DELHIVERY

Date: August 01, 2025

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: Letter to Shareholders on financial results for the quarter ended June 30, 2025

Dear Sir/ Madam,

Please find enclosed herewith Letter to Shareholders dated August 01, 2025 on financial results for the quarter ended June 30, 2025 in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**").

This disclosure will also be hosted on the Company's website at www.delhivery.com as per the provisions of the SEBI Listing Regulations.

You are requested to take this on record.

Thank you.

Yours sincerely,
For Delhivery Limited

MADHULIKA VIPIN RAWAT
Digitally signed by MADHULIKA VIPIN RAWAT
Date: 2025.08.01 16:47:49 +05'30'

Madhulika Rawat
Company Secretary & Compliance Officer
Membership No: F8765

Encl. As above

DELHIVERY

Letter to Shareholders

Q1FY26

DELHIVERY

Dear Shareholders,

We are pleased to declare financial results for Q1FY26.

Q1 is generally a subdued quarter, following on from the year-end peak of March. This has been a busy quarter for our teams, however. Our acquisition of Ecom Express was formally approved by the Competition Commission of India in June. Integration of the two networks has followed subsequently. We also launched Delhivery Direct, our on-demand, same-city pickup and delivery service, targeted at SMEs and consumers, in Ahmedabad, Delhi NCR and Bengaluru. Delhivery Protect was also launched via Delhivery One, enabling shippers to secure consignments against transit loss and damage. We also continued profitability improvement initiatives in the core Transportation businesses (Express and PTL) and renegotiation of key contracts in the Supply Chain Services division.

Express Parcel shipment volumes grew to 208 million orders, growth of 14% YoY and 17% QoQ (v/s 183 million in Q1FY25 and 177 million in Q4FY25 respectively). This volume momentum has continued into Q2 and gives us a strong volume foundation for the upcoming peak season.

PTL volumes grew 15% YoY to 458K MT in Q1FY26 (v/s 399K MT in Q1FY25). Tonnage growth remained flat on a sequential basis v/s Q4FY25 despite Q1 being a seasonally weak quarter. Adjusted for accounting treatment of revenue corresponding to undelivered shipments (IndAs 115), PTL realisations continued to improve, growing by ~1.9% QoQ.

Operating profitability of the Transportation business also continued to improve. Combined Service EBITDA margin for Transportation improved to 14.8% in Q1FY26 v/s 14.4% in Q4FY25. We are glad to report that margins expanded sequentially despite annual wage increments, contractual rental escalations and pre-planned capacity and reach expansions and in spite of significant weather related disruptions which typically inflate operating costs in this quarter.

Overall, we generated Rs. 2,294 Cr in revenues from services with EBITDA of Rs. 149 Cr and PAT of Rs. 91 Cr in Q1FY26. Core profitability is even higher, since reported numbers also contain Rs.14 Cr of investments in new services (Delhivery Direct and Delhivery Rapid).

₹2,294 Cr Revenue from services YoY: 5.6% / QoQ: 4.7%	**₹2,424 Cr** Total income YoY: 6.2% / QoQ: 5.2%	**₹149 Cr / 6.5%** EBITDA / EBITDA margin Q1 FY25: ₹97 Cr / 4.5% Q4 FY25: ₹119 Cr / 5.4%
₹91 Cr / 3.8% PAT / PAT margin Q1 FY25: ₹54 Cr / 2.4 % Q4 FY25: ₹73 Cr / 3.1%	**208 Mn** Express Parcel shipments YoY: 13.6% / QoQ: 17.0%	**458K Tons** PTL freight tonnage YoY: 14.7% / QoQ: (0.2%)

We have addressed several key questions about operational and financial performance in Q1FY26 and our outlook for the future below:

1. What is the growth outlook for e-Commerce as a whole, and for Delhivery's Express Parcel volumes for FY26?

   Overall e-commerce industry volumes have grown in the range of 12-15% annually for the last 3 years. As per Redseer, the share of e-commerce within total retail expenditure is only 7% in India, as compared to 16% in the US and 31% in China. In absolute terms, Indians spent ~$45 per capita on e-commerce purchases (<2% of per capita income) v/s $3,500 in the US (4% of per capita income) and $935 in China (7% of per capita income). Industry reports project the share of e-commerce within total retail expenditure in India to grow to ~11% by 2029. Long-term, therefore, we believe that with rising disposable incomes, greater category depth and faster fulfillment, industry growth can reasonably be projected at 15%+ annually.

   Our Express Parcel volumes grew to 208 million orders (v/s 183Mn in Q1FY25 and 177Mn in Q4FY25 respectively). This volume momentum has been consistent and continued during July and is expected to continue through FY26 as our acquisition of Ecom Express has enabled us to grow market share. Vertical e-commerce (D2C) and SME segment volumes have grown significantly faster, at 25%+ and 37%+ respectively, and will remain a key focus for us going forward.

2. Do you anticipate major changes to Express Parcel pricing strategy in FY26?

   Our Express Parcel volume growth in FY24 and FY25 was impacted due to increased in-sourcing by marketplace clients and poor pricing discipline from 3PL competitors. Standalone 3PLs and captive logistics arms both face annual cost inflation of ~5% in infrastructure costs and 8-10% in wages, which will further increase burn rates for 3PLs, without significant pricing corrections, and further erode competitiveness of in-sourced logistics. In addition, we believe further pressurization of last mile delivery costs will also negatively affect availability of skilled delivery associates and network service levels.

   Our ability to drive productivity and utilization improvements across our integrated network gives us a distinct cost advantage and enables us to sustain target profitability at current market levels of pricing. Market participants must seek to reduce losses and will not find it feasible to continue to fund unsustainable pricing even with large volume customers. As a result, we do not anticipate material adverse changes to pricing. Our yields in any given quarter will remain driven by volume mix (client mix, parcel weights and distances, mainly).

   Long-term, we remain committed to our principle of engineering higher efficiencies across our network and sharing a portion of these efficiencies with our customers, in order to gain a higher share of their wallet. We will continue to closely monitor productivity gains and cost inflation and set pricing at levels that ensure growth in absolute Service EBITDA and cash-flow of the Express Parcel business.

3. What impact is Quick Commerce having on broader e-Commerce growth?

   Quick commerce continues to be dominated mainly by grocery, packaged foods and BPC categories and by major urban areas, geographically. While this has likely created a meaningful impact on grocery GMV and volume for large marketplaces, we believe the impact of Quick Commerce on broader e-commerce is likely to be limited due to the difficulty in maintaining wide assortment and rapid delivery speeds simultaneously over increasingly diffused city topologies.

   More importantly, an overwhelming majority of e-commerce volumes are driven by Tier 2-4 cities and by low-velocity, long-tail, assortment-led categories (e.g. apparel, accessories, home and lifestyle goods etc.) which do not easily and cost-effectively lend themselves to inventorization in small quantities across dark stores, owing to unpredictable demand. Overall, therefore, we anticipate limited impact on our volume outlook going forward.

Quick Commerce has created a material opportunity for our PTL division in the immediate term. We provide high-precision, appointment-based dark store/mother-warehouse delivery and return from dark-store/mother warehouse services to brands selling on Quick Commerce channels. Overall, Quick Commerce continues to be an exciting, rapidly evolving space and we expect our delivery model to adapt in response to industry changes going ahead.

4. PTL has delivered industry-leading growth for several quarters, especially after the SpotOn integration phase. What is the growth outlook for FY26 and beyond?

   The PTL industry is large and fragmented, with less than 25% of industry volume currently served by organized operators. We expect two trends to continue to drive growth of underlying industry volumes: a consistent shift towards Express PTL demand (v/s FTL or non-express PTL) and a similar, consistent shift towards organized players. Our clients increasingly take into account total supply chain costs, including inventory cost and lost revenue due to fulfillment delays, which increases the attractiveness of our Express PTL service.

   Our wide geographic coverage, faster turnaround times indexed to our Express Parcel network and superior infrastructure and technology integration are differentiators that have enabled us to consistently outperform industry peers on growth. PTL tonnage grew 15% YoY to 458K MT in Q1FY26 v/s 399K MT in Q1FY25. Tonnage remained flat on a sequential basis v/s Q4 FY25 despite Q1 usually being a seasonally weak quarter and Q4 being the strongest quarter of the year. As we continue to expand into under-served geographies and into SME and Retail segments of the market, we expect 20%+ annual growth rates in overall tonnage to continue in the immediate future.

5. Express Parcel Service EBITDA margins are higher than other players and PTL Service EBITDA margins have improved consistently over the last 12 quarters. How do you expect this to change going forward?

   We target steady-state Service EBITDA margins of 16-18%, which our network has delivered comfortably in the past. While FY25 Service EBITDA margins were at the lower end of the range (at 16.2%) due to network expansion and lower than expected volume growth in the previous peak season, we expect overall Express Parcel Service EBITDA margins to return to 17-18% levels by the end of FY26 with increased volumes, improved network utilization and greater staffing productivity. As stated earlier, this takes into account inflationary pressure on wages as well as infrastructure and fleet costs, making our inherent cost structure a formidable competitive advantage.

   PTL Service EBITDA profitability has improved consistently from -43% in Q1FY23 to 11% in Q1FY26. This has been driven by improving yields (from Rs. 10.12/Kg in Q1FY24 to Rs. 11.11/Kg in Q1FY26) on account of improved volume mix and re-pricing of key contracts, greater adoption of value added services, operating leverage arising out of greater utilization of gateways, trucking capacity and freight service centers and improved staff productivity through automation and software enhancements. We expect expansion in profitability to continue with volume growth and expect steady-state Service EBITDA margins in a similar range of 16-18% in the PTL business in the next 24 months.

6. How do you expect the Supply Chain Services division to perform in FY26?

   We have four key focus areas for the SCS business for FY26: delivering consistent profitability, deepening our client pipeline, extending our e-commerce fulfillment capability and strengthening our WMS (warehouse management system), OMS (order management system) and TMS (transport management system) technology stack.

Service EBITDA profitability for SCS division has expanded in Q1FY26 to 7.2% through improved operations and re-negotiation of key contracts, including exits from select unprofitable sites. Individual profitable projects have Service EBITDA in the 5-20% range and all contracts are signed at minimum target IRRs of 18%.

We are pleased to report that our client pipeline has also deepened in Q1, with active conversations ongoing with existing and new enterprise clients across electricals, consumer goods, automotive, speciality chemicals and industrials sectors. We expect some of these opportunities to fructify in the latter half of FY26 as iterative solutioning and commercial design processes culminate. Our white-labelled "Prime" service (integrated multi-location, multi-tenant warehousing and express transportation), designed for D2C and SME e-commerce players and heavy/bulky marketplace sellers, continues to gain strong traction with 10+ new starts in Q1 and 80+ brands in the active pipeline.

Given the large size, seasonality and relatively long sales cycle in the case of each individual contract, this business will continue to exhibit a non-linear growth profile. We expect to reach 1,800-2000 Cr in revenues in this business with 12%+ Service EBITDA profitability and RoCE of 20%+ in the next 3 years.

7. How do you see the Full Truckload opportunity evolving in FY26 and beyond?

   Over 90% of India's freight is moved as full truckload (FTL) freight. Orion, our FTL platform, enables shippers to connect with small and mid-sized fleet operators, brokers and transporters across a range of truck sizes. Fleet operators, brokers and transporters can also access Delhivery's own demand from our Transportation network and fulfillment centers (as part of our Supply Chain Services division). Our FTL business operates on all key demand lanes across India and has been instrumental in reducing Delhivery's own spot procurement costs (accounting for ~10% of total line-haul) as well as providing comprehensive end-to-end solutions to clients of our SCS division. Including our own internal freight demand, we today transact Rs. ~110 Cr of trucking through Orion on a monthly basis with brokerage margins of ~5%.

   In FY26 we plan to develop multiple revenue streams through value added services for truckers in the form of fuel discounts, working capital financing, asset financing and on-road assistance along with automated load matching for spot demand (via Orion platform and Axle application) and via TransportOne for enterprise customers.

8. How do you see the Cross Border opportunity evolving in FY26 and beyond?

   We provide Cross Border express parcel export and import services through our global partnerships with FedEx and Aramex. We will be launching our economy parcel product in Q3 and expanding our partnerships to include more global networks, with these multiple shipping products available to e-commerce and SME shippers via Delhivery One. Our Cross Border freight (Air and LCL) are nascent offerings, preparing to capitalize on India's potential to be an export powerhouse in the future. While the express product is an important part of our overall e-Commerce suite, Cross Border freight is expected to remain a small business in FY26.

9. How are the two new services (Rapid-commerce and Delhivery Direct) scaling up? What are the likely investments required in these businesses?

   Rapid is a network of 20 operational dark stores in 3 cities, providing shared infrastructure for inventory storage and sub 1-3 hour fulfillment timelines for direct-to-consumer brands. This service will be expanded to 3 more cities and 35-40 dark stores by Q4FY26, in line with client demand. We expect this to remain a relatively niche product within our overall Express portfolio, potentially contributing Rs.80-100 Cr in revenues with time. More importantly, this base network of dark stores and in-city delivery will allow us to build Rapid B2B fulfillment for time-sensitive categories such as automotive spare parts, electronics spares, tyres, critical industrial components, lubricants, specialty chemicals and certain FMCG products.

Delhivery Direct is our consumer application for on-demand inter-city pickup and delivery that has now been extended to include on-demand intra-city pickup and delivery as well. The service has been launched in Ahmedabad, Delhi NCR and Bangalore as of June. Independent third party reports suggest that the on-demand intra-city logistics market has a potential size of ~$10B+, representing a sizable future opportunity for us.

We will continue to invest capital in Rapid and Delhivery Direct in FY26, as both businesses are at nascent stages. Our current investment level stands at ~Rs. 14 Cr in Q1FY26 P&L. These investments will widen, especially in the case of Delhivery Direct, as the service is expanded pan India, and will require us to build up fleet capacity along with having to make investments in demand generation. There are no material balance sheet investments (capex/working capital) required for either of these businesses.

10. Corporate overheads have been flat for nearly 2 years. How do you expect this to trend in FY26?

We expect only a moderate increase in our corporate costs going forward. Employee benefits are the major component of corporate overheads and are expected to rise broadly in line with inflation at ~7% annually. We do not anticipate significant increases in corporate headcount in the medium term. Technology and G&A expenses are also expected to increase only in line with inflation. Marketing budgets will be expanded as we invest to build brand recognition and demand generation, mainly for PTL and Delhivery Direct.

Overall, corporate overheads have reduced from 11.4% of revenue in FY23 to 9.4% in FY25 and 9.1% in Q1FY26. We expect further reduction by 0.5-0.7% annually, with costs stabilizing at 6-7% of revenue in steady state.

11. When will the Ecom Express acquisition's integration costs hit your P&L and for how long?

We completed the acquisition of Ecom Express on July 18th, 2025. Financials are being consolidated from the date of the closing of the acquisition. Therefore, Q1 FY26 financial statements do not reflect any impact of the integration.

As we have stated previously, integration costs would comprise costs at Ecom Express Ltd that would need to be incurred temporarily as we rationalize the network footprint and overhead costs. We expect that almost all of these costs would be concentrated in a 6 month period from the date of completion of the acquisition. Our overall revenue retention from the acquisition is currently trending ahead of plan and we remain confident that integration costs will not exceed the Rs.300 Cr estimate provided at the time of the initial announcement of the acquisition.

12. What is the Capex outlook for FY26?

Our capital investments are directed at acquiring strategic assets in the form of automation equipment, high-capacity trucking and building integrated mega-gateways. Network capex peaked in the FY22-FY25 period as we expanded our trucking fleet from 299 TTs at the end of FY21 to 1,741 at the end of FY25 and built three large mega-gateways at Tauru, Bhiwandi and Hoskote. With these significant investments largely completed and the share of high-capacity trucking close to our target, our capex intensity has reduced sharply from 6.8% of revenue in FY22 to 5.2% in FY25. In addition, our acquisition of Ecom Express has provided us access to automation equipment and high-quality infrastructure that will further reduce our capital intensity going forward. We expect steady-state capex to be at ~4% of revenue by FY28.

It is important to note that higher than anticipated growth, especially in PTL and SCS, would result in larger capex. Similarly, a decision to own any of the assets that are currently leased could lead to a higher capex, but would also increase operating margins. We continue to make Capex decisions therefore in conjunction with overall growth and returns expectations.

13. Net working capital days have reduced substantially, from 40+ days at the end of FY21 to ~20 days in FY25. How will this trend continue going forward?
    We have driven substantial reduction in net working capital through client selection, tighter credit controls, automation of billing processes and faster claims resolution. We expect these factors to continue to benefit us and drive a further 8-10% improvement in our working capital metrics over the next 3 years.

14. How will the cash on the balance sheet be deployed in future?
    We will continue to deploy capital towards growth opportunities in the form of (i) network and fleet expansion (ii) acquisitions that enable us to build new capabilities, drive meaningful industry consolidation or offer adjacent services that enhance our overall service portfolio for our clients. We also continue to evaluate ownership of our network assets through rigorous buy v/s lease analyses.

Warm regards,
Delhivery Ltd.

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Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company without necessary diligence and relying on their own examination of Delhivery Limited along with the equity investment risk which doesn't guarantee capital protection.