025, regarding audio recording of the Earnings Conference Call held on November 05, 2025, at 06:00 P.M. (IST) on the performance of the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2025.

Please find attached herewith the transcript of the above Earnings Conference Call.

The above disclosure is also being uploaded on the website of the Company at [www.delhivery.com](http://www.delhivery.com)

You are requested to take the same on your record.

Thank you.

**Yours sincerely,  
For Delhivery Limited**

**Madhulika Rawat**  
**Company Secretary & Compliance Officer**  
Membership No: F 8765

Encl: As above

# **Delhivery Limited Q2 FY26 Earnings Conference Call**

## **Nov 5, 2025**

Management: MR. SAHIL BARUA, MD & CHIEF EXECUTIVE OFFICER

MR. AMIT AGARWAL, CHIEF FINANCIAL OFFICER

MR. AJITH PAI, CHIEF OPERATING OFFICER

MS. VANI VENKATESH, CHIEF BUSINESS OFFICER

MR. VARUN BAKSHI, HEAD - PART TRUCKLOAD

MR. NAVNEET KUMAR, HEAD – SUPPLY CHAIN SERVICES

MR. VIVEK PABARI, HEAD - INVESTOR RELATIONS

Moderator: DHRUV JAIN, AMBIT CAPITAL

**Dhruv Jain:**

Hello everyone, good evening. Welcome to the 2QFY26 earnings call of Delhivery Limited, hosted by Ambit Capital. Before we start, Delhivery would like to point out that some of the statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

Kindly note that this call is meant only for investors and analysts. If there are representatives from the media, they are requested to kindly drop off this call immediately. To discuss the results, I am pleased to welcome Mr. Sahil Barua, MD and Chief Executive Officer, Mr. Amit Agarwal, Chief Financial Officer, Mr. Ajith Pai, Chief Operating Officer, Ms. Vani Venkatesh, Chief Business Officer, Mr. Varun Bakshi, SVP and Head of Part Truck Load, Mr. Navneet Kumar, SVP and Head of Supply Chain Services and Mr. Vivek Pabari, SVP and Head of Corporate Finance at Delhivery. As a reminder, all participants' lines will be in listen-only mode and participants can use the raise hand feature to ask any questions after the opening remarks.

Now, I invite Mr. Sahil Barua to take us through the key highlights of this quarter, post which we will open up for Q&A.

**Sahil Barua:**

Thank you, Dhruv, thank you, Ambit team. Welcome to all of you who have joined and thank you for joining this evening. As always, we will begin with a short presentation and then take questions.

But, before we begin, as some of you are aware, we have been in the process over the last couple of quarters of rejuvenating the Delhivery Board. As part of this, Mr. Yashish Dahiya from Policy Bazaar and Professor Padmini Srinivasan joined our board last quarter. In this quarter, you will be aware that Mrs. Aruna Sundararajan will be stepping down from the Board of Delhivery. On behalf of the entire management team and the Board of Delhivery, I would like to extend our deepest gratitude. Mrs. Sundararajan has been on the Delhivery Board for the last three years and we have benefited immensely from her guidance. Also, I would like to formally congratulate Mr. Vivek Pabari, who will be taking over from Amit Agarwal as Chief Financial Officer of the company, and also place on record our gratitude to Amit. Amit has been one of the longest serving members of the Delhivery Team, having joined us on the 4th of August in 2012 and playing the role of CFO with great distinction, and also the key architect of Delhivery going public. Going forward, Mr. Pabari will be leading the Finance Function. He is already the Head of Corporate Finance and Investor Relations.

As a brief summary of the quarter before we begin, this has been a quarter of tremendous growth for the company. As you can see, we completed the acquisition of Ecom Express in Q2

and Express volumes have grown 32% year on year. We broke several records along the way, crossing over 100 million transportation orders in September, which continued in October and also reached our peak dispatch of 7.2 million orders in a single day during this festive peak period. The particularly heartening part is that these records were achieved also with complete operational stability, which has essentially given us an excellent base for Q3 in both the Express and the PTL businesses. The profitability of the core business has also remained absolutely stable, despite a shift in volumes during the GST period. Overall, from an integration standpoint with Ecom Express, we will recognize approximately Rs. 90 crores of integration costs in this quarter and are well within our overall envelope of Rs. 300 crores, as we had guided at the time of the acquisition.

To take you through the presentation, I will invite Vani, our Chief Business Officer, to go through the highlights of the quarter. Vani, over to you.

**Vani Venkatesh:**

Thank you, Sahil. Thank you, Dhruv. I will quickly run us through the numbers.

Our revenue from services was approximately Rs. 2,546 crores this quarter. That is a significant YoY growth of about 16% and a quarter growth of about 11%. This came in with an EBITDA of Rs. 150 crores.

Again, a massive jump. Bear in mind that this quarter also takes in the peak-related costs. So, compared to Q2 last year where we had about Rs. 57 crores, this has jumped up to Rs. 150 crores.

So, that is 5.9% on EBITDA margin. Our express parcel shipments showed significant growth. We ended the quarter at about 246 million express parcel shipments.

That is a huge 32.5% growth YoY and 18% growth quarter on quarter. PTL continued to demonstrate stable, steady growth at about 477K tons. Overall, we ended the quarter with a PAT of about Rs. 59 crores, which is 2.2% compared to the same quarter last year where we were at about 0.4%. That is a significant jump in the number of basis points in the profit expansion agenda that we had. The same reflects in H1 as well—Rs. 4,840 crores of revenue, which is 11% YoY growth. We had Rs. 299 crores of EBITDA.

Again, a 6.2% EBITDA percentage, 453 million express parcel shipments, 935K tons of PTL freight tonnage and Rs. 150 crores of PAT. Our cash and cash equivalents keep us in a comfortable position. We are at about Rs. 4,200 crores of cash and cash equivalents as we end the quarter.

Coming to our key operational metrics, our PIN code reach has been consistent at 18,830. We have significantly increased the number of active customers. At the same time, last quarter we were at about 38,000. That is a 10,000 increase from there. At the same time, in Q1, we were at 43,000. Again, a 5,000 increase from last quarter.

We have expanded our infrastructure to approximately 22.05 million square feet. A small part of it is related to peak, but overall, it has shown some growth. We have about 123 gateways, 50 automated centers, and a slight increase in each of these counts.

Sorters count has slightly increased to about 74. Freight service centers have increased to about 141. Processing centers have been largely constant at about 160.

Our express delivery centers and partner centers together are at about 4,600, 4,700 odd. So that's shown a slight increase, including a little bit for the peak. We've had a team size of 75,000.

Again, you see some increase, which is peak-related and partner agents of about 64,000, managing a fleet size of about 18,600 odd fleets. So that's roughly the operational metrics that we are at.

If we can move forward, from a performance point of view, our revenue from services, as I mentioned earlier, is about Rs. 2,546 crores. It's a healthy 16% YoY and 11% QoQ growth. You'll see that the contribution of express has scaled up to about 63%. PTL has been largely stable in the 21-22% range, and the rest of the businesses continue to grow profitably.

Our express parcel revenue grew about 24% YoY, and the tonnage grew about 32%. So, we ended up delivering about Rs. 1,611 crores in express parcel via 246 million shipments. Again, this was a very healthy all-round growth. We obviously benefited from the acquisition that we had. In addition to that, there's been organic growth as well. And we've seen growth across segments, be it the e-commerce players, be it the D2C players, or be it parcels from small businesses.

We've seen all-round growth in this segment. PTL, again, freight revenue grew 15%, to about Rs. 546 crores, and the tonnage has grown about 12%. So PTL freight revenue continues to trump tonnage, which means it's coming in at a very healthy yield. So, the team has diligently been expanding the margins here and making sure that it's a profitable growth. We can move forward.

Coming to supply chain services, supply chain services will find a blip in the revenue. The revenue is at about Rs. 170 crores. This is a very calibrated, conscious blip, as we explained during the last analyst call also. We've been careful about what contracts to be in and what segments and what industry sectors to be in. And as a consequence of that, you will see in the

subsequent section that the profitability has grown quite substantially. So, our idea is to make sure that we have a very healthy, profitable mix, a profitable construct which we can scale this business up to. So, supply chain services, from a revenue point of view, you will see that it's a calibrated drop of about 14% YoY, and you'll see a significant increase in the margins in the subsequent page.

FTL service ended at about Rs. 150 crores in Q2, and our cross-border services ended at about Rs. 38 crores in this quarter, if we can move down. If you look at it from a service line profitability point of view, I call your attention to the box which is shaded Q2 FY26. So, overall revenue from services, as you see, is about Rs. 2,536 crores.

Our margin percentage has been at 13.2%. Bear in mind that again, Q2 is a quarter where we have made peak-related investments. So compared to Q2 FY25 9.3%, there's a significant expansion in margin of bringing it to about 13.2%. Again, express parcel margins are at about Rs. 246 crores, which is a good 15.3%. A stable to a slight increase from Q2 of about 15.1%. Last year's Q2 of about 15.1%. If you look at part truck load, again, it's an 8.5% margin. And notice that in part truck load in the first half of FY26, we've clocked in about Rs. 100 crores of margin, which is equivalent to the full year last year.

So very much in the right direction with yield increasing, and we're looking forward to significant more expansion in the coming quarters as well. Similarly, supply chain services, it's been a solid story from a profit orientation point of view. The business has been pivoted to good profitability.

You will find that it's scaled up from 7.2% to about 12.8%. And if you look at the same time last year, same quarter last year, it was at a negative 4.4%. So, it's been a significant focus and concerted effort to take it from a negative 4.4% to a 2.1% to a 5.4% to a 12.8% this time. So again, if you look at the absolute margins, which are at about Rs. 22 crores and Rs. 15 crores in the last quarter, this half itself, this business has done about Rs. 36 crores of margin, which is almost twice all of last year. So overall, if you look at the core businesses, we are in a very healthy state.

Our core businesses are growing healthily. The orientation towards profit has been solid. All the metrics are in the right direction as far as the core businesses are concerned.

Coming to corporate overheads, our corporate overheads have been at about 9.3% as a percentage of revenue. It's largely in the same ballpark range 9.1% to 9.3%. We've seen some increase in wages, and we've put in some investments in technology, which also sees a little bit of uptake on account of peak and the volumes related to peak. But overall, it's still at 9.3% and in the right direction.

As far as investments in new services are concerned, as we discussed last time during the analyst call, we've invested in two new businesses. One is the rapid commerce business, where we do a sub two-hour same-day delivery. Currently, we are present in three cities through 20 dark stores, and that business continues to scale up well. The other one is an on-demand intracity service where we have initiated operations in Ahmedabad, Bangalore and NCR. Both of these businesses continue to scale well and our investment this quarter has been about Rs. 15 crores in these businesses in line with our plan. All in all, our adjusted EBITDA ends at about Rs. 83 crores for this quarter compared to Rs.10 crores in Q2 FY25.

So, we've scaled it up from the same time last year from about 0.5% to 3.3% and we've good line of sight for similar expansion to continue. Also to be borne in mind is that this has been a unique year where some of the peak-related benefits will actually flow in October, given that the peak festive season actually started at the tail end of September. If we look at the profit after tax trajectory, our profit after tax has again shown consistent expansion.

Overall, for Q2 FY26, we've clocked Rs. 59 crores of PAT compared to Rs. 10 crores in Q2 last year. So again, a significant movement. If you look at the overall trajectory from about minus 4.4% in Q1 FY24 and minus 5% in Q2 FY24, it has jumped last year to about 0.4% and again it has jumped this year to about 2.2%. So, the focus on profit expansion and the focus on scaling up business with the right levers have played well for us, and we are very well positioned for the upcoming quarters.

Quick update on Ecom Express acquisition. As you know, acquisition was completed on July 18, 2025. We paid a final purchase consideration of about Rs. 1369 crores. Business-wise, the volume manifestation at Ecom ceased during the first quarter with non-express businesses exit being underway. Now the revenue transition largely completed, net Ecom revenue for this quarter was about Rs. 13 crores. Network rationalization plan has been completed. We've retained seven facilities with about 1.3 million square feet of area. There are unabsorbed facilities still leased at Ecom totaling to an area of just 1.1 million square feet, and they are primarily servicing Ecom's non-express businesses being exited. Financially, monthly corporate overheads at Ecom have reduced by 85% from deal announcement time till end of Q2 FY26. Assets worth Rs. 100 crores have been retained on Delhivery consolidated books for long-term usage and integration cost were about Rs. 90 crores in Q2 FY26. It's well within the original estimate. So overall on Ecom, we are quite happy on multiple counts. One is from a customer retention and a revenue retention point of view. We had indicated last time that our business case was based on having about 30% retention. We are well, well, well over that. So that's one. The integration has been seamless. We haven't had any issues from a service or a customer integration point of view, and the integration costs are also well within our original estimate. So, all in all, it's been a good seamless transition.

Coming to the working capital, we've demonstrated continued improvement in working capital. In particular, there has been very disciplined management of collections. There has been

increased tech usage in claims and dispute resolution, all of which is reflected in the numbers you see on the page. As of now, we are actually under 20 days, which has been the best ever in terms of net working capital days.

And we've also been calibrated in our Capex spend and in our Capex intensity. So, if you look at H1FY26, we spent about 5.1% compared to 6.6% same time last year. And typically, we've seen that the investments are heavier in H1 compared to H2. So, we expect to end the year even better. And we are directionally trending in the right direction with our long-term goal of getting to about 4% capex intensity. So that's on the capital expenditure.

Overall, it has been a highly positive quarter for us. The integration has been successful. The volumes have trended up very positively. And most importantly, we are well-positioned for the subsequent quarters. Some of the conscious calls we've taken in terms of pivoting businesses to profitability have set us up well for the subsequent quarters. And largely, we like where we have landed and how we are set up.

With that, I'll hand this over for any questions and answers.

**Dhruv Jain:**

Thanks, Vani. We'll open the session for Q&A. Anyone who wishes to ask a question can raise their hand.

The first question is from the line of Sachin Salgaonkar. Sachin, if you could just also speak about your organization name. Thanks.

**Sachin Salgaonkar:**

Thank you. This is Sachin Salgaonkar from Bank of America. Three questions.

First question, again, I wanted to understand a bit more on express parcel margins. Last quarter, before the acquisition of Ecom Express, your margins were 16%. Your shareholder letter does indicate that service EBITDA margins are expected to be in the range of 16 to 18% by the end of 2026.

So how should we think about it? You know, at the low end, are there no benefits from the potential acquisition of Ecom Express? And at the high end, it's more like a two percentage point benefit in terms of acquisition of Ecom.

Because one would have ideally thought, given the fact that synergies are high, margins could have, you know, further inched up. Let me pause here, and then I'll move on to other questions.

**Sahil Barua:**

Sachin, why don't you go ahead and ask all three questions? I'll answer them together.

**Sachin Salgaonkar:**

Got it. And, you know, of course, a small follow-up on this question is what you guys are seeing from a next 24-month kind of a margin perspective. Is that a conservative way in terms of, you know, Sahil, how you guys are looking at it? Or, you know, one should think about the upside to that. So that's the first question.

Second question, I wanted to better understand the Rs. 300 crore kind of envelope in terms of integration costs you guys talked about. Ideally, in acquisitions, we see these costs being front-end loaded versus distributed over a few quarters. So, any broad understanding or color in terms of how we could think about this entire distribution of a Rs. 300 crore cost, because this quarter we did see a Rs. 90 crore cost. So, I want to understand: will it be more back-end loaded or spread across the board?

And third, supply chain margin. And while the opening remarks in your shareholder letter mentioned margins, what I wanted to understand is what has changed to cause margins to move so drastically up, let's say, from 7.2% to 12.8%. Anything structural that has happened out here is where the margins have moved. Yeah, those are three questions.

Thank you.

**Sahil Barua:**

Super. Thank you, Sachin. Let me begin with the first one.

In terms of margins, normative margins 16% to 18% in the express business, you know, we've maintained this for a while, which has always been based on the idea that beyond 18%, if the company feels it is necessary, and if basis our client conversations, we believe there is additional share of wallet for us to be gained, we typically tend to pass a certain amount of pricing benefits back. As I mentioned in the past, as the competitive intensity in this sector has reduced, number one, and number two, as sort of inflation has caught up with other players in the market, the necessity for us to pass on these benefits has reduced year on year. And, obviously, with the acquisition of Ecom Express, the need for us to pass this on is obviously lower than before in a more stable industry structure.

So, there's no structural reason why margins cap out at the 18% mark. Incremental margins are significantly higher than 18% as we start gaining volume scale. And so, realistically, yes, in the express business over time, if we don't fully pass these benefits on, margins can inch up beyond the 18% range as well.

Why you're not seeing the uptick in Q2 is for two reasons. One reason is that a reasonable portion of the volume has actually shifted into October, as we pointed out in the shareholder note, the announcement on the change in GST rates pushed out volumes by about seven days. As a result, we incurred an additional cost of approximately Rs. 7 crores, which was incurred as we built capacity in September. However, when we examine the profitability over the September and October timeframe, the profitability for the express business is well in line with our overall expectations.

Over the next 24 months, I believe we hold a couple of key assumptions. One is I think you can see, you know, and this is a discussion we've had in multiple analyst calls in the past two and a half, three years, that as industry structure consolidates, obviously we believe as a market leader, it consolidates favorably towards us.

Our overall volume growth, as you can see, has been 32% year on year, the e-commerce industry has not grown 32% year on year, obviously. So, this is a market share gain. We expect our competitive position to improve in the years ahead.

And so, as a consequence, I think, you know, as we continue to gain volume scale in the express business, and we continue to grow our heavies business, there is a possibility for margins in this business to grow, first of all, easily, obviously, to the 18% point. And then from there, you know, depending on sort of what we can gain in terms of share of wallet, possibly even beyond the 18%.

In terms of the integration cost, the Rs. 300 crores was our estimate at the time we made the deal. This was obviously based on our assessment of lock-ins on the real estate and facilities, the integration costs of people, and specific contracts that Ecom Express had signed that we needed to wind down. Rs. 90 crores of the integration cost have already been incurred. We will have approximately Rs. 100 to Rs. 110 crores of integration costs over the next two quarters.

But as things currently stand, we believe that the total integration costs will be materially lower than the Rs. 300 crores that we had originally forecasted. We have been able to consolidate the Ecom Express network more quickly than we originally anticipated. We have also obviously benefited from increased volumes, which have allowed us to repurpose some facilities and bring them into the Delhivery network productively.

So, in fact, I think the bulk of the integration costs, or rather, for all practical purposes, almost all of the integration costs will be within fiscal 26. You've seen the impact in Q2; there will be some in Q3 and Q4 as well. However, beyond that, there will be no material integration costs, and it will be materially lower than what we originally planned.

Regarding the supply chain services business, we've previously discussed this. And the approach is in some senses no different from what we've taken, even to the PTL business, as we were sort of restructuring it over the last few years, which is to first get the profitability of the business right and then to push for growth. So, the change indeed is structural.

This has resulted from significant improvements in operational processes and the warehouse management systems. Our technology and product advantages are now starting to show. Also, the launch of our transport management systems, tighter integration with our express transportation, PTL transportation, and FTL transportation businesses have led to improved transportation margins for the SCS business as well.

So, it is sort of essentially just think of it as significantly improved engineering, operations, technology, and product capabilities leading to incremental margins. So, that is a structural shift. Now, going forward, I think there are a few growth levers that we have.

One, from an e-commerce standpoint, is that we offer a guaranteed next-day delivery product, which is now linked to our fulfillment center network. This is essentially aimed at direct-to-consumer brands and e-commerce platforms. We're already seeing a pretty decent uptick.

Number two, we have expansion of existing relationships, specifically with players who work with us in the automotive and automotive ancillary space, for example. We are in advanced discussions with potential clients in spaces that we already serve pretty well, which is consumer durables, industrial goods, and some in the automotive space as well. Therefore, this change will be structural, and we do anticipate that margins in this space will continue to go up.

Last year, our margins in Q2 were particularly affected, and I believe we reported a loss of 4.4%, largely owing to our entry into quick commerce at that time, which is a segment we have exited.

**Sachin Salgaonkar:**

Superb. Thank you so much. Very clear on that.

Sahil, in terms of GST, again, we saw your comments in terms of what you mentioned in the shareholder letter. The question is more from a demand perspective. Are we seeing any increase

in demand or pent-up demand, where consumers are buying a bit more due to these GST cuts, particularly on the e-commerce side?

**Sahil Barua:**

There has been some positive impact of the GST cut on the consumer side. We're seeing it, by the way, not just in e-commerce alone, but we are even seeing this in certain parts of our freight business.

Overall, there has been some uptick in overall volumes. But it's not sort of, I think it is a festive period in general and so there's sort of high volumes in the September-October period anyway. Also, some of these were, as you know, a part of the increase in demand was also because when the GST rates were changed, I think people consciously postponed consumption for a period of time.

So, that is why that middle sort of 10 days in September, there was a dip actually in consumption. In some categories, clearly, we saw very, very strong growth during the festive period. For example, consumer durables is a sector which grew very fast.

You know, specific brands, which can't be disclosed here, obviously, but specific brands, we did see significant uptick immediately after. So, there has been an overall, a net uptick. We see this even in our part truck business to some extent.

**Sachin Salgaonkar:**

Thank you and all the best.

**Dhruv Jain:**

Thank you, Sachin. The next question is from the line of Gaurav Rateria. Gaurav, please unmute yourself and just mention your organization name as well.

**Gaurav Rateria:**

Hi, this is Gaurav Rateria from Morgan Stanley. Hi, Sahil. I have two questions on express parcel. Beyond this year of integration and the market share gain and the benefit that we saw because of consolidation, how should one think about the normalized growth in this industry? Is this going to be 10%, 15%? Any sense that you can talk about at least more from not like a very medium term, but more like 12 months, you know, kind of a period?

And the second question is that when you look at PTL, we were very confident about hitting 20% on volume growth. The first half is around 15%. And I understand there could have been GST issues that you talked about in the shareholder letter. But do you still expect it to be around 20% in pent up demand to kind of show that in the second half? Thank you.

**Sahil Barua:**

Sure. On the first one, very quickly on market growth and express growth. Obviously, this year, there is the outsized impact of the Ecom Express acquisition.

Our anticipation is that the market, as I mentioned in the past, grows at sort of, you know, 15% to 18%, 20% kind of growth rates. And earlier, of course, our point was that Delhivery would grow at the bare minimum in line with market growth. That said, I think there are some structural factors which are, you know, fairly significant upsides for Delhivery.

The first, of course, is the fact that with the growth we have already seen both in the express business and in the PTL business, our cost structure has improved even further. And so, our ability to drive efficiency and our ability therefore to differentially gain share of wallet where we would like to have improved. And we will flex that muscle.

So, we will gain share beyond, you know, just the basic market growth. The second thing is, you know, historically, so far, one of the drags on this sector has been companies sort of thinking about doing logistics in house. And obviously, competitors who have priced below cost, I think with the acquisition of Ecom Express, one of the things that certainly has become clear is that pricing below cost is not a viable logistics strategy.

And so other competitors in this space, of course, I think have sort of become more disciplined, which changes competitive intensity for us. Also, I think weaker balance sheets for some of our competitors affect their ability to invest in capacity building aggressively. Also, players who have largely variable cost models, I think when you study their financials, what you can see is that there's no operating leverage at all.

You know, even if companies in this space have been able to generate incremental revenue, they've been able to generate no incremental margins out of it. And so, I think at some point that also strengthens Delhivery's overall competitive positioning a lot. So net net, that's one big tailwind for us.

The other, of course, is that when you look at self logistics itself, you know, the historical argument from self logistics players has always been that as they grow, they become more efficient and their costs come down. I think one of the self logistics arms has declared the same

absolute loss that they declared last year. And so, I think at some point, the reality is that these costs are going to catch up with all logistics arms.

I think you can clearly see from one of the international marketplaces that profitability is one of their core focus areas. And what is very clear is that self-logistics is not the most efficient answer to get there. So I do think that over the next couple of years, you will also see, you know, sort of a more judicious use of capital and sort of a decision to outsource certain parts, which are certainly loss making, to 3PL companies of which there aren't too many.

So, you know, there's already one fewer than there was last year. And so, in that sense, I think that's again a big tailwind for Delhivery. So, I think market growth, like I said, 15% to 20% Delhivery's own competitive positioning, you know, evidently stronger than it was last year, we should be able to grow beyond that market growth as well.

In terms of PTL, yeah, 15% is where we are for H1. You're right, there's a significant impact actually of GST over here, because shipouts were delayed and pushed out towards the end September. This year, at least so far, we have seen a reasonably, you know, sort of strong October.

And the January-February-March quarter is usually the high watermark for PTL. I think we'll be very close; we'll probably get to a 20% growth rate overall. From our standpoint, the other focus of the PTL business has also been to continue improving our yields.

So, you can see, I think our yields are up again 3% quarter on quarter. And overall, I think we've gained nearly 1 rupee in yield over the last year or so, which is very significant. So, we will continue to push that, I think what's more important outside of just the volume growth is for us to get to that 16% to 18% kind of Service EBITDA margins. And once we get there, for us to push growth on the PTL business is not particularly hard. So, no structural change even from a PTL growth standpoint.

**Gaurav Rateria:**

Thank you, all the best.

**Dhruv Jain:**

Thanks, Gaurav. The next question is from the line of Aditya Suresh. Aditya, please go ahead and request you to limit your questions to two.

**Aditya Suresh:**

Thank you. This is Aditya Suresh from Macquarie. So, I'll have two questions for you.

So first is a theoretical question. So, in your press releases in the past couple of months, you referred to this peak volume metric on a daily basis. I mean, I look at that and compare that with the express parcel volumes which you've seen.

So, while we're up over 30%, the daily run rate, if I may, is 2.6 million parcels. So, could you help square that in terms of how I should think about what you report as a peak volume versus what you report on a quarterly basis? Because effectively, what I was reading was that this implies a lot of slack in your existing system.

Is that the correct way to think about this?

**Sahil Barua:**

No, not really, Aditya. So, for two reasons, one is there's a big gap between Mondays and Sundays, right? You deliver a lot more consignments on Monday than you do by the time you're getting down to a Sunday.

So, the average of approximately 91 million or 100 million, divided by 30 days, which works out to around 3 million a day, is not exactly correct. Because Saturdays and Sundays will be very, very low, Mondays will be very, very high.

Also, that's just the way more sellers will ship out in a fashion that goods are reaching zone D, zone E, zone C kind of locations on Saturdays and Sundays. And so, the available volumes for dispatch on Mondays are significantly higher. So that's one of the reasons why there's an outsized Monday.

In fact, the interesting thing is that I would look at it as saying this, it's not a question of slack, it's the ability of the network to capacitate correctly for different dispatches, dispatch levels across different days. Without a significant increase in our costs, we are actually able to deliver 7.2 million shipments on a Monday and call it 1.2 million shipments on a Sunday. Because were we actually, if we had as much slack as the average would suggest, the reality is that the express business would be nowhere near at 16% kind of margins overall.

So, this is the way we plan capacity. This is essentially the way that we roster capacity. This is the way our systems orchestrate the movement of goods to the last mile.

**Aditya Suresh:**

Interesting. And just in terms then, so obviously from a market perspective, just on express parcel, we've seen quite a few movements clearly. But if you had to frame what the market looks like today and kind of your market share, could you help us with what your current understanding is?

**Sahil Barua:**

I think market share, very hard to put exact numbers to it. But let me put it this way. First of all, if you look at it outside of, in terms of the overall market, including all of the marketplaces and excluding groceries, I think prior to the Ecom Express acquisition, we were close to about 20%.

Post the Ecom Express acquisition, we're probably closer to somewhere between 27% and 30% or so. And in terms of whatever is not outsourced, if I exclude Amazon self-logistics and Flipkart self-logistics, and if you sort of, it depends on how you choose to take Valmo. But if you exclude Valmo, for example, our market share will be well over half of the market.

**Aditya Suresh:**

Interesting. Can I ask one more, Sahil?

**Sahil Barua:**

Sure. I mean, I have no problem. Please go ahead.

**Aditya Suresh:**

So, just then, on the PTL business, this is more specific. I was confused that you saw better volumes both year-over-year and sequentially. You saw better yield, but the margin was down, right? So, like, why was that the case?

**Sahil Barua:**

Just two things. There are two reasons for this.

One is obviously, like I said, there's that Rs. 6-7 crores additional cost that we had to take during the month of September, because volumes got pushed out. We built capacity a little earlier. The second thing is by virtue of being an integrated network, what happens is that when you're building up capacity for Express and Heavies, a certain amount of that cost gets allocated to the PTL business as well.

Right. Okay. So that's part of the reason.

But structurally, there's no change to the PTL margins. So, these will just rebound once all of this washes out.

**Aditya Suresh:**

Great. Thank you.

**Dhruv Jain:**

Thanks. The next question is from Sachin Dixit. Sachin, please go ahead.

**Sachin Dixit:**

Hi, Sahil. Thanks for the opportunity. My first question is about how we should read the Rs. 13 crore incremental revenue from Ecom Express.

I mean, you have obviously stopped manifesting volume there. How are you coming up with this number? And if you really try to do like to like how much of your revenue would actually be coming from the acquisition benefit rather than just Rs. 13 crore?

It seems too low.

**Sahil Barua:**

It's just that Rs. 13 crore is just standalone revenue for some contracts, which need to be exited. So Ecom was in certain businesses that Delhivery doesn't want to service. That will also just wash out and go to zero.

**Sachin Dixit:**

Understood. So whatever express parcel benefit is there, it's already there in the P&L.

**Sahil Barua:**

Yeah. Sorry, I didn't understand that fully. This is not express parcel revenue.

This Rs. 13 crore is there. This is another contract that they had. There's a lock-in in that contract. We're servicing it, and it'll wash out.

**Sachin Dixit:**

Sure. Understood. Secondly, on the margins is something that my prior participant has already asked. You mentioned that the 15.3% service EBITDA that we delivered in Express for the quarter will be more or less normalized as we proceed to October. But thanks to a press release, we know that only 3 million extra shipments are happening, largely, which includes freight as well, in October versus September.

How sharp a jump can the 3 million drive through? Can you give some color to what is happening?

**Sahil Barua:**

It's very significant, as I can tell you, between September and October. We do have, obviously, our October provisional financials, but they're not public. What I can tell you is that September plus October, when looked at together, we are well within the margin range that we would have forecasted internally.

The reason why September is slightly lower, I think your question is good, is that October volumes are similar to the September volumes. The point is two things. One is that a lot of the costs in September are in the early part of the month, and the 101 million and 107 million that we picked up in September and October, respectively, are pickup volumes.

A lot of the delivery has happened in the first week of October as well, and beyond. So, there's a certain amount of impact because of that, as the closures in October will be higher. And also, what's happened is by the time we're entering the tail end of October, some of the additional capacities that were built into September are also going to start tailing off a little bit.

So, the October margins will be better than the September margins as a consequence. And net-net, when you look at September-October, the margins will be higher than 15.3%.

**Sachin Dixit:**

Understood. Sure. Thank you and all the best.

**Dhruv Jain:**

Thanks, Sachin. The next question is from Abhishek Banerjee. Abhishek, I request you to unmute your line.

**Abhishek Banerjee:**

Yeah. Am I audible?

**Sahil Barua:**

Yeah, go ahead, please, Abhishek.

**Abhishek Banerjee:**

Yeah. So, I was just trying to understand the jump up in employee expenses. Is that going to stay, or will it normalize?

I mean, are there any one-offs yet?

**Sahil Barua:**

The jump in employee expenses is directly linked to the growth in volumes during the peak period. So, we did nearly some 35 million more consignments in the express business and 20,000 more tons of freight. So, we have more, you know, delivery riders.

We also opened a few more centers across the country. So, we expect volumes, as I mentioned, October volumes have remained very strong. Our forecast going forward, at least at the moment, continues to be pretty aggressive.

But manpower levels, staffing levels across the company, and the operations teams are modulated to whatever the overall volume that we expect to have. At a unit economics level, there's actually an improvement.

**Abhishek Banerjee:**

Okay. But I was trying to understand that, see, the estimate that you have given for employee expenses without the impact of Ecom Express is about 386 crores of a quarter, whereas that number is 426 crores actual, right? So, this Rs. 40 crores, is it going to go down? Are those one-off payments? That is what I'm trying to understand.

And also, in the shareholders' letter, you've written about certain facilities where you have to continue paying the rent because there is a lock-in.

By when will that get sorted?

**Sahil Barua:**

I think Vivek will just provide the specifics.

**Vivek Pabari:**

You're referring to the P&L column, right? The management estimate, and you're subtracting the 426 minus 386, the 40 crores? Yes.

Yeah. So, that corresponds to the integration cost. So, that cost will go down. It's not a permanent cost.

**Dhruv Jain:**

Abhishek, we can't hear you.

**Abhishek Banerjee:**

Yeah, your voice trailed off.

**Sahil Barua:**

Sorry, I think we couldn't hear you for a second, Abhishek. I'll just button while Vivek comes back. Yeah, go ahead, Vivek.

**Abhishek Banerjee:**

Yeah, your voice trailed off. So, you were answering that the 40 crore cost would go away, and then Vivek was saying something when the voice trailed off.

**Vivek Pabari:**

What was the question around facilities?

**Abhishek Banerjee:**

Oh, so that was, you mentioned that you are continuing to pay rent for some of the facilities which you have decided to shut down. I was trying to understand by when that will get sorted? How long are those contracts?

**Vivek Pabari:**

Different facilities will exit at different points in time. I think there are about three facilities which have a longer lock-in, which will continue beyond FY26 as well. The rest of the facilities should largely exit by the end of this financial year.

**Abhishek Banerjee:**

Got it. So, the Rs. 110 crores of additional impact that you spoke about over the next couple of quarters, that already factors in these points, right?

**Vivek Pabari:**

Yeah, it factors all of these points. It factors the cost of facilities, people, discontinuing businesses, overheads, all of those points.

**Abhishek Banerjee:**

I understand. And what would be if one were to try to model the margin going ahead? So, is it reasonable to think of material improvement in adjusted EBITDA margin in H2?

**Vivek Pabari:**

Material improvement in adjusted EBITDA margins? Sorry, your question was not clear to me.

**Abhishek Banerjee:**

I'm saying that generally every year there is a material movement in the Adjusted EBITDA margin in the second half vis-a-vis the first half. Would you think something similar should play out given the timing of the festive season and all of that?

**Vivek Pabari:**

Yeah, that typically is the nature of the business. All the fixed capacity additions in the network do happen during the first part of the year and then they get sweated better during the second half of the year. The volume momentum so far in October, as you would have seen our release, has continued to remain strong.

So, if the volume momentum continues for the rest of the months of this quarter, and anyway, the fourth quarter is a peak quarter for PTL. The combination of these two, if it plays out as it has in previous years as well, should ideally lead to better sweating of the fixed assets, and it should lead to improvement in margins.

**Abhishek Banerjee:**

And the parcel yield, there's no reason to think that the express parcel yield will fall further from current levels?

**Vivek Pabari:**

Abhishek, we have explained this in our letter as well. It's entirely a function of parcel mix. So, it's always hard for us to predict what the parcel mix will be going forward.

What we can safely say is that any movement in yields that you see for the coming quarters will be a function of parcel mix. Whether it will go up or go down, it's hard to say.

**Abhishek Banerjee:**

I understood. My question was just given the fact that Ecom Express did not have too much heavies. So, that step jump in the increase of lower weight parcels would have happened.

So, I was coming from that point of view, but I understand. Thanks.

**Dhruv Jain:**

Thanks, Abhishek. The next question is from Achal Lohade. Achal, you can unmute your line and go ahead, please.

**Achal Lohade:**

Yeah, good evening, team. Thank you for the opportunity. Two clarifications.

One, there is a line of Rs. 20 crore in the other services' EBITDA. If you could clarify what that pertains to and how sustainable it is.

**Sahil Barua:**

Achal, you said you have two questions. Do you want to ask both?

**Achal Lohade:**

Yeah. The second, just a clarification on this Rs. 90 crore, you know, you kind of explained Rs. 48 crores is part of the employee cost, and Rs. 42 crores is part of other expenses? Is that the way we should look at it?

**Sahil Barua:**

Yeah, just a second. Vivek, you want to go ahead and give a breakup of the Rs. 90 crore integration cost?

**Vivek Pabari:**

Sure, Sahil. Just give me a minute. So, the breakup would roughly be, there would be about Rs. 15 to Rs. 20 crores of cost corresponding to facilities which are being exited.

**Achal Lohade:**

Hello. Sorry, I am not able to hear.

**Dhruv Jain**

We are not able to hear you.

**Achal Lohade:**

Vivek, we are not able to hear you.

**Vivek Pabari:**

Am I audible now?

**Dhruv Jain:**

Yes, you are.

**Achal Lohade:**

Now, yes.

**Sahil Barua:**

Sorry, we seem to have lost Vivek. Am I audible?

**Dhruv Jain:**

Yes.

**Sahil Barua:**

Alright, let me take this. So, of the Rs. 90 crores overall Ecom integration cost that we have, the breakup is about Rs. 31 crores come from exiting facilities, exiting offices, dismantling of infrastructure, and so on. About Rs. 17 crores are also from facilities, but it is in the exit of fulfillment center businesses that Ecom Express was running.

About Rs. 21 crores are essentially the separation of employees, and the remaining is shut down, for example, AWS costs. So, there are no further computational requirements and so on.

**Achal Lohade:**

You mean the employee-related charge in the employee cost item is just Rs. 21 crores?

**Sahil Barua:**

Out of the Rs. 90 crores, out of the Rs. 90 crores for the previous quarter, and as discussed earlier, the additional Rs. 40 crores that is there will also again wash out over the next two quarters. And that is already factored into the Rs. 100 crore integration costs that we are expecting to have over the next two quarters.

**Achal Lohade:**

Yeah, fair point. And what about the Rs. 20 crore other EBITDA in the services, service EBITDA line item?

**Sahil Barua:**

That is related to our cross-border business. That is a commercial arrangement between us and FedEx. So, there is a change to the commercial structure of our arrangement with FedEx.

Our five-year contract is due for renegotiation in the early part of next year, and we are sort of re-evaluating commercials. There are certain zones that Delhivery intends to service non-exclusively going forward with FedEx. And we also intend to launch our own product for economy cross-border shipping.

But this is a one-time charge, this Rs. 20 crore charge.

**Achal Lohade:**

Okay, understood. Just, you know, clarification. So, in the corporate overhead line item, Rs. 209 has become Rs. 235 crores, quarter on quarter, right?

**Sahil Barua:**

That is right.

**Achal Lohade:**

Is that a new normal? Does that include this Rs. 21 crores or is it without including Rs. 21 crores?

**Sahil Barua:**

Some of this will also reduce. Of this overall increase of Rs. 26 crores, Rs. 2 crores are due to higher gratuity provisioning. About Rs. 2 crores are due to provisioning for end-of-year bonuses, which are part of the variable pay structure of the sales teams and operations teams in the company. That is as it is provisioned currently.

About Rs. 15 crores is an increase due to tech costs. This is between AWS and GCP. The AWS costs are because we provision servers in advance of the peak season in order to ensure reliability of the systems. And some of this is related to AI initiatives, which are currently on within the company. So, of these, the AWS cost levels will certainly come down as we decommission excess capacity, for example, this will come down.

So, this is not the new normal. And overall, from a wage standpoint, which is the sticky part of this, the overall increment in wages through this period, I think, is only close to about Rs. 4.5 crores or so.

**Achal Lohade:**

Understood, understood. And if you could give any update on the new business, what you are investing in, what kind of visibility you could offer for the next, say, three to four quarters, what kind of investments we are looking at or targets?

**Sahil Barua:**

So, the two businesses are Rapid Commerce and Delhivery Direct. I will sort of break them up separately. The Rapid Commerce business is essentially aimed at direct-to-consumer brands and e-commerce with sort of two-hour delivery timelines.

We are currently live with about 20 dark stores in three cities, which are Bangalore, Hyderabad, and Chennai. We have just launched our first dark store in Delhi NCR as well. And I think we will launch Mumbai by the time we reach quarter four.

So, we will be in five cities. As we have discussed previously, basis the current cost that this sort of form of Rapid Commerce entails we believe that this is about an Rs. 80 to 100 crore kind of niche capability that will get added on to the core business over the sort of more immediate term.

However, we do have, you know, we have been working on the network design and sort of from a technology and product standpoint, how to integrate this business better with the overall Delhivery network. And we do believe that over the next four or five months, we will be able to engineer a material reduction in the cost of delivery for sub-two-hour delivery, at which point the size of the market becomes interesting. As of now, it's an untested proposition.

The question is if a company has the ability to drop the cost of two-hour delivery to sort of sub-45 rupees, sub-50 rupees, the market suddenly opens up a lot more. So, that's the lens with which we are looking at it right now. I think it will be safer for me to provide a sort of more enduring estimate of the science and economics of this business, sort of at the end of the financial year.

But safe to say this will be an Rs. 80 to 100 crore business at the bare minimum. The economics of this business will change quite significantly depending on how our experiments with the network go over the next sort of four or five months. Investment levels in this business are not particularly large. As I mentioned, I think between the two businesses put together, our total investment levels are about Rs. 15 crores at this point in time.

On Delhivery Direct, we are currently live in three cities, which are Ahmedabad, Delhi NCR, and Bangalore. This is an on-demand inter-city service.

We will be expanding to another five cities between now and the end of the financial year. So, this will obviously be some of the major cities that are missing. And then we'll also launch, I think, Jaipur and Surat sometime over the next four or five months.

Again, our focus right now is more on the three-wheeler and four-wheeler segment. Part of the reason is also that I think if you look at the two-wheeler segment specifically, there is a certain amount of ambiguity around the GST in this sector. And obviously, from our standpoint, our competitive advantages on three-wheeler and four-wheeler are fairly high.

So, again, this is early days. This business is right now at a run rate of about Rs. 25-30 crores overall annually. It could be a very large business for us going forward. This is easily a Rs. 1,000-1,500 crore business in the next couple of years.

But once again, I think it's too early to comment. I think let's let the financial year play out. And then we'll be in a better position to sort of comment on this.

**Dhruv Jain:**

Thanks, Sachin. The next question is from Aditya Mongia. Aditya, please unmute your line and go ahead.

**Aditya Mongia:**

Thanks for the opportunity. The first question that I had was linked to the comments you made on Delhivery not now having to kind of share cost benefits with their customers. As the annual price resets happen in the month of Jan, Feb, March, next calendar year, could we expect that kind of benefit to start flowing through into our margins?

**Sahil Barua:**

Probably, Aditya. It's too early because right now, I think we don't know what the shape of those negotiations will be exactly. And I'll explain why.

Because some of the negotiations that are ongoing with some of our bigger customers also involve a shift of heavier volumes, for example, into the Delhivery network. Because I think, you know, heavy volumes have grown, and this year, of course, the growth again has been pretty sharp. I think people are reevaluating, sort of doing this through their existing self logistics networks.

So, it will depend a little bit on that. But broadly speaking, you are right, which is that I think given the absence of irrational pricing from other competitors in this market, at the bare

minimum, it's unlikely that we will see very significant reductions in pricing. If at all there will be, if there will be any, they will only be in response to an extremely high sort of gains in share of wallet with these customers, which then, of course, will still be margin accretive for us.

**Aditya Mongia:**

Noted. Sahil, the second question is on the self-logistics part of your thought process. Now, we've discussed Amazon, Flipkart, and their financials maybe in the past, but Valmo has become, let's say, 60% of Meesho's pie, which is a significant number.

Now, would you have done any kind of benchmarking of your cost structures across the first, middle, and last mile? And if so, any conclusion that you can draw as to how that part of the business for us can become more competitive, and thus we can gain market share? Specifically, on the last mile, is there a thought process emerging that it may be best for certain clients to focus on the mid-mile part of it, wherein the requirements of the last mile may be very different for those kinds of customers?

**Sahil Barua:**

Not really. I think on these sorts of stitched together networks, first of all, we have done the benchmarking of our first mile, mid-mile, and last mile costs broken up, and then bundled versus the cost of the stitched network. We are more efficient both at an unbundled level as well as at a bundled level compared to the pricing that we have seen in the market.

There are, of course, places where stitched together networks enforce sort of artificially low rates on partners, which then result, and you can, I think you can see this in publicly declared numbers that the growth of Valmo has come with a consequent increase in return rates as well. And logistics costs as a percentage of revenue have not reduced for Meesho as well. So, for an equivalent profile of goods, the costs of delivering via the Valmo network are not lower than delivering through Delhivery.

In fact, they are higher than Delhivery, and also when you adjust for loss and damages, our sense is that actually Delhivery is significantly more efficient. I think the other question also is, you know, and again, let me be clear, I think, you know, they have built Valmo, there's a certain amount that will continue to go through that network. But the reality is that I think the stability of the network has been tested during the peak period.

And we, you know, our service levels have held up. We also track our service levels, not just for individual clients, but we get service levels published at an industry level. And we have seen that through the months of September and October, aggregate service levels and speed for the Delhivery network were materially differentiated.

And that obviously results in lower returns, which results in lower customer complaints overall, and so on. So, we do keep benchmarking. We do believe that we have material cost advantages.

There may be very, very specific sorts of areas, of course, where somebody may be highly sort of, you know, localized and better than us in the last mile, it is always possible. But that difference usually Aditya will not be more than a rupee here and there. And it's just not material enough to sort of, you know, justify doing the last mile yourself and everything else through Delhivery.

I think, overall, what you will see is a consolidation towards Valmo plus, you know, sort of a high-quality player like Delhivery, and, you know, partitioning of the total Meesho volume between these two.

**Dhruv Jain:**

Thanks, Aditya. The next question is from Jainam Shah. Jainam, you may unmute your line and go ahead.

**Jainam Shah:**

Yeah, thanks for the opportunity. So, just one question, the announcement that we have made about the incorporation of a subsidiary in India related to the Delhivery Financial Services Private Limited. So, how are we thinking about this subsidiary over the next few years?

Is it going to be something big and we are probably competing against one of the leading listed players in this particular space or is it just a start point and we might think about it probably after a few years?

**Sahil Barua:**

So, obviously, our desire is for this to be large. I can share our thinking behind this. There are three distinct pieces that we intend to sort of power through this.

First up, of course, is the fact that we already have a large network of truckers who work with us as part of our express network, our PTL network in Line haul. They work with us as part of our supply chain services business as well and also as part of our FTL network. The objective will be to provide services to these truckers via the financial services arm.

This will include, for example, things like Fastag and Fuel. The second, of course, is we have a large number of partners who work with us and wish to grow their fleets with Delhivery. We

will look for partners who can work with us and essentially enable our partners to expand their fleet through lending for commercial vehicles, for our partners to do both small commercial vehicles for sort of intracity distribution and short haul vehicles, but also long-haul vehicles as part of Delhivery's FTL and SCS network.

And the third, obviously, that we already offer to our customers is a form of assurance or protection essentially against loss and damage, delays and so on within the Delhivery network. So, that's sort of how it will come together under Delhivery Financial Services. The business plan is something that Mukul Sachan, who joined us recently, Mukul was the CEO of LendingKart, has come in and he's putting that together and we'll have more details to share in quarter four and towards the end of the financial year.

**Jainam Shah:**

Got it. Thank you so much.

**Dhruv Jain:**

Thanks, Jainam. The next question is from Krupashankar. Krupashankar, please unmute your line and go ahead, please.

**Krupashankar:**

Yeah, good evening and thank you for the opportunity. The first question was on the PTL side. While we have seen that the underlying industry growth has been between about 10 to 12 percent and we have been consistently outperforming the industry and become more or less the second largest player.

At what stage do you believe that our growth will be similar to the underlying sector, and do you see that there is a logical consolidation which will happen in this sector over the next few years? I'm specifically talking about the express part truck load sector. Do you see a chance of consolidation over there?

**Sahil Barua:**

Sure. Actually, Varun is on this call. I'll ask Varun to weigh in. Varun, go ahead.

**Varun Bakshi:**

So, on the first question, basically at what stage do we think our growth will be in line with let's say the growth in the economy or let's say other participants in the industry? I think how

PTL is different versus let's say express business is probably we have extremely low market share at this point in time versus the organized market as a whole. And then there is a big unorganized market where there is a lot of share with the local players, which is basically getting more and more formalized with every passing month.

So, I think that stage is far. What also gives us another lever versus competitors, which may be older than us in terms of the time they have been doing PTL, is our presence versus them relatively is geographically constrained still, although we have worked on that a lot over the last couple of years. And that's why you see the growth that's transforming. So, as we do more and more, we go to deeper parts of the country, we generate more loads. Practically in some areas, we probably still have zero market share. So, these two things coupled, I think there is at least this is not something over which we lose sleep right now.

That is one. What was the second question? Sorry.

So, consolidation. Again, on consolidation opportunities, we do get to see various assets at various points in time. But to be very honest, we are yet to see something which we think will really, really benefit us in the longer run.

Anyways, I think on this point, Sahil might want to add something.

**Sahil Barua:**

Yeah. So, very briefly on consolidation, I think choosing what to buy in this space is very, very important. There are assets which have been available in this space.

In fact, I believe there is one which is currently sort of being looked at by various players. We are not part of that. But the reason is because, you know, as an example, it's easy to build, let's call it a Rs. 300-400 crore PTL business, which is doing volumetric cargo and losing money.

Now, Delhivery is not particularly interested in buying those kinds of assets. There's sort of no price at which that asset makes sense for us. Because I think buying a sort of forward moving PTL network with volumetric assets is the easy part.

Making money is very hard. And if we can't, then we're pretty certain that nobody else can. So, that's number one.

And I think number two, the reality is the more our scale relative to other players in the space increases, the less the relative value for us to go out and pay a very high multiple to buy, you know, another player. So, at least from our standpoint, I don't think that's the shape and form

that consolidation in this industry will take. I think more likely over a period of time, these other players who are not investing in building capacity will remain flat.

They will continue to have the ability to sort of make money but not capture growth and our relative growth will be significantly larger.

**Krupashankar:**

Got it. One more question from my side was, there are two other subsidiaries that have come up in the UK and UAE. Is it related to the FedEx point you were mentioning earlier?

**Sahil Barua:**

Yes, very narrowly. These will essentially just be outposts for Delhivery in both of these markets. I think with the UK, India FTA, this is an interesting market from a cross-border express standpoint.

This is, you know, we're very excited about the economy product that we're going to launch now. We were not able to launch this while we had an exclusive partnership with FedEx, but now we can. And the one that is planned in Dubai is fundamentally because we essentially intend to use multiple carriers for our mid-mile.

We use Air India today. We also intend to use Emirates. And so, the advantage is that we have the ability to consolidate and deconsolidate cargo in Dubai.

**Dhruv Jain:**

Thanks, Krupashankar. The next question is from Koundinya Nimmagadda. Please go ahead.

**Koundinya Nimmagadda:**

Yeah. Hi sir. Thanks for the opportunity.

A couple of questions. One on express parcel and then on the second one is on the financial arm, which is incorporated. So first, let me just get a second one first.

So, the financial arm, which is incorporated, is it going to be something very similar to what BlackBuck does, where you become an aggregator? Or are you also going to have some skin in that game? I mean, are you just going to be an aggregator for financial institutions or are you also going to take some lending on your books?

If you can provide some clarity on that front, please.

**Sahil Barua:**

I think too early to say and, you know, I think BlackBuck has built a great business when it comes to doing fast tag and fuel and so on. So that is something that we intend to provide as a value-added service to trucking partners in the Delhivery freight exchange and within the Delhivery network. Commercial vehicle lending, I think they also have a pretty small book at this stage.

And our approach is actually more geared towards small and mid-sized commercial vehicle lending at this point, because that is where we feel that our ability to underwrite demand obviously is significantly better. These vehicles, you know, vendors plying with us give us a very, very significant competitive advantage, both in terms of capacity and in terms of cost. So, the intention from our standpoint obviously will be to bring in partners who are interested in funding, you know, fleet owners.

So, it's still early, I think, too early to comment on exact details, but our approach will be, you know, somewhat dissimilar from BlackBuck overall.

**Koundinya Nimmagadda:**

Okay, just to get that understanding on the last part correct, you're not going to take the risk of financial risk on your books, it's not, you'll just be an arranger collecting service fees, is that a fair understanding?

**Sahil Barua:**

Yes, more likely than not, that is correct.

**Koundinya Nimmagadda:**

Okay, then, moving on to the other question on express parcel. So just trying to understand this aspect, I mean, Ecom Express, in your estimate, what would their volumes be in the base quarter, that's 2QFY25 last year?

**Sahil Barua:**

I don't have the data offhand immediately, but broadly, from what I remember, Ecom Express must have been doing about 85 to 90 million orders a quarter in steady state.

**Koundinya Nimmagadda:**

I mean, last year, it was a bit higher. So, at 50%. So, is it fair to understand?

**Sahil Barua:**

You have to correct for the fact that there's a reporting difference between Delhivery and Ecom Express in terms of the RTO rates. So, you have to adjust the volumes by about, I think, 14% or 16% or thereabouts. The forward volumes how Delhivery recognizes it would have been about 90 million orders for the quarter.

Q2FY25 may have been a peak quarter, so it may have been slightly higher.

**Koundinya Nimmagadda:**

Yeah, so 90 million per quarter, and the retention rate broadly is around 60%. Is that fair understanding?

**Sahil Barua:**

What's your question?

**Koundinya Nimmagadda:**

So, the question is, I'm trying to figure out the organic growth in this quarter, because it appears that at 55-60 odd million parcels that Ecom has done at 50% retention rate, the organic growth is only 4-5%. So just trying to understand that math part correctly.

**Sahil Barua:**

Broadly speaking, the organic growth in Delhivery volumes, if I look at, let's look at it slightly differently, because you have to exclude the likes of our Meesho growth and so on. When you exclude that, our direct-to-consumer and SME volumes, as an example, have grown 40% YoY. Now with the marketplaces, obviously the growth rates are significantly different.

Our volumes of the marketplaces have also grown pretty significantly. So, our organic growth rate, it's very difficult to sort of comment exactly what it would have been. It would have been north of 15% for sure.

And that would mean that our overall, as far as I can make out, our overall volume retention from Ecom Express would have been north of 45-50%.

**Koundinya Nimmagadda:**

Sahil, I mean, that's where the problem is. Somehow the math is not adding up. So that's the reason I was trying to understand the basis for it before I asked the question.

Because north of 15% organic growth plus then a 50% retention rate, the volume should have been 270 odd number.

**Sahil Barua:**

No, that's not correct. We did 185 million odd consignments or 180 million on which if you add about 15%, you get to about 207. We've added close to about 36 million consignments after that on a base of about 85-90, which will be about 40%.

You can take this up with Vivek and team after this and they can give you details.

**Vivek Pabari:**

Sure. Koundinya we can speak in detail on this.

**Koundinya Nimmagadda:**

Sure, sure. Thank you.

**Dhruv Jain:**

Thanks. Sahil, I'll just use this opportunity to ask you one clarification. So, you know, you've been talking about a 16 to 18% service EBITDA margin for the PTL business in the next 24 months.

Just want to understand, is that predicated on the 20% growth assumption or the growth guidance that you've been talking about in that business? Or, you know, even if the growth is slightly lower, do you believe that you'll be able to hit that number?

**Sahil Barua:**

We will be able to hit those numbers even if the growth is slightly lower. We have a number of other sort of margin improvement measures that are underway in any case. As you can see, we've been consistently improving yield in this business as well.

So, we expect that those yield improvements will continue. Overall, the second is capacity utilization across the network is anyway going up. And the third is that a lot of our BD is also focused on improving the directionality, which is another way of saying increasing utilization of the overall network.

So, irrespective, you know, let me put it this way. We are not predicating reaching the 16 to 18% margins in the PTL business only on the 20% growth.

**Dhruv Jain:**

Sure, that helps. Thanks a lot, Sahil. I'll leave the floor to you for any closing remarks.

**Sahil Barua:**

No, thank you to the Ambit team, first of all, for hosting us. And thank you to all of you who joined on this Wednesday evening and participated in the analyst call. As discussed, I think we're pretty satisfied with overall performance in Q2, fairly significant growth, especially in the Express business, and improvement in overall revenue in the PTL business, both with 11% growth in volume and 3% growth in yield.

Also, very happy with the improved profitability of the supply chain services business. Most importantly, I think the integration of Ecom Express, particularly, has been smoother than even we originally expected. I know there were questions and doubts after the SpotOn integration, but I think this time around, it's been a very smooth experience overall.

We expect that compared to the Rs. 300 core envelope that we had originally thought, we will be significantly below that. So set up very well for Q3 and Q4. And look forward to speaking to all of you in three months.

Thank you.

**Dhruv Jain:**

Thanks, Sahil. All of you may now log off.

*Disclaimer: This transcript has been edited to remove any grammatical inaccuracies or other inconsistencies that might have occurred inadvertently while speaking.*