Date: November 5, 2026

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

Scrip Code: 543529

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

Symbol: DELHIVERY

Sub: Transcript of Earnings Conference Call pertaining to the Unaudited Financial Results for the quarter and half year ended September 30, 2026

Dear Sir,

This is in continuation to our earlier letter dated October 30, 2026, regarding audio recording of the Earnings Conference Call held on October 30, 2026, 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, 2026.

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.

You are requested to take the same on your record.

Thank you.

Yours sincerely,
For Delhivery Limited

Madhulika Vipin Rawat
Digitally signed by Madhulika Vipin Rawat
Date: 2026.11.05 11:44:11 +05'30'

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

Encl: As above

Delhivery Limited - Q2FY27 Earnings Conference Call
October 30, 2026

Management:	Mr. Sahil Barua, MD and Chief Executive Officer
	Ms. Vani Venkatesh, Deputy CEO
	Mr. Vivek Pabari, Chief Financial Officer
	Mr. Varun Bakshi, Chief Sales Officer
	Mr. Navneet Kumar, Head of Supply Chain Solutions
Moderator:	Mr. Dhruv Jain, Ambit Capital

Dhruv Jain : Good evening everyone. Welcome to the Q2FY27 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 for investors and analysts only. If there are representatives from the media, they are requested to kindly drop off this call immediately.

To discuss the result, we are pleased to welcome Mr. Sahil Barua-MD and CEO, Ms. Vani Venkatesh-Deputy CEO, Mr. Vivek Babari-Chief Financial Officer, Mr. Varun Bakshi-Chief Sales Officer and Mr. Navneet Kumar-Head of Supply Chain Solutions. As a reminder, all participants' lines will be in listen mode only and participants can use the hand raise feature to ask any questions post the opening remarks. Now, I will invite Mr. Sahil Barua to take us through the highlights of the quarter and post which we will open the floor for Q&A. Thanks and over to you, Sahil.

Sahil Barua : Good evening, everyone. Thank you for joining us this Friday evening and Dhruv and Ambit team, thank you for hosting us this evening. As usual, a quick summary of the quarter and then we will jump straight to Q&A.

Broad summary is it has been a very satisfactory quarter. As you are aware, quarter one was a slightly challenging quarter with the volatile macro environment. But quarter two has gone more or less to plan.

We have had a record quarter in terms of volumes, revenues and overall business profitability. Our express business delivered 325 million shipments in Q2FY27. So, we are up about 32% YoY.

The PTL business delivered 545K metric tonnes of freight, up about 14.2% YoY. Overall revenue from services for the company crossed Rs. 3,000 Cr for the first time at Rs. 3,066 Cr for Q2FY27, which is up 20% YoY. Adjusted EBITDA came in at Rs. 123 Cr or 4% of revenue with PAT of Rs. 41 Cr.

The company also continues to be extremely well capitalised with Rs. 4,676 Cr of cash on the balance sheet. Many of the improvements that we have been driving over several quarters, which is in terms of managing capital intensity, improving net working capital position of the business, and also some of our sustained investments in new businesses and frontier areas in AI engineering and technology are also beginning to play out. We have released most of this information as part of our shareholder's letter, which is now publicly available.

So, with that, I will pause here. Our presentation is also up, but happy to take questions as they come up. Dhruv, over to you.

Dhruv Jain : Thanks, Sahil. As a reminder, anyone who wishes to ask a question may use the raise hand feature and we will put you on.

The first question is from Vijit Jain. Vijit, please go ahead.

Sahil Barua : Hey, Vijit.

Vijit Jain : Hi, can you hear me?

Dhruv Jain : Yes, please go ahead.

Vijit Jain : Yes, sorry. I was just congratulating you, but my question is on Express Parcel. You have said before that growth in FY27 would be in the 20-30% range, probably mid, even upper end of that. Sitting where you are right now, just wanted to know, are you closer to that upper end still? That's my first question. And I then wanted to follow up on a couple of things.

Sahil Barua :
Vijit, why don't you go through with all your questions and I'll take them all at the same time.

Vijit Jain :
Yeah, sure. My second question was your investments that you've mentioned here, shifting focus on more automation, ASRS, etc. When you compare all of these new investment areas in core business to things like 40 feet trucks and automated sorters that you've done before, those obviously paid off in pretty significant ways. How does this compare in terms of potential scale?

And then, similarly, on the revenue side, I wanted to understand, if I look at some of these new initiatives, same day, next day expansion, Delhivery Direct, and financial services, so on, how would you scale them in terms of opportunity that you see in each of these? So, those are my questions.

Thank you.

Sahil Barua : Sure. Thanks, Vijit. Let me go through these as quickly as I can.

So, volumes, as you can see, have been growing over 30% YoY. As things stand, the month of October has also been a pretty good month for us. And we're ahead of where we actually expected to be as of this month.

Now, what's surprising, I had spoken about this in Q1 is that despite a fairly volatile macro environment, volumes have broadly held up. And so, as things stand, I don't really see any reason for us to revise our estimate of growth. In fact, we are at the moment, beyond the upper end of the 20-30% that we had guided at the start of the year.

So, it looks like we should easily be. The worst case should be that we would be at the upper end of that. So, I think it's going to turn out to be a reasonable year from a volume standpoint. But again, frankly, US midterm elections are on Tuesday. So, let's see how things go.

To your second question, let me answer your third question first, and then come to the second one, which was on automation which was a slightly more nuanced question. On the revenue side, same day, next day delivery, I've spoken about this in the past, our volumes in this segment are actually pretty significant. The only reason we don't disclose or talk about the same day, next day, beyond a certain point is because when you compare the same day, next day volumes to the overall massive scale that the business has, it doesn't look as large. But suffice to say, our same day, next day business is easily north of a couple of hundred crores in overall revenues. What we do also is not just the pure transportation of same day, next day services, it's also, in some senses, a part of our supply chain services business, because we also provide integrated fulfillment solutions to vertical brands. So, it's a pretty meaningful business overall.

But, let me just say, were we to split it out, this business would probably look like a Rs. 300, 400, 500 Cr business, all things put together. But, we don't disclose it largely because it's fundamentally running on the same network and part of a much larger express network.

We will continue to invest in building out more of these fulfilment centres. We have several across all of maybe the top 15 major cities. So, continuing to expand that footprint, continuing to grow the client base over there is obviously a priority.

Coming to Delhivery Direct, there are two parts of this business. One is Delhivery Local, which is our in-city on-demand commercial vehicle renting service. That has actually been a pretty big positive surprise. Our aim was to really get to maybe Rs. 240-250 Cr ARR by exit of this financial year. As things stand, we've already crossed Rs. 200 Cr and are growing faster than we originally expected. We are also ahead in terms of contribution margin compared to our original expectations. Our original expectation was that CM breakeven would happen earliest, maybe early to middle part of next financial year. But as things stand, it's looking more like CM breakeven could happen as early as Q4 of this financial year. So, I'm hopeful. We're in eight cities now. I'm hopeful if things continue that we should cross, even potentially a Rs.270-280 Cr run rate on this. How large could this business be? As I mentioned before, it's very hard to say. The addressable market for in-city shipping using LCVs is very, very large. There are players in this space already. Porter's obviously a good example of a great company in this space. So it does feel like the headroom for growth here is massive.

We also do intercity Delhivery Direct, which is also focused on non-e-commerce but express parcel shippers.

This business also is now slowly becoming quite material. It's accessed, obviously, through the Delhivery Direct application. And for SMEs, they use the Delhivery One application.

These businesses also today are material businesses. Delhivery Direct for consumers today, for example, is probably running at close to nearly Rs. 100 Cr, in maybe about 15 months of focused effort on the business.

The international business also has picked up. The Saver business that we had launched, are today hitting probably close to Rs. 140 Cr ARR in this business. It's actually grown 55% QoQ between Q1FY27 and Q2FY27 and has also broken even at a service EBITDA level. So both of these things have been pretty big positive surprises. Addressable market for economy, international shipping is pretty large. Our estimation is that over the next three or four year period, the economy plus express shipping revenues for Delhivery could end up being a low four digit crores. This could be a Rs. 900-1,000 Cr kind of opportunity for us and a profitable one at that.

That leads us to financial services. On financial services, I think it's better for me to comment once we have all our ducks in a row. A lot of this year has been spent on getting ourselves set up regulatorily to be able to expand this business. We're in the business of eventually being able to extend, through partners, loans to fleet owners who can then attach their vehicles into the Delhivery network. And then launch that for electric vehicles, launch it for LCVs as well, and then also offer other financial products like insurance. Monetization has begun, but at this stage, it's at a very, very, very early stage. So, we will be in a better position to comment at the end of this financial year.

Coming to the second question, which was on automation. Seeing the tractor trailers and the sorters, I do want to point one thing out, with the benefit of hindsight now, it feels like a lot of the market is looking at our investments in tractor trailers and sorters and saying, these are slam dunk investments that paid off. But it would be remiss of me to not point out that at the time that we began bringing tractor trailers into India, and similarly, nearly 12 years ago, when we bought out practically all of India's sorter capacity, the collective reaction really was that this was an investment that didn't make sense. And there was a lot of questioning about whether it would pay off at all.

Our view on automation fundamentally now is that it is an existential question, because the reality is the labour environment in India has been steadily becoming more volatile and more challenging.

One of the reasons, obviously, is labour availability has been challenging. Seasonal fluctuations in labour availability are pretty large. The second issue is regulation for the workforce has changed quite a lot. And it's quite volatile overall, minimum wages keep getting revised. There's a whole bunch of compliance that keeps changing. And staying abreast of that obviously is challenging. And the third reality is that the impact of climate on labour availability and workforce productivity is pretty significant.

When we do the math, our view is that Indian labour when adjusted for productivity is increasingly becoming uncompetitive. And therefore, as a consequence, the investment in automation is beginning to look better and better and better. The other advantage, of course, is the price of automation is coming down.

And, as people who've invested in this space for a very long period of time, we are also 40% shareholders in Falcon Autotech, we understand how the cost curve for automation works. And we do believe we're at that cost in terms of new robotic systems that we otherwise would simply have been unable to deploy maybe three or four years ago.

We have spoken about both self-developed autonomously guided vehicles for in-facility movements. But we've also begun to pilot and experiment with other interesting robotic systems across our mid-mile operations. So my sense is that the paybacks will easily match the payback periods that we've seen in the past for TTs and for sorter systems.

On the software front, because that's also been one area where investments have been. We've spoken about this in the last four quarters, we have been spending on AI initiatives within the company. Four quarters back, a lot of this was really focused around the software development life cycle. It really was about how we make our own technology teams more productive. But, today with four quarters of work behind us, we are beginning to finally see fairly material improvements in service and cost outcomes through our AI initiatives, whether it's a combination of reducing claims, which is one of the more obvious use cases, or one of the less obvious ones, but that has worked out is improving sales productivity, through auto generating bids. The other one, has been Delhivery Maps , which over the last two quarters, the sophistication it has reached is already saving us a million dollars a year, compared to using Google APIs.

So, these initiatives are going to pay off even faster. And so when you look at our overall investments in engineering and technology, one, these are existential and essential for any company that's serious about scaling, and, second, they will pay off exactly as fast, if not faster than the TTs and the sorters.

Vijit Jain : Got it. Thank you so much, Sahil, for that answer. Just wanted to check, one question that comes up is you guys have what are known as unbilled receivables, right? And I know those

numbers have been coming off, your working capital improvement has been pretty sharp. But in general, because you mentioned something along the lines of that in the letter, do you see more meaningful improvement there from these AI initiatives as well, ability to kind of bring your unbilled receivables and the like to kind of zero?
That was my last question.

Vivek Pabari : Automation will certainly help in further improving our collection cycle because faster billing, more accurate billing and faster claim resolution, AI driven automation will help in all of these things and hence our receivables can further improve. But unbilled will not have anything to do with it. Unbilled is more of an accounting concept where a shipment which is not completed it's a life cycle in the network, a partial revenue has to be accrued as per accounting rules and hence it shows up in unbilled. So it's more of an accounting construct, I would say, and wouldn't have anything to do with AI.

But in general, AI certainly helps us further compress our working capital cycle.

Vijit Jain : Got it. Thank you. Those were my questions.

Dhruv Jain : Thanks, Vijit. The next question is from Gaurav Rateria. Gaurav, please go ahead.

Gaurav Rateria : Hi. I hope I'm audible.

Sahil Barua : Yes, you are.

Gaurav Rateria : Yeah. Hi. Congrats, Sahil, on good execution on margins.

I have two or three questions. First, I see a lot of focus in the shareholders letter around visibility to get to the margins that we desire in different matured business segments that we have. I'm just curious that is it kind of hurting our market share aspirations in the core segments like Express? Because I see that the volume growth turned out to be slightly muted in the current quarter. That's question number one.

Question number two is, I understand the cost that impacted us and then we are catching up on those and margins are improving and you gave a visibility of H2FY27.

But let's say on a full year basis, in a year where we have seen excellent volume growth in the industry and for us as well, we have gained market share. Is it fair to say that we should still be on a full year basis expanding margins compared to last year?

And the last question is that you did outlay a couple of initiatives in the core Express segment to sustain the growth through the rest of FY27 and beyond. Is it fair to say some of these will

fructify and help on your volume growth aspirations, mostly coming in the numbers in FY28? Yeah, these are the three questions. Thank you.

Sahil Barua : Yeah, sure. Let me go again one by one. Your first question was around Express and whether the priority for us has been margins versus growth.

One of the things that we've spoken about in the past is that yes, of course, our sensitivity to profitability is significant because our belief is and you've seen this in the past, I've spoken about it, we made an acquisition of Ecom Express, because we do believe that ultimately, profitability is more important. And therefore, the selection of volumes that enter your network is actually pretty important. And I think I've spoken about this publicly in the past, the way our Express network is designed, is fundamentally first to protect the volumes and the service quality of everybody who's not a major marketplace.

And only after that, we start looking at the capacities that we have and begin to allocate them. And within that, our demand shipping tools are today, very, very sophisticated. And they have the ability to both margin manage the volumes that enter our network, but also service manage the volumes that enter our network, which means that we do not deem all volumes from all kinds of customers to be equal.

To give you one example, if we see a consignment, it doesn't have to be from any specific client, it could be an individual shipper, it could be, the largest marketplace in the country, or anyone in between, if we see that this is a shipment, which is unlikely to be delivered, or for which we believe that we would not be able to provide a reliable service outcome, our systems will ultimately prevent manifestation of such products within the network.

One of the things that we see is that during the peak periods or in the build up to the peak periods, obviously, some of these controls tend to be a little more loose or a little more fluid at shipper end. And so it's important for us as a carrier to be more careful at these moments. So that is, of course, a choice that we make.

But just to be clear, it is not a choice that we make purely basis margin, it is also something that is service optimised. The other thing that we don't do, obviously, is in these peak periods in the absence of demand shaping, which we used to have, maybe three or four years ago, what would happen is that if we allowed volumes to come into our network in a fairly random and unfettered fashion, all clients would suffer as a consequence of volume surges from specific clients in specific areas. And our PTL network would also suffer as a consequence of the same thing.

So our systems are designed to first and foremost safeguard reliability. They are also designed to safeguard customer outcomes, and then they are there to safeguard margins as well. So yes, to a

certain extent, we do demand management, because we don't believe that all volumes are the same.

The other thing is to remember is, we don't do as much for example, returns. In this period, our absolute volumes of returns, just to be clear, reverse pickups are very substantial. We are in absolute volume terms, probably one of the largest players, if not the largest player in this space, outside of the self logistics arms, obviously. But that said, our relative share with specific kinds of customers may not be as high. And the simple reason is that typically, when you start admitting bad quality returns into your network, you will start seeing higher claims. I think you can see that our claims ratios, for example, are a fraction of those of the rest of the industry. Claims also have a nasty tendency of resulting in revenue provisions or in loss provisions, which you have to take in quarters down the line. And we've learned through a lot of experiences, that's not something that we want to do. And as a public company, we certainly don't want to do that. So we do stay away from that kind of volume.

Your second question was in terms of margin expansion overall. See, I think the absolute margins across the transportation network will broadly remain constant. At least that's our outlook for the moment compared to where we were last year. So we shouldn't see a degradation of margins in the transportation network. Now, that itself, I think, is pretty decent, because we had a rocky start to Q1, obviously, with the inflation that we had with fuel.

That said, we've got a number of productivity measures, which are still underway. And if those come through, for example, we have certain initiatives which are underway around unitising our loads and so on. And the initial results from those experiments have been pretty solid, going towards a later end of Q2 and the early part of Q3.

Now, as that continues, and as PTL volumes grow further, that may lead to expansion of margins. But rest assured, I think overall transportation margins will broadly be in the range that we said they would be in.

And then of course, on SCS, as you can see, margins are normative now that the overall business is stabilised.

But I don't know if Vivek has a point of view on this, I'll invite him also.

Vivek Pabari : Yeah, Gaurav, hi, Vivek here. So as Sahil laid out, the overall transportation margins, you should see an improvement. PTL has been improving, YoY we will continue that journey.

And Express, it should be at least equal to FY26 levels, let me put it that way. But we will provide more colour as the year progresses. Because as you know, the third quarter is the key

quarter for Express. And what happens in the third quarter has a significant impact on the full year profitability.

Gaurav Rateria : Thank you, all the best.

Dhruv Jain : Thanks, Gaurav. The next question is from Abhishek Banerjee. Abhishek, you may go ahead.

Abhisek Banerjee : Hi, first question, Sahil. Look, we are obviously talking consolidated margins. But if we look at service level, right, you would be nearing the higher end of the band in Express parcel expertise, right?

Sahil Barua : Sorry, do you mean the service EBITDA for the Express business, the typical range that we provide, which is the 16-18% range?

Abhisek Banerjee : Yes.

Sahil Barua : Yeah, so Q3, obviously, is a quarter in which the margins expand quite a lot. And that will continue. Yes. Sorry, was that your question?

Abhisek Banerjee : Yes, yes, exactly. And one more clarification. Basically, we wanted to understand how your D2C market share has moved in the last year, right?

Also, if you could give some sense of the market share move of the overall 3PL Express parcel market, how has that moved?

Sahil Barua : See, on the D2C business, when we look at it across all sizes of customers, which go from, D2C, SME, Micro SME, who ship across our various surfaces, whether they are directly integrated with us, or they're coming through Delhivery One or through Delhivery Direct. If we look at our overall growth, we are pretty confident that we're easily the market leader in that and our market share in the worst possible cases remains constant, but in all likelihood, our market share has probably grown in that segment over the year. The reason I said probably has grown is because the overall volumes of D2C, it really depends on what you classify as a D2C brand and what you don't classify as a D2C brand.

Somebody will say Nykaa is a D2C company, somebody will say it's not a D2C company, it's a vertical ecommerce player and so on. But suffice to say, as we look at our volumes, our volume growth across that entire segment has remained as robust as its always been. No major change at all.

Sorry, was there a second part to your question as well, right?

Abhisek Banerjee : That was on the entire 3PL market.

Sahil Barua : On the entire 3PL market, I think if you look at forward logistics, now the entire 3PL market itself, there's a combination of things. There's the forward logistics piece, there is the reverse logistics piece. And I'm deliberately leaving out certain things from this, which is, for example, models that Delhivery does not do, which is where we will pick up from a Flipkart DC and do only the last mile because we consider that to practically be contract logistics.

But when you look at the forward logistics space overall, and we look at our volumes on forward logistics, our market share is intact. On reverse logistics, as I mentioned, in the peak period, our overall share of the reverse logistics market does decline a little bit. That's largely because we do not do all kinds of reverse logistics for reasons that I've just pointed out, which are to do with quality and to do with potential claims arising out of doing low quality returns.

And on the contract logistics piece, it's a market that Delhivery doesn't play in. And it's in some senses, almost double counting the volume. So we don't consider that to be part of the industry.

Abhisek Banerjee : Got it. And just one last question, which is on the intra-city Rapid logistics piece. Now, my understanding is you have kind of dialled down on that, right?

You did a pilot, but you have kind of dialled down. Now, would you provide some colour why you made that choice?

Sahil Barua : We haven't dialled down, we merely realised that the right format is actually for it to be integrated into larger fulfilment centres, which is something that we always did. That's an extremely material business for us already, by the way, the overall integrated fulfillment for e-commerce is today a significant portion of our SCS business overall. And like I mentioned, the SDD, NDD volume that we do, we don't split it out because it's relatively speaking on a very massive base, not as material, but it is still a large enough business.

So there's absolutely no change in our desire to provide SDD, NDD services, whether it is two hour delivery, four hour, eight hour or twelve hour. The only advantage that we found with the larger fulfilment centres that we set up is that the scale is significantly larger, our transportation sortation operations and our in-city distribution models are much better set up from the fulfilment centres that we already have. So as opposed to in-city fulfillment.

So there's no change in strategy, just to be very clear.

Abhisek Banerjee : Understood. Thanks. Those were all my questions.

Dhruv Jain : Thanks, Abhishek. The next question is from Sachin Salgaonkar. Sachin, you can go ahead with your question, please.

Sachin Salgaonkar : Thanks, Dhruv. Good day, management. Three sets of questions.

Sahil, again, following up on the EBITDA margin and I'm hearing both the comments, your shareholder letter did mention express margins, for example, in the range of, let's say, 16-18%. And there was a comment earlier, which mentioned that it won't be lower than, let's say, last year, which is roughly around 17%. So suffice to say that, we should not see a 16%, and ideal range in terms of margin should be 17-18% or would love to understand the scenario where we see margins actually declining on a YoY basis. So that's question number one.

Question number two, wanted to understand some comments on yields in this Q3 on express, because typically, it's a quarter where we actually see heavy goods being transported and hence there is a seasonal improvement in yields.

Sahil Barua : Sachin, I am sorry. I am not sure if you are able to reach me, but I lost a little bit of what you were saying.

Sachin Salgaonkar : Okay, should I repeat my first question also?

Sahil Barua : I got your first question. It's your second question. I didn't, you were saying something about yields.

Sachin Salgaonkar : Yeah, so. I was saying that, I mean, Q3 is a seasonally stronger quarter from a yield point of view, because of the heavy festive season goods being transported. So I would love to get some colour in terms of, how yields are in the month of October and what we should expect in terms of yields.

Third question is generally on the growth for next year. You know, obviously, this year, we had some tailwinds in the industry, which led to a stronger growth in terms of shipments in express, but now we are actually on a higher base. So directionally, as we go into next year, should we see a base effect kicking in and hence growth on a YoY basis to taper down to the historical levels.

And lastly, I didn't see any mention on the rapid commerce in your shareholder letter, I just wanted to understand where we are from a rapid commerce business point of view. Thank you.

Sahil Barua : Sure. So on express, very simply, I think, see, last year, we were at almost whatever 17%. I think it's safe to say that FY27, 17% sounds absolutely where we will end up.

I don't immediately, to be honest, Sachin foresee any disastrous events that could take us off that 17%. But that said, like I said, this has been a volatile year. So, it's difficult for me to say exactly what will happen, unless there is a really catastrophic change in fuel prices or something.

I really don't foresee why those margins will not persist. The other important thing, like I mentioned, is that PTL margins should expand between FY26 and FY27. And PTL volumes will also grow FY26 versus FY27.

And one of the things that does tend to happen is that as PTL volumes go up, the efficiency of the overall network also increases. And so when the efficiency of the overall network increases, there's a knock on benefit that express has. So if anything, at the moment, looking at things the way I'm looking at them, there are possibly more upsides to the express margin than downsides.

So, not particularly concerned. Overall aggregated transportation margins will certainly expand. Our estimation is that overall aggregated transportation margins should expand by 130-150 basis points even conservatively between FY26 and FY27. In terms of yields, see, yields have already expanded Q1 to Q2, which also, is interesting because it's a historical anomaly a little bit.

Generally, yields have not gone up in the Q1-Q2 period as much or at least not on a regular basis. Part of this obviously is the fact that we've had price revisions which have come into force as costs have inflated. Part is obviously to do with the mix.

In Q3, yes, our overall heavy volumes are higher because this is a seasonally high quarter for heavy. But that said, there's a lot of Q3 still to play out. So it really depends on what happens through November and December.

But broadly speaking, there's no structural change that we see to yields in 3Q versus 2Q or anything of the sort. In terms of next year's growth, I think this year, obviously, there have been certain tailwinds in terms of industry volumes being higher. And, we've also gained share.

I've said this in the past, which is that volatile environments are generally good for Delhivery. And looking ahead, if the environment continues to remain volatile or gets more volatile, that's actually a good thing for us. I think there are certain structural advantages that we have, certain structural initiatives that are underway that are differentiated. Whether it is our investments in making our facilities, our staff, our vehicles more productive, which give us cost benefits, whether it is the service benefits that are arising out of our investments from a technology standpoint, those will play out and our ability to make those play out is significant. So I think we'll gain share irrespective of what happens to the market next year. But at the moment, let me put it this way, I don't see any particular reason for our guidance on e-commerce in general growing volume terms somewhere between 15-20% being, very, very off.

I'll give you an example. If you look at October, there was a lot of hue and cry about, the e-commerce market has not done very well. Sales have not gone very well.

But that's largely because in GMV terms, perhaps the sale has not done as well as some people might have expected. And so retailers who are very heavily focused on selling electronics may have not had the best possible sale. But in volume terms, we've been absolutely fine.

As I'd mentioned, October, in fact, is slightly ahead of where we expected when we forecast what we thought would happen. So I don't see any structural damage to e-commerce growth. I think 16-20% sounds perfectly reasonable.

And the last question was rapid commerce. I think the last guy Abhishek also asked the same question. See, on rapid, it's not that we stopped the service. The fundamental service that customers want is fast delivery in the same city. All that we realised is that we don't need to run it through dark stores. So we began by doing it through dark stores.

We began by actually offering that service through a network of whatever, we'd reach, I think, at peak, we'd reach maybe some 20, 30 dark stores across three, four cities. And then we realised it just makes more sense for us to take this back into a larger fulfilment network, which allows customers to serve all kinds of demand. If you're going to build up a pool of inventory, why build up a separate pool of inventory to service a two-hour delivery versus an eight-hour delivery versus a next day delivery versus, frankly speaking, even an intercity delivery.

So, this whole idea that you need to create different pools of inventory to service different speeds doesn't make a lot of sense. It just forces brands to take extra costs. And we already had a fulfillment network, which is fairly significant.

And our e-commerce fulfillment business actually is pretty significant within the SCS business. So that's all that's happened to Rapid. It's been folded back into this and the service continues to persist exactly as it did.

Sachin Salgaonkar : Got it. And my last question, when we heard one of the e-commerce companies talk in their conference call, it was about the industry facing supply issues and not demand issues in the sense higher oil price has impacted manufacturers in terms of, making up goods and transporting across. Are you also sensing it across e-commerce platforms?

That kind of an issue or that could be more like a one-off and not to read too much into that?

Sahil Barua : I mean, to be perfectly honest, I'm not sure that we see that. There are several reasons, because among other things, it's not that people are just beginning to manufacture to

order in a three-month cycle, India has inventories, which are also built up. So, at least so far, we have not seen the supply side had an impact.

I think for any individual e-commerce player, I really, I'm not sure that I'm in the best place to comment. What I can tell you from our volumes is that we haven't seen it. We haven't seen supply side issues.

The question is whether, the right question and that has been asked, for example, demand for electronics has collapsed. The question is whether there are certain specific subsegments or verticals within which demand has declined because consumption for those verticals has declined. That's a possibility.

But again, for us, we are a broad-based player. So, it doesn't matter, when consumption for one category drops, consumption for another category, in our case, from another set of clients will go up. So, we haven't seen it.

And like I've said, there's a reason why we focus so heavily on volumes outside of the top three-four marketplaces and protect it so carefully, because those segments, relatively speaking, are always a high growth segment for us. And frankly, if we haven't seen supply issues affecting them, I don't really know. But like I said, I'm not the best person to answer this question.

Sachin Salgaonkar : Got it. Thank you and all the best.

Dhruv Jain : Thanks, Sachin. The next question is from Krupa Shankar NJ. Krupa, please go ahead with your question.

Krupa Shankar NJ : Yeah. Good evening and thank you for the opportunity. My first question will be on the price hike side.

So, just wanted to get a sense, Sahil, when were these price hikes concluded, just to get a sense of when, if any spillover effect will come through in 3Q as well, both for Express and PTL. And my second question is on the shareholders' letter, you had mentioned that Delhivery is expanding geographic reach for SDD and NDD. Now, I just wanted to get a sense of what are the new layers of infrastructure added to strengthen this piece?

And given that historically we have talked about operating leverage in the overall network, how does this play out in that overall equation, given the fact that it will be fairly shorter delivery timelines, right? So, just wanted to get a sense of that.

Sahil Barua : Sure. On price hikes, see the immediate price revisions that had to be made in response to inflation and fuel costs, and in some cases, changes to the labour code, we started

making them towards the middle end of Q1. We had spoken about this in Q1 that a lot of them would fructify in Q2 and you can see that has taken place across both the Express and the PTL businesses.

But let me also be very clear, on the PTL business, a smaller portion of the overall change in yields has been driven by price revisions, which were driven by inflation and underlying costs. A lot of this is also contractual price revisions and changes to the prices of certain value-added services that we have. It's an ongoing process.

So, if your question is, when do price hikes conclude? I mean, philosophically, they don't conclude, right? So, you keep going.

So, increasingly, as our network has become more reliable, as the value-added services that we provide have become more differentiated, our ability to explain to customers that they should pay us higher value for that is obviously strengthened and that's reflective. Now, I don't know exactly what the yield for the third quarter or fourth quarter will be, how much it will go up compared to the second quarter and so on, because there are also mixed effects that come into play, there are density effects that come into play. But suffice to say, our objective is always to charge the worth of what our service is, in the case of PTL.

And of course, in the case of Express, but with the point of view that our Express customers should also enjoy the benefit of lowest possible cost of shipping, which is also, of course, profitable for Delhivery. So, that, of course, will continue.

In terms of geographic reach for SDD, NDD, see when Delhivery talks about increasing the geographic reach of any of our services, that does not come with an underlying assumption that we have to expand infrastructure to provide it. What we have to do to speed up our network is really merely to change the manner in which we do our line haul routing. And in certain cases, when our volume reaches optimal thresholds, it means adding an already efficient vehicle to the existing set of vehicles. So, there is not going to be any specific expansion of either fulfillment centre or transportation infrastructure to service an expansion of geographic reach of SDD, NDD.

These are largely our ability to now route more and more into these locations. Now, the one unique advantage that we have is that you need a minimum viable volume to make an additional location eligible for SDD, NDD or fast delivery. And the advantage that Delhivery has over here is that by virtue of our PTL volumes also growing, even distant locations become viable for Express if PTL is growing.

Once upon a time, the Delhivery network used to be an Express denominated network that carried PTL. Over a period of time, we have become a network which in certain situations is a

PTL denominated network that carries Express and that allows us to expand the scope of our Express services. So, there's no fundamental increase in infrastructure or fundamental increase in fixed cost that comes out of expanding the SDD, NDD network.

Think of it as a variable expansion of the network.

Krupa Shankar NJ : Got it. And last question from my side. If one were to look at the investments towards automation, you did highlight that in the previous conference calls as well.

But I just wanted to get a sense of when do you expect these corporate expenses or corporate overhead expenses to come to that 7% levels which was guided earlier? Any commentary around that?

Sahil Barua : Yeah, I think, logically speaking, there's no reason for us to not be able to reduce corporate overheads as a percentage of revenues. I mean, you'll already start seeing it happen through Q4 and beyond. But I think that should take place as we get into the next financial year as well.

And specifically, whether we get to 7% in the next year or not really depends on how much we choose to grow certain parts of our business. But I don't see this taking longer than maybe 24 months or so. It's not going to be that complicated for us to do.

We had to invest a little bit more from a technology standpoint this year for reasons pointed out. I mean, we were confronted with a new technology that's fundamentally life altering. And so expanding our capacities and our capabilities within our teams was essential.

But I think we have a firm handle on what we need to do at this stage.

Krupa Shankar NJ : Got it. Thank you and all the best.

Dhruv Jain : Thanks, Krupa.

The next question is from Koundinya Nimmagadda. Please go ahead.

Koundinya Nimmagadda : Yeah, hi. Thanks for the opportunity. So I have a couple of questions.

The first one is on the pricing, most on the express parcel side. Now, obviously, this quarter, you're able to pass on some of the inflationary headwinds. But I mean, my question is slightly more long term. Has there been any work with respect to the contract designs to pass on the fuel costs or any other inflationary headwinds as a part of your contract? I mean, because you

obviously have nearly 60,000 customers to engage with. So tomorrow, let's say there's another set of price hikes in diesel or maybe wage inflation kicks in again. Do you still have to go back to your customers again and negotiate it on a one on one basis? Or has there been any work on the contract structures per se? The second question is on the supply chain side of things. I think a couple of quarters back, there was a large pipeline indicated. So just trying to understand where we are on that.

Sahil Barua : Sure. On the first one, both express and PTL have slightly different answers. On PTL, I think 96-97% of the revenue of PTL is anyway covered by automatic adjustments in the event of inflation of fuel prices or wages so there's direct coverage. On the express side, it is not that we go and negotiate with 60,000 customers, one by one, when there's an inflation in underlying costs. Of course, our contracts carry provisions for this, all our contracts do carry this.

They are, of course, pegged at different rates, depending on when the contract was signed. So the index fuel rate may be different or the index wage rates may be different. From an account standpoint, a vast majority of our customers are automatically covered.

So as soon as there is an inflation in underlying fuel costs or an underlying wage rate, that will kick in most of these customers anyway transact with us through Delhivery Direct or Delhivery One. And so as a consequence, their rate cards reflect that change immediately. In the case of our largest customers, all our contracts do provide for inflation in case of inflation in underlying costs.

That said, even though that is there, and of course, those become incumbent within the timeframe that we've set within the contract, when a Rs. 12,000 Cr logistics company is discussing this with Rs. 100,000 Cr retailer on the other side, both of us sit down and do what's best for both businesses.

Coming to a question on supply chain services, I think the pipeline remains robust. We continue the two new businesses that we had started in quarter one, which were a little bit of a drag on margins have stabilised.

And now that those businesses have stabilised, we expect that we will start expanding some of those. We also have a couple of new initiatives, which are planned. Our pipeline converted a little slower than we expected in quarter one.

And overall, I think sales cycles have gotten pushed out a little bit, largely because when costs were inflating so unpredictably, it was getting pretty difficult to establish a clear handle on exactly what our solutions design would be. And so with several customers, we've gone back and forth a little more than we would have under normal circumstances. If you're setting up a fulfilment centre for somebody in Bangalore, and you set it up, and one month later, the

government changes minimum wages, then the solution was knocked out of the water in the first 30 days.

We've just been a little conservative with some of our new starts. That said, our ecommerce starts within supply chain services have actually gained pace that business is up, I think, probably 50% plus, YoY. It's the enterprise side where we've been a little more conservative and decided not to start or not to push some of our conversations until we have a very, very clear handle on how costs are going to inflate.

Koundinya Nimmagadda : Sure. Sorry for hopping a bit on the first part with respect to the fuel price hikes, right? Obviously, when the first price hike with respect to diesel happened, there was a quarter lag before it got passed on.

So I'm just trying to understand, if there were a next leg of price hike, will the timing difference still continue? Or is it that it may not be as inefficient as it was or less inefficient when compared to the first quarter impact that we saw. Has there been any change on that front?

Sahil Barua : It will be less inefficient than it was at the end of the first quarter for sure. But on a lighter note, I have to ask if you know something that I don't.

Koundinya Nimmagadda : No, I mean, looking at the way brand prices are, I mean, just being curious.

Sahil Barua : Yeah, no, no, I get your question, man. I wish I had a crystal ball and I could tell exactly what's going to happen because your question, it's a good one as something that we also worry about. Suffice to say, our contracts are revised now to make sure that the lag effect is significantly smaller.

Koundinya Nimmagadda : Yeah, I mean, because the idea for me is that in our consolidated industry, obviously, you should be able to take what is rightfully yours. So that's where my question originates from. Anyway, I mean, there are a few things one can control.

Sahil Barua : Yeah. You're absolutely right.

Koundinya Nimmagadda : Thank you. All the best. Thank you.

Dhruv Jain : The next question is from Swapnil Portukhe. Swapnil, please go ahead.

Swapnil Portukhe : Yeah, hi. Thanks for the opportunity. My first question is like, can you spend some time on explaining your exposure to one of the large horizontal marketplaces today? How has that changed, in recent periods? And given that, that marketplace has been growing at a

healthy rate and then there are indications that they may lower the outsource volumes, in that scenario, what will be the change in your guidance in terms of volume growth, maybe for next year and if not this year?

So that's question number one. The second question is with respect to your PTL tonnage growth. I can see that the growth was around 14%, which is lower than the previous two-three quarters growth. Is there something to say that you have sacrificed some volume growth for protecting the margins or improving the realizations? And any indications as to how should we see that growth going forward? Thanks.

Sahil Barua : Sure. The second one is actually a very, very short and quick answer. So I'll start with the second question.

No, there's no question of sacrificing growth from margins or anything. It's similar to the answer that I gave on the Supply Chain Services piece. See, a reasonable portion of our growth in any given quarter comes from new business development as well.

And basically, when costs were inflating unpredictably, one of the things that we didn't want to do was to sign on new customers at rates until we had a very, very firm handle on what was going on with costs. And so we essentially focus more heavily on just retaining the clients that we had increasing volumes with retention clients and dial down new business development a little bit. Outside of which, of course, there were price increases that we were discussing with clients through the quarter, which is why you see the unusual situation where volumes have gone up 14%, but revenues have gone up, I think, 23.2% or thereabouts. So no structural change. There's no reason to believe that year-on-year volume growth will not return to the 20% plus range. I think we mentioned this in the shareholders letter, our sales depth is making a difference. Our NBD efforts are now active as of the end of the peak season again. And teams are starting to get more productive with the information that we're able to provide them obviously through what we're doing on the agentic side with Salesforce. So no structural change on PTL should be expected at all.

In terms of the large customer that you're speaking about, obviously, it's very specific who you're speaking about, but there are multiple large customers that we serve. I think there are two pieces over here. One is in terms of their overall strategy on outsourcing.

I've mentioned this in the past. Our view is whatever they choose to do at the end of the day, customers in India are always going to be service sensitive beyond a point. I mean, there's nobody in the country who says I'm okay with slow shipping or late shipping or poor shipping outcome if I'm going to get 5 rupees off on my shipping.

And that is really the market where Delhivery has a very differentiated value proposition. So if one of our large customers chooses to redirect volumes to some extent towards their internal logistics, our sense is they will do it from the weakest player that they happen to work with. And they work with multiple players.

We are not that weakest player. Far from it. So we actually anticipate that there shouldn't be any very fundamental change to our volumes.

And it's no different in some senses. This question is something that we've been asked since we went public in 2022. We've kind of maintained the same answer throughout.

Any individual customer in any given quarter, obviously, depending on what their objectives are, changes strategy sometimes for that quarter. But on a consistent basis, our market share has gone up significantly. We are the market leader in this space.

We have a differentiated value proposition. We have a service standard which bears up to scrutiny. And so we feel pretty confident that we should be able to maintain our position in the market.

So not particularly concerned overall. And in terms of concentration risk with this specific customer, we mentioned it in the past. I think we don't believe that we have a material concentration risk with any large marketplace customer for two reasons.

One is obviously that we very carefully manage the volumes that we get within our network. Our priority always is to first make sure that we do protect all the volumes that we get which are non-marketplace. Because for a lot of these customers, the reality is that they don't have too many options outside of Delhivery. And so we have a primary responsibility there and then we service the marketplaces. And so that gives us a very, very big foundational set of volumes. The second obviously is we've expanded beyond e-commerce within Express as well.

There is a large Express market which is not just e-commerce. And we have a leading position in some subsegments of that as well. And as we grow that, again, we have a very large foundation.

So I get where your question is going. But we've said this in the past, we are not an e-commerce only shipper. We are a very large carrier of all kinds of products.

E-commerce happens to be one of the things that we carry and so our concentration is not material. The second is that we also, if you look at the overall group revenues, increasingly our revenues are also coming from non-e-commerce businesses. Whether it is PTL, which obviously has grown 23% YoY in revenues, whether it is Delhivery Direct, whether it is Delhivery International, whether it is Supply Chain Services, FTL, etc. We have a wide range of revenues.

And so no individual customer in that sense is as large. Obviously, if you're an e-commerce focused shipping company at this point in time, the reality is that the three marketplaces are going to form probably, I don't know, 85% of your volumes or something like that.

But that's nowhere near the case for Delhivery and certainly not in revenue terms. So not a very material concentration risk and concentration has not materially changed YoY for us either.

Swapnil Portukhe : Just to extend that question a bit, how much non-e-commerce market you think you're yet to reach or monetise in a substantial way, given that you're basically suggesting that the size of the market will ensure that you will continue to grow at a healthy rate despite what happens with the large customer?

Sahil Barua : See, I think first of all, there's no question of despite what happens, because I think the underlying subtext there is that something is going to happen. As I've mentioned, fundamentally, no matter what individual players do with their respective strategies, I think our ability to maintain our market share is fairly significant. It's not something which is completely beyond the control of Delhivery.

So let me start by clarifying that I think that Delhivery will have the ability to maintain its market share, even as customers change their individual strategies in any given quarter. Because as an example, when you run in-house logistics and you have a situation where you've built up ahead of fixed costs, especially during a peak period or during some expansion that you've planned, and your volumes are lower, you may choose to direct volumes here and there. But I'm pretty confident that a large portion of that is going to go from the weakest players.

And as I mentioned, that's not us. So I just want to stress on that for a moment, because I think underlying in your question is the assumption that that will happen, which we don't believe is true. And the second bit is that the non-e-commerce part of the market actually is pretty significant. India has 128,000 enterprises who have revenues which are north of Rs. 5 Cr. And you've got about 30,000 enterprises who have revenues which are north of Rs. 100 Cr. All of them have express shipping requirements.

Delhivery has been historically a relatively marginal player in that space. That space has been largely unorganised, largely small couriers across the board. And we're discovering that volume is something that we can very easily acquire and serve.

It's not very different from our regular e-commerce shipping at all. Even if every single one of those customers is moving on average 100 packs a month, which is very likely and at least our initial indications are it's more than that. That itself over a period of time is going to add up to 60-70 million packages a year, which adds 6-7% growth to our existing volumes in any case.

So pretty confident that we'll be able to get to that as well.

Dhruv Jain : Thanks, Swapnil.

Swapnil Portukhe : Thank you.

Dhruv Jain : The next question is from Vineet Prasad. Vineet, please go ahead.

Vineet, you're on mute. Please go ahead.

Vineet Prasad : Yeah, my questions have been answered. Thank you.

Dhruv Jain : The next question is from Kartik Kohli. Kartik, please go ahead.

Kartik Kohli : Hi, thanks for taking the question. I joined the call a couple of minutes late, so just wanted to clarify a couple of things. When you mentioned the international business closing in on the run rate of Rs. 140 Cr, then there's Delhivery Direct.

So is that like the combined all of these businesses is the number that you quote in the Investor Letter that will have a run rate of about north of Rs. 250 Cr by the end of this year? Is that the right way to explain it?

Sahil Barua : So Delhivery International standalone is at a run rate of getting close to Rs. 150 Cr at this point in time. That's just Delhivery International. There is Delhivery Local, which is our in-city LCV business that has crossed a revenue run rate of 200 crores. That's independent of Delhivery International. Delhivery Direct, which is our consumer shipping business, which is like I said, we seriously started investing in it maybe a little over a year ago. That is touching now Rs. 100 Cr. That's also independent. So that doesn't include the revenues of Delhivery International or the other way around.

Kartik Kohli : So the overall base of such new investments is much higher Rs. 450 Cr odd.

Sahil Barua : That's correct.

Kartik Kohli : The second, you probably answered this in a way, but just wanted to get some better sense on it. And this is my last question. When you say that your share with Meesho is broadly stable,the other demand categories are what makes us more interesting because that means that you're growing much faster there. So just wanted to get a sense, you know, is that more market driven? Is there some quantification you have?

Just so that it becomes clear in our head how fast your other segments are growing. That will be my last question.

Sahil Barua : I think on the non-marketplace segments, as I mentioned, depending on exactly how you classify what is D2C versus not, our growth rates, even in a relatively weakish quarter, have never been lower than 40-45%. I don't think that market, it's so fragmented that it's hard for me to say exactly how fast that market is growing. But I would be very surprised if that market is organically growing at 45%.

But that said, there are pieces of e-commerce, which are not very well tracked. As an example, there's a large amount of transacting volume, which happens, for instance, on Instagram or on WhatsApp and so on. And that's sometimes difficult to track.

But assuming that those segments are not growing at over 45%, the growth is slightly higher than that. But anyway, assuming that those segments are not growing at 45%, it means we are gaining share in that segment as well. Now, I'm pretty confident that we are gaining share there, one is obviously because of the underlying growth rates that we're seeing. But B, also our integrated fulfillment model is differentiated. When you come into a Delhivery fulfillment centre, automatically it makes sense for you as a customer to move more of your shipping to Delhivery and our ability to offer a differentiated service is higher.

The other piece that, to be honest, I haven't broken out, because we don't report it as such is that our SDD and NDD volumes also now are actually pretty material. In fact, we'd probably be the leaders in that space. So yeah, we don't break that one out.

I'm sorry, man. Look, it's a bit hard to say exactly how fast that market is growing because it's so fragmented. But my sense is that we have probably gained share as well.

There is a fairly reasonable organic growth for sure. But I'm pretty sure that we've gained share as well.

Kartik Kohli : I understood that. That's very, very good. Thank you.

Dhruv Jain : Thanks, Karthik. The next question is from Jinesh Joshi. Jinesh, please go ahead.

Jinesh Joshi : Yeah. Thanks for the opportunity. Am I audible?

Sahil Barua : Yes. Yeah.

Jinesh Joshi : Sir, the first question that I have is on realization. I think we have stated in the shareholder letter that the sequential jump that we have seen in realization in both the B2C and

PTL business is linked to the revision in fuel prices, so to say. But if I'm not mistaken, the B2C division has a higher proportion of manpower element as compared to the diesel cost. So, just wanted to get some sense on this breakdown of the 4% jump that we have seen in the B2C division. What could be the indicative contribution of, say, maybe fuel lead repricing as compared to wage inflation lead pass through? And if there is an organic hike, if any, even some kind of indicative numbers would help. I thought of asking this because we have seen a sequential jump in B2C realization after I think maybe five or six quarters.

So, yeah, that is the first question.

Sahil Barua : Sure. The answer is that less than 30% of the increase in yield, for example, in PTL has come as a consequence of underlying cost inflation linked price revision. So a majority of it has actually just been improvements in yield.

Jinesh Joshi : So for the PTL part, I think you had disclosed it earlier in the call as well. My question was more specific to the B2C part where we have seen a 4% jump and which has a higher proportion of manpower element as compared to the diesel cost.

Sahil Barua : So a part of the yield increase, I think if you look at it, the express yield is about 2 rupees 40 paisa higher as of 2QFY27 versus 1QFY27. Again, less than half of that is due to inflation linked commercial revisions.

Jinesh Joshi : Perfect. And so my second question is with respect to our new initiatives, I think given good traction that we are seeing in Delhivery Local as well as in the financial services wherein you have cited healthy annual revenue run rate numbers for next 18 to 24 months. But how to think about the EBITDA losses in FY28?

I understand for FY27, we are maintaining our loss guidance of about Rs. 130 to 160 Cr. But given these businesses are in expansion mode, I mean, how to think from FY28 perspective? Will the losses widen or will they be lower than the figure that we have set out for FY27?

Sahil Barua : Yeah, it's a good question, Jinesh. There's a reason why our guidance envelope for this was a little wide when we started the FY, Rs. 130 to 160 Cr itself is a fairly wide range. As you can see, I think our first half has been Rs. 67 Cr, which at least as things stand puts us more at the lower end of that range, as opposed to the upper end of that range.

Now, that's happened while we actually have grown faster than expected. So what's actually happening is that our contribution margins in for example, Delhivery Local have improved faster than we expected them to improve despite the fact that we've now expanded to eight cities. So actually, some of our expansion has really been only in the last two or three months.

But despite that, our overall expenditure on that business has been perhaps a little lower than we expected, which is good news. I certainly hope that it continues, and it does look like it will. So this financial year, first of all, I think we will end up closer or probably, unless something fundamentally changes to the lower end of what we had guided.

And if the contribution margin trajectory is what it is, and it continues, and we'll know more over the next five months, then the reality is that we may come back and talk about FY28 slightly differently. But for the moment, the guidance that we have given to everybody publicly has always been that just assume that it will broadly be in the same range in FY28 versus FY27. But it's a little early to say because some of these things have changed for the better at the moment, despite a weird environment pretty fast.

If you look at Delhivery International, for example, it's gotten to a Rs. 150 Cr revenue run rate and has achieved service EBITDA profitability. Now, that itself is a little unexpected for us, we thought there'd be a slightly longer phase of investment in this business, but it doesn't seem to have been and this is despite the fact that air freight rates have gone up, trade has been highly volatile. Despite this performance in this segment has actually been better than we thought.

So I guess the long answer is that, we'll know as we do more of our annual planning as the next set of cities goes live, for example, in Delhivery Local, we'll know a little better. But safe to say that it's not going to exceed the envelope that we have for this quarter for sure.

Jinesh Joshi : Got it. One last bookkeeping question from my side. I think other income in this quarter was lower at about Rs. 66 Cr as compared to the past run rate.

So is there anything specific to read into it?

Vivek Pabari : Jinesh, hi, Vivek here. It's entirely mark to market changes. We do have a large mutual fund and bonds portfolio which are sensitive to interest rate movements.

The interest rate movement has been actually fairly volatile for the last three quarters. So yields softened towards June when it seemed like the Middle East escalation was getting resolved and that led to mark to market gains in the first quarter, which is why if you see the other income for the first quarter was high. The yields tightened again during the second quarter when the conflict situation again escalated and it led to MTM gains reversing.

If you exclude MTM, there's absolutely no change in our other income. It's broadly flat. It's purely mark to market related.

Jinesh Joshi : Got it. Thank you. Thank you so much.

Dhruv Jain : Thanks, Jinesh. Maybe, Sahil, I'll just go ahead with one or two final questions from my side. So first question, just trying to appreciate the longevity of the PTL business, the 20% growth that you spoke about a little better.

Because if we look at some of the industry estimates, the market size seems to be Rs. 15,000 Cr or 20,000 Cr. I'm talking about the Express B2B side. So just want to understand, what's your assessment of the TAM of that segment so that we can appreciate the 20% growth guidance, at least from a longevity perspective.

That's the first question.

Sahil Barua : Do you want to just ask all your questions and I'll answer them?

Dhruv Jain : Yeah, the second question is just a little bit of a clarification on the market share of the tail brand. So while we've seen market share gains from you in this year, and possibly you'll see some bit of that in the next year as well. But safe to say that by FY29, you would have reached the target market share that you'd want to be. And then it should look more like market growth or just from a consolidation of the smaller players perspective. Just these two questions from my side.

Sahil Barua : On the second one, Dhruv, you mean in the express business, are we going to expect more consolidation?

Dhruv Jain : Yes, Yes.

Sahil Barua : Yeah, good questions. On the first one, the PTL market TAM is actually a pretty easy one. The TAM is certainly not Rs. 15,000 Cr, right? Because if you add up possibly the six largest organised players in this market, on the back of the envelope, I think we will add up to nearly Rs. 12,000 Cr.

Then there's a whole host of other players. This is just like the top five. Our estimate, we've discussed this in the past, our estimate is that the TAM is conservatively at least five times of what you're talking about at Rs. 15,000-20,000 Cr. The TAM is easily probably $9-10 Billion, if not even more than that. That is one, because there's a huge unorganised segment in PTL. Very, very, very, very large unorganised segment. For example, there are markets which are completely unserved by organised players. These have historically been treated as what is called in the industry ODA, which is an out of delivery area. So I'll give you an interesting example, even if you're a large shipper who is shipping out of say just south of Mangalore, there's a reasonable chance that you will not be serviced by an organised player.

So there's a very, very large market for us to go after, which is unorganised. That's one.

The second industry tailwind that we have is two things are happening. One is that traditionally, where customers were relying on what used to be called non express PTL or just general PTL. Increasingly, with players like us, being in the market with the infrastructure we've put in, with the trucks that we have, with the improved quality of roads, there's a certain amount of migration of demand from what used to be slow PTL to fast PTL. That gets accelerated when we enter a market because interestingly enough, there is not a very significant cost difference between Economy PTL and Express PTL.

Because our network has the ability to provide an economy product on an express, on express rails, which is also by the way, interestingly, why the value of the service goes up, we are able to push a certain amount of yield increase, etc, etc. So I think that's the other tailwind that you have. And the third is that as the market matures, there is a certain amount of switching that happens from full truck to part truck as well.

Remember that as in some senses, transportation speed is the counter to building up inventory. So as businesses look at their supply chains, they have a choice whether they actually want to continue to hold larger amounts of inventory, or whether they want to switch from FTL to PTL, pay a slightly higher transportation premium as you go to a part load, but ultimately carry lower inventory on your books, it improves working capital, for example, for businesses that work with us. So there's also a shift from FTL to PTL, which is another tailwind.

So net net, I think this is a Rs. 90,000-100,000 Cr opportunity at the bare minimum basis, what we know so far, possibly even larger than that. And there are these tailwinds, which are making sure that growth is beyond just regular GDP growth.

In terms of Express, I think two, three things will happen. I think the market, in any case, as we've said over the medium term, short medium term, we think will continue to grow at that 15-20% kind of range that we have said in the past in volume terms. That is one we definitely in any case, our belief is that we should continue to grow at a minimum of that if not higher as we continue to gain share. As I said, as the industry matures in the sense that as you ship more and more and more volume, your ability to ship more and more and more volume gets determined by the quality of the underlying network.

Let me put it this way. Logistics is one of the easiest businesses to enter and one of the hardest businesses to scale. And our belief is that as we get larger as our investments in technology and in engineering pay off, we have a differentiated ability to continue to gain scale and to continue to actually gain share in the market irrespective of what the market's growth rates are. In any given quarter, things can always move up and down. That's a different issue, we've seen this in the past. But if you look at Delhivery over the broad arc of time in 15 years, we've gone or even if I look at the last 10 years, we've gone from having 3% of the market to today more or less being the dominant third party shipper in the Indian market.

So I think that's an irreversible process. And we will continue to invest in building up a lot of these capabilities. And so I think that helps. That's number one.

Now, whether the industry will consolidate or not, I've said this in the past, at the end of the day, the right thing for customers, the right thing for clients, the right thing for the economy as a whole, is for logistics companies to be at the most efficient frontier. That is extremely important.

And so you can only do that when you make the kind of investments that we have. I know there's a lot of questions that we've gotten asked historically, over the decade that I've been doing this, about why we choose to build certain assets, why we choose to own our trucks, and so on. And I've said this every single time, which is that if you're serious about building a large scale logistics business in India, asset light is not the way to go. Or a pure asset light business is not the way to go. It is essential to build differentiated capacity, it is essential to build differentiated capabilities. Every global economy of any size has shown this.

Logistics is one of the most crucial input costs to any industry. So we will continue to do this. And as we do this, we have a differentiated ability to invest, not just because we have cash on the balance sheet, and are now adding cash to the balance sheet every quarter.

That's one part of it. But there is a deep technical and engineering expertise that is built into the company over 15 years, which is of intangible value. And there, I believe, our experience of 15 years of running the network that we have, the integrated network that we have, sets us apart compared to anybody else in this market.

So whether or not individual players survive, don't survive, that depends on who finances them. But irrespective of that, I think we will continue to gain share. So whether the market consolidates because we buy people or because they lose share over a period of time, is in some senses immaterial.

So I very long answered your question. But fundamentally, yes, I think our share will continue to go up.

Dhruv Jain : Sure. No, thanks a lot, Sahil for this, very useful. I'll leave you to it for the closing remarks.

Sahil Barua : Superb. No, thank you Dhruv. Thank you, Ambit team for hosting us and to everybody who's joined.

I know it's a Friday evening. So, I really appreciate everybody being on the call. I think the summary is that we had an interesting start to the financial year in Q1.

A lot of volatility, of course, some of it persisted in quarter two. We continue to watch the market, it's difficult to predict exactly what will happen at the moment. But we're very satisfied with our quarter two results.

It's a big milestone for Delhivery to have Rs. 3,000 Cr in revenues. Profitability is where we expect it to be. We had a good start to the peak season.

And so, let's see how the rest of the FY proceeds. Thank you.

Dhruv Jain : Thanks, everyone. 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.