

Issue highlights

- Delhivery Limited ("Delhivery") was incorporated on June 22, 2011. Delhivery is the largest and fastest growing fully-integrated logistics services player in India by revenue as of Fiscal 2021.
- Delhivery provided supply chain solutions to a diverse base of 23,113 Active Customers such as e-commerce marketplaces, direct-to-consumer e-tailers and enterprises and SMEs across several verticals.
- Their in-house logistics technology stack is built to meet the dynamic needs of modern supply chains. They have over 80 applications through which they provide various services.
- Delhivery collect, structure, store and process vast amounts of transaction and environmental data to guide real-time operational decision making.
- Delhivery operated 21 fully and semi-automated sortation centres and 82 gateways across India (excluding Spoton) as of December 31, 2021.
- They had a Rated Automated Sort Capacity of 3.70 million shipments per day as of December 31, 2021.
- Delhivery operates a pan-India network and provide their services in 17,488 postal index number ("PIN") codes, as of December 31, 2021.
- Company's approach is to invest in critical service elements and IP-sensitive areas of the network, while delivering services through a large number of network partners.
- Company's express parcel delivery network, which serviced 17,488 PIN codes in the 9 months ended December 31, 2021, covering 90.61% of the 19,300 PIN codes in India.
- In PTL Freight Service, in Fiscal 2021, they delivered 373,854 tonnes of freight, growing at a CAGR of 75% between Fiscal 2019 and Fiscal 2021.
- Delhivery acquired **Spoton** in August 2021 to further scale their PTL freight services business. Spoton delivered 758,730 tonnes of freight in Fiscal 2021 and had a network presence across 13,087 PIN codes with 2.85 msf of infrastructure as of December 31, 2021. Together with Spoton, they had over 7,900 Active Customers in the 9 months ended December 31, 2021 across industries.

Brief Financial Details*

(₹ In Cr)

	As at Dec' 31,		As at Mar' 31,		
	2021(09)	2020(09)	2021(12)	2020(12)	2019(12)
Equity Share Capital	21.67	1.62	1.63	0.98	0.96
Instruments entirely equity in nature	42.50	35.40	35.40	39.17	39.17
Reserves	5,915.68	2,877.81	2,799.77	3,130.26	3,348.15
Net worth as stated	5,979.85	2,914.84	2,836.80	3,170.41	3,388.28
Revenue from Contracts	4,810.53	2,643.87	3,646.53	2,780.58	1,653.90
Revenue Growth (%)	81.95%	-	31.14%	68.12%	-
EBITDA	(231.79)	(89.00)	(100.38)	(172.05)	(137.07)
Adj. EBITDA	(34.80)	(213.07)	(253.28)	(253.19)	(187.64)
Loss before Tax	(898.75)	(297.49)	(415.74)	(268.80)	(1,783.30)
Net Loss for the period	(891.14)	(297.49)	(415.74)	(268.93)	(1,783.30)
Net Asset Value (₹)	93.19	56.44	54.79	61.51	65.94

Source: RHP *Restated Summary Consolidated

Issue Details

Issue of Equity Shares aggregating up to of ₹ 5,235 Cr

(Fresh Issue of Equity Shares aggregating up to ₹ 4,000 Crore and Offer for sale of Equity Shares aggregating up to ₹ 1,235 Crore)

Issue size: ₹ 5,235 Cr

No. of shares: 113,336,452 – 107,517,088

Face value: ₹ 1/-

Employee Reservation: Equity Shares aggregating up to ₹ 20 Cr

Price band: ₹ 462 – 487

Bid Lot: 30 Shares and in multiple thereof

Employee Discount: ₹ 25/- Per Share

Post Issue Implied Market Cap:

₹ 33,678 – 35,284 Cr

BRLMs: Kotak Mahindra Capital, Morgan Stanley, BofA Securities, Citigroup Global
Registrar: Link Intime India Pvt Ltd

Issue opens on: Wednesday, 13th May'2022

Issue closes on: Friday, 15th May'2022

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	19-05-2022
Refunds/Unblocking ASBA Fund	20-05-2022
Credit of equity shares to DP A/c	23-05-2022
Trading commences	24-05-2022

Issue break-up

	No. of Shares		₹ In Cr	% of Issue
	@Lower	@Upper		
QIB	84,659,091	80,313,142	3,199.25	75%
NIB	16,931,818	16,062,628	782.25	15%
RET	11,287,878	10,708,418	521.50	10%
EMP	457,665	432,900	20.00	-
Total	113,336,452	107,517,088	5,235.00	100%

Listing : BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
642,365,827	728,964,835	724,518,329

~Lower price Band ^Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Groups	0.00%	0.00%
Public – Selling Shareholders	39.80%	31.79%
Public - Others	60.20%	68.21%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was originally incorporated as “SSN Logistics Private Limited”, on June 22, 2011. The company is a professionally managed company and does not have an identifiable promoter in terms of SEBI ICDR Regulations and the Companies Act. Consequently, there are no members forming part of the ‘promoter group’ in terms of the SEBI ICDR Regulations.

Brief Biographies of Directors

Deepak Kapoor is the Chairman and Non-Executive Independent Director of the company. He was previously associated with PricewaterhouseCoopers Pvt Ltd as Chairman and Chief Executive Officer.

Sahil Barua is the Managing Director and Chief Executive Officer of the company. He has previously been associated with Bain & Company India Pvt Ltd as Consultant.

Sandeep Kumar Barasia is the Executive Director and Chief Business Officer of the company. He was previously associated with Bain & Company India Pvt Ltd as a Vice-President (Partner).

Kapil Bharati is the Executive Director and Chief Technology Officer of the company. He has previously served as Founder and Chief Technology Officer at Athena Information Solutions Pvt Ltd and as Senior Manager Technology at Sapient and Publicis Sapient.

Donald Francis Colleran is the Non-Executive Nominee Director of the company as a nominee of FedEx. He presently holds the position of President & CEO of FedEx Express.

Munish Ravinder Varma is the Non-Executive Nominee Director of the company as a nominee of SVF Doorbell (Cayman) Ltd. He currently serves as Managing Partner at SoftBank Investment Advisers.

Suvir Suren Sujan is the Non-Executive Nominee Director of the company as a nominee of Nexus Ventures III Ltd. and Nexus Opportunity Fund Ltd. He was previously associated with the Boston Consulting Group as Consultant and with Baazee.com India Pvt Ltd as its Co-CEO and Director.

Kalpana Jaisingh Morparia is the Non-Executive Independent Director of the company. She was previously associated with J.P. Morgan India Pvt Ltd as Managing Director and with ICICI Bank Ltd as Joint Managing Director.

Romesh Sobti is the Non-Executive Independent Director of the company. He was previously associated with IndusInd Bank Ltd as Managing Director and Chief Executive Officer.

Saugata Gupta is the Non-Executive Independent Director of the company. He is the Managing Director and Chief Executive Officer of Marico Ltd.

Srivatsan Rajan is the Non-Executive Independent Director of the company. He was previously associated with NIIT Ltd as Consultant and with Digital Equipment (India) Ltd, a subsidiary of Digital Equipment Corporation, USA, as Business Development Manager. He was last associated with Bain & Company, Inc.

Key Managerial Personnel

Ajith Pai Mangalore is the Chief Operating Officer of the company. He has been associated with the company since April 6, 2013.

Amit Agarwal is the Chief Financial Officer of the company. He has been associated with the company since August 4, 2012.

Pooja Gupta is the Chief People Officer of the company. She has been associated with the company since April 1, 2021.

Sunil Kumar Bansal is the Vice President - Corporate Affairs, Company Secretary and Compliance Officer of the company. He has been associated with the company since August 23, 2021.

Suraj Saharan is the Head of New Ventures of the company. He has been associated with the company since December 20, 2011.

Abhik Mitra is the Managing Director and Chief Executive Officer of the Material Subsidiary. He has been associated with company’s Material Subsidiary since April 1, 2012.

OBJECTS OF THE ISSUE

Objects	Amount
Funding organic growth initiatives	2,000.00
Funding inorganic growth through acquisitions and other strategic initiatives	1,000.00
General Corporate Purposes	[•]
Total	[•]

(₹ In Cr)

SHAREHOLDING PATTERN:

Shareholder	Pre-offer		Approx.No. of Shares offered*	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Total - Promoter & Promoter Group	0.00	0.00%	-	0	0.00
- Public – Selling Shareholders	255,661,300	39.80%	25,364,586	230,296,714	31.79%
- Public - Other	386,704,527	60.20%	-	494,221,615	68.21%
Total - Public	642,365,827	100.00%	25,364,586	724,518,329	100.00%
Total Equity Share Capital	642,365,827	100.00%	25,364,586	724,518,329	100.00%

*Based on shares issued/offered at upper price band

BUSINESS OVERVIEW

Delhivery Limited (“Delhivery”) aims to build the operating system for commerce: Their business is guided by 3 operating principles:

- **People-centricity:** Their infrastructure, network and technology enable them to solve supply-chain problems that affect millions of people every day.
- **Growth through partnership:** Systemic change requires cooperation and collaboration. Their infrastructure and technology capabilities are designed to be accessible to their partners in India and around the world.
- **Efficiency, always:** Saving money for their customers allows them to do more with what they have. They strive relentlessly for efficiency and for new ways to reduce costs throughout the supply chain.

Delhivery is the largest and fastest growing fully-integrated logistics services player in India by revenue as of Fiscal 2021. They have achieved significant scale and growth, as demonstrated by the below metrics:

₹36.47 Bn Revenue from operations ⁽¹⁾	48.49% Revenue CAGR ⁽²⁾	17,488 Pin-codes covered ⁽³⁾
1.2 Bn+ Express parcels shipped ⁽⁴⁾	22% E-commerce parcel market share ⁽⁵⁾	11,000+ Network Partners ⁽³⁾
14.27 Mn Sq. Ft. Logistics Infrastructure ⁽³⁾	1.1 Mn+Tons PTL freight shipped ⁽⁷⁾	160 K+ Truck load trips completed ⁽⁶⁾
23,113 Active Customers ⁽³⁾	86,000+ Team size ^(3,8)	80+ Technology applications ⁽³⁾

1. For Fiscal 2021.

2. For the period from Fiscal 2019 to Fiscal 2021.

3. As of December 31, 2021.

4. Since inception.

5. Market share of the overall e-commerce volume (including captive players) in the 3rd quarter of Fiscal 2022, as per the RedSeer Report, which has been exclusively commissioned and paid for by the company in connection with the Offer.

6. For Fiscal 2019, Fiscal 2020, Fiscal 2021 and the 9 months ended December 31, 2021, excluding internal demand for line haul trucks deployed within company's network for purposes of the service offerings.

7. For Fiscal 2019, Fiscal 2020, Fiscal 2021 and the 9 months ended December 31, 2021

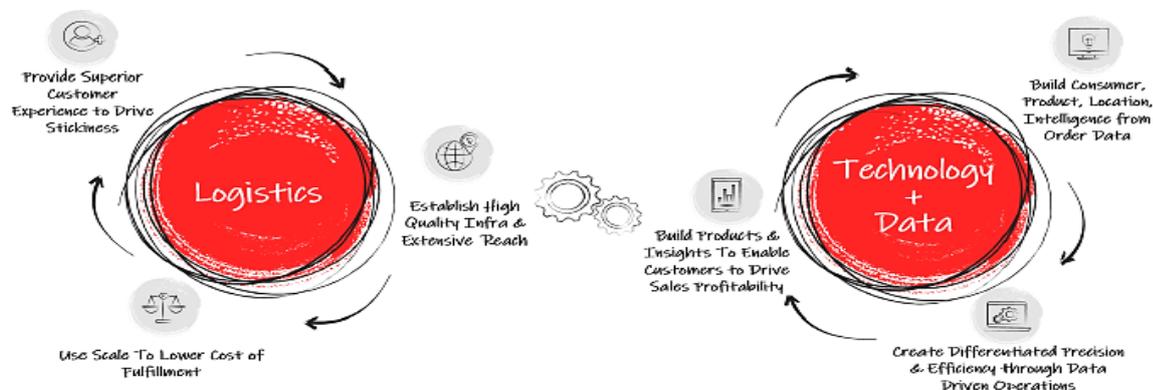
8. Includes permanent employees and contractual manpower (excluding daily wage manpower and security guards and Spoton) as of December 31, 2021, and last mile delivery agents in the month of December 2021.

Company's mission is to enable customers to operate flexible, reliable and resilient supply chains at the lowest costs.

Delhivery provided semi-automated sortation centres base of 23,113 Active Customers such as e-commerce marketplaces, direct-to-consumer e-tailers and enterprises and SMEs across several verticals such as FMCG, consumer durables, consumer electronics, lifestyle, retail, automotive and manufacturing, in the 9 months ended December 31, 2021.

This is achieved through high-quality logistics infrastructure and network engineering, a vast network of domestic and global partners and significant investments in automation, all of which are orchestrated by their self-developed logistics operating system that is guided in real-time by deep sources of proprietary network and environmental data.

The intersecting flywheels that drive network synergies within and across the company services:



The key differentiators of their business are:

- Integrated solutions:** Delhivery provides a full range of logistics services, including express parcel delivery, heavy goods delivery, PTL freight, TL freight, warehousing, supply chain solutions, cross-border express and freight services and supply chain software, along with value added services such as ecommerce return services, payment collection and processing, installation and assembly services and fraud detection.
- Proprietary logistics operating system:** Their in-house logistics technology stack is built to meet the dynamic needs of modern supply chains. They have over 80 applications through which they provide various services, orchestrated by their platform to govern transaction flows from end to end. Their platform is designed as a set of foundational layers, libraries and APIs that form the building blocks for logistics applications and provides a configurable framework and tools to enable both internal and external developers to build custom applications.
- Data Intelligence:** Delhivery collect, structure, store and process vast amounts of transaction and environmental data to guide real-time operational decision making. Since their inception, they have collected participant, product, location and network data for over 1 billion orders along with over 30 billion shipment lifecycle events points. They have used machine learning extensively to build various capabilities, including intelligent geo-location, network design, route optimisation, load aggregation, ETA prediction, product identification and fraud detection, which enable them to execute operations in an efficient and precise manner.
- Automation:** Delhivery operated 21 fully and semi-automated sortation centres and 82 gateways across India (excluding Spoton) as of December 31, 2021. They had a Rated Automated Sort Capacity of 3.70 million shipments per day as of December 31, 2021. They have automated material handling systems at their gateways in Tauru (Haryana), Bhiwandi (Maharashtra) and Bengaluru (Karnataka). This automation, combined with system-directed floor operations, path expectation algorithms and machine-vision guided truck loading systems, together enable their facility staff to be more productive and reduce errors in their operations.
- Unified Infrastructure and Network:** Delhivery operates a pan-India network and provide their services in 17,488 postal index number ("PIN") codes, as of December 31, 2021. Their logistics platform, data intelligence and automation enable their network to be seamlessly interoperable and allow them to share infrastructure and operational capacity across business lines and set new service standards, such as providing e-commerce like turnaround times to traditional part-truckload shippers on several lanes.
- Asset-light operations:** Pursuant to the FedEx Asset Purchase Agreement which came into effect on December 5, 2021, ownership of 9 facilities aggregating 12,671 sq. ft. is in the process of being transferred from FedEx to

Delhivery. Company's approach is to invest in critical service elements and IP-sensitive areas of the network, while delivering services through a large number of network partners. Network partners with warehousing, freight (truckload or air) or first/last-mile capacity can sign up and find customers via their partner applications. Their systems function as managed marketplaces that match partner capacity with Delhivery internal and third-party client demand based on partners' service quality ratings and pricing. This approach has enabled them to quickly expand to geographically dispersed locations, optimize loads, improve their cost structure and maintain flexibility in handling seasonal variations and changes in client requirements while incurring minimal fixed costs and capital expenditures.

- **Entrepreneurial team:** Company's experienced team has driven service excellence and industry-first innovations that have enabled them to gain market leadership in a short span of time. Their team comes from diverse backgrounds in engineering, technology, operations, R&D and design from across industries such as technology, e-commerce, manufacturing, telecommunications, management consulting, financial services and the armed forces, among others.

REVENUE FROM OPERATIONS

Business Verticals	9 months period ended 31 Dec'				For the period ended March 31,					
	2021		2020		2021		2020		2019#	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Sale of services										
- Revenue from Express Parcel services	2,958.76	61.51%	1,883.04	71.22%	2,550.52	62.25%	1,928.86	69.37%	1,373.07	83.02%
- Revenue from Part Truck Load services	863.96	17.96%	277.01	10.48%	384.16	11.48%	230.65	8.30%	140.22	8.48%
- Revenue from Truck Load services	185.33	3.85%	132.74	5.02%	214.13	6.40%	365.93	13.16%	-	-
- Revenue from Supply chain services #	350.59	7.29%	270.20	10.22%	390.06	11.66%	214.92	7.73%	132.01	7.98%
- Revenue from Cross Border services	263.79	5.48%	71.96	2.72%	96.36	2.88%	34.43	1.24%	8.59	0.52%
- Others	0.62	0.01%	0.10	0.00%	0.21	0.01%	0.03	0.00%	-	-
Sale of goods										
- Revenue from sale of traded goods	187.47	3.90%	8.81	0.33%	11.09	0.33%	5.75	0.21%	-	-
Total	4,810.53	100.00%	2,643.87	100.00%	3,646.53	100.00%	2,780.58	100.00%	1,653.90	100.00%

Revenue from supply chain services includes revenue from warehousing services and revenue from end-to-end services.

KEY FINANCIAL AND OPERATIONAL PERFORMANCE:

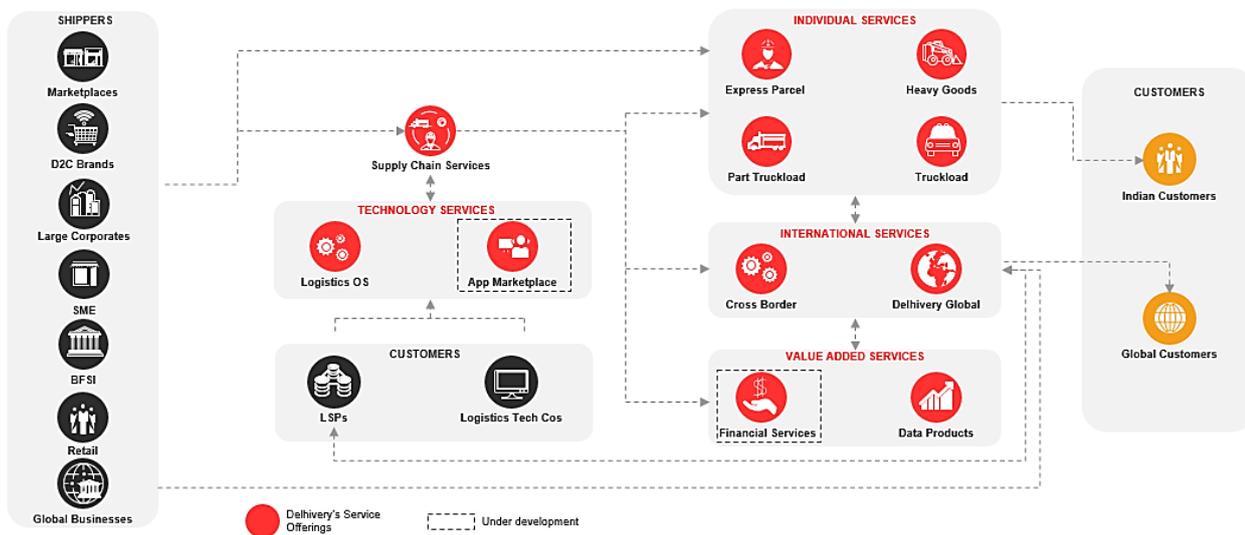
	As of and for the 9 months ended Dec' 31,	As of the end of and for Fiscal Year Ended March 31,		
	2021	2021	2020	2019
PIN code reach	17,488	16,677	15,875	13,485
Infrastructure (in million square feet)	14.2	12.23	9.85	5.96
No. of gateways	82	88	83	73
Rated Automated Sort Capacity (in million parcels/day)	3.70	2.62	2.26	1.58
Number of delivery points	3,836	3,382	2,973	2,258
Team size	86,184	53,086	40,416	28,830
No. of Active Customers	23,113	16,741	7,957	4,867
Revenue from contracts with customers (₹ Cr)	4,810.53	3,646.53	2,780.58	1,653.90
Restated loss for the period/ year (₹ Cr)	(891.14)	(415.74)	(268.93)	(1,783.30)
Adjusted EBITDA (₹ Cr)	(34.80)	(253.28)	(253.19)	(187.64)

The company has acquired Spoton, an express PTL freight service provider in India, in August 2021.

The snapshot of Spoton's key operational performance indicators:

	As of and for the 9 months ended Dec' 31,	As of the end of and for Fiscal
	2021	2021
PIN code reach	13,087	12,764
Infrastructure (in million square feet)	2.85	2.62
No. of gateways	40	38
Number of service centres, including partner operated locations	343	320
Team Size	2,092	1,991
No. of Active Customers	5,541	5,234

COMPANY BUSINESS



- **Express Parcel**

Delhivery is the largest and fastest growing 3PL express parcel (and heavy parcel) delivery player in India. They have delivered more than 1.2 billion shipments since incorporation. In the 9 months ended December 31, 2021, they delivered 40.65 crore shipments. Company's express parcel delivery network, which serviced 17,488 PIN codes in the 9 months ended December 31, 2021, covering 90.61% of the 19,300 PIN codes in India.

They launched their heavy goods service in 2016, comprising the warehousing and delivery of heavy goods, such as large electronic goods, or white goods, furniture and sports equipment. This service leverages their existing warehousing capabilities. Their shipment volume has grown by more than 6 times from 0.85 million shipments in Fiscal 2019 to 5.26 million shipments in Fiscal 2021 on an annual basis. In May 2021, they also launched installation and assembly services for consumer durables and furniture. For the 9 months period ended December 31, 2021, 264 e-commerce, enterprise and D2C Active Customers used their heavy goods services. They have also launched **Delhivery Direct**, their C2C shipping service in June 2021, which enables individual consumers to ship parcels from their homes.

- **PTL Freight**

Delhivery launched PTL freight services focused on the B2B express segment in 2016 after achieving significant scale in their express parcel network and establishing a full-fledged surface line-haul network to service its volume. In Fiscal 2021, they delivered 373,854 tonnes of freight, growing at a CAGR of 75% between Fiscal 2019 and Fiscal 2021.

Delhivery acquired **Spoton** in August 2021 to further scale their PTL freight services business. Spoton delivered 758,730 tonnes and 683,999 tonnes of freight in Fiscal 2021 and the 9 months period ended December 31, 2021, respectively, and had a network presence across 13,087 PIN codes with 2.85 msf of infrastructure as of December 31, 2021. Together with Spoton, they had over 7,900 Active Customers in the 9 months ended December 31, 2021 across industries such as consumer durables, auto, lifestyle, fashion, e-commerce, FMCG and retail.

- **TL Freight**

Company's truckload freight brokerage platform, "**Orion**", connects shippers with fleet-owners and suppliers of truckload capacity across the country via a centralized bidding and matching engine.

The Orion platform allows shippers and company's team to post their spot and long-term truckload freight requirements. Registered agents and fleet owners can then bid for these jobs via their in-house application, "**Axle**". Subsequently, loads are matched to capacity based on price and service quality. All operational and financial processes including job creation, bidding, matching, real-time tracking, document management and financial transactions are managed in real-time on the Orion platform.

In January 2020, Delhivery acquired **Roadpiper Technologies Pvt Ltd**, a digital freight broker with fleet owner, load-matching and pricing applications. This has strengthened their capability to engage with suppliers of truckload capacity.

As of Fiscal 2021, they had 449 Active Customers and over 1,850 transportation partners. Since the inception of the platform, more than 75,000 trucks have been registered on the Orion platform and have completed more than 160,000 third-party truck placements, as of December 31, 2021

- **Supply Chain Services**

Delhivery provides integrated supply chain solutions to e-commerce and corporate customers. Their supply chain solutions combine the strength of their warehousing and transportation operations, infrastructure, network and technology with deep data-science and business intelligence capabilities. This enables them to provide comprehensive and integrated multi-channel order fulfilment solutions.

Their warehousing solutions comprise warehouse management, in-warehouse processing and order fulfilment services that enable customers to optimize inventory management and delivery timelines. Their E2E solutions use system-directed operations to help optimize inventory management, transportation selection, delivery timelines and overall costs. This is driven by their self-developed WMS system “*Godam*”, which supports multi-tenant, multi-channel operations.

Delhivery acquired **Primaseller Inc.** in February 2021 to enable D2C e-commerce brands and omnichannel retailers to integrate their online and offline channels with company’s logistics network. This allows the company to provide a reliable order-to-delivery promise to end consumers. As of December 31, 2021, Delhivery operated over 6.08 msf of warehousing infrastructure across 81 warehouses, compared to 0.59 msf across 15 warehouses in 2016. In the 9 months ended December 31, 2021, 77 Active Customers used their chain services solutions.

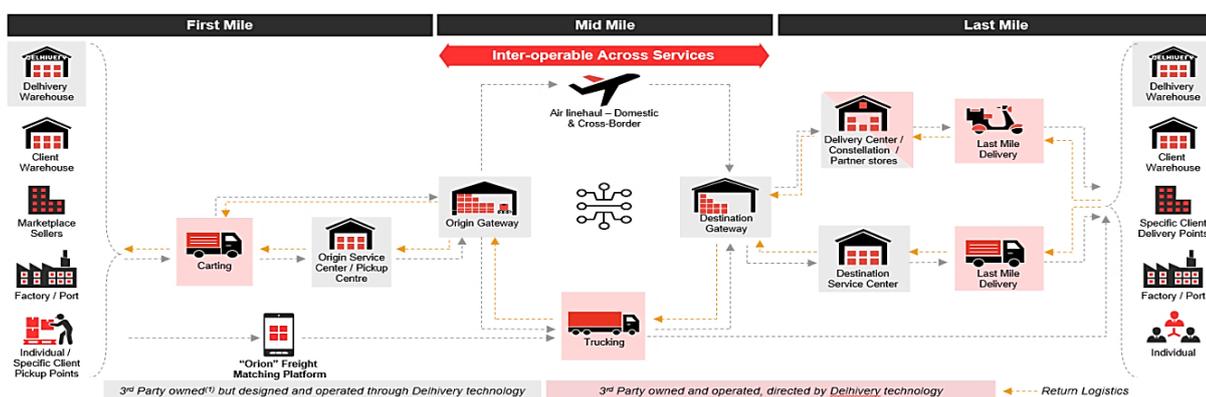
- **Cross-Border Services**

Delhivery began providing door-to-door and port-to-port express parcel services to and from India in 2018 to meet the rising demand for cross-border e-commerce and expanded this offering to include cross-border air-cargo services in late 2019. Their cross-border operations are powered by their global shipping service, “*Starfleet*”, where they follow a “*string of pearls*” strategy, integrating global networks and airlines on the same platform, providing a single window visibility into express and freight global shipping to shippers. “*Starfleet*” also provides international air cargo services through a mix of charter and block space agreements through partnerships with major airlines on certain trade corridors of India, such as the US, Europe and China.

Delhivery has established a reciprocal alliance with **Aramex** and are in the process of establishing a strategic alliance with **FedEx**, both of whom are global express leaders, for customs clearance, pickup and delivery services. Their cross-border service is accessible to all of their existing customers and also via their retail sales network of over 170 retail points. In Fiscal 2021 they had 407 Active Customers availing their cross-border shipping services, transacting over 2,050 tonnes of air freight.

NETWORK

Delhivery has built a nation-wide network with presence in every state, servicing 17,488 PIN codes during the 9 months ended December 31, 2021, or 90.61% of the 19,300 PIN codes in India as of December 31, 2021 (per India Post). Their network infrastructure includes 122 gateways, 21 automated sort centres, 93 fulfilment centres, 35 collection points, 31 returns processing centres, 244 service centres, 132 intermediate processing centres and 2,521 direct delivery centres as of December 31, 2021, including Spoton’s 40 gateways and 138 service centres. Their self-delivery network is augmented by 1,209 partner locations that expand their reach, provide critical flexible capacity and redundancy and Spoton’s service centres are augmented by 205 additional locations operated by business associates.



1. Except automation and IT, which is owned by Delhivery

Gateways, which are large logistics facilities that form the core of their network, perform pickup, sortation, consolidation and deconsolidation, dispatch and customs clearance operations. As of December 31, 2021, 21 of their **gateways** were equipped with 25 automated parcel sorters having a Rated Automated Sort Capacity of 3.70 million shipments per day. Four of their largest gateways had automated material handling systems to increase operational throughput and improve quality of handling. These automated material handling systems provide throughput ranging from 3,000 to 32,000 shipments per hour.

As of December 31, 2021, Delhivery operated 93 **fulfilment centres** with an aggregate floor area of 6.25 msf, including 12 fulfilment centres of Spoton with an aggregate floor area of 0.17 msf.

They operated 132 **intermediate processing centers**, as of December 31, 2021, to receive consolidated loads from gateways for a set of delivery centers mapped to them.

As of December 31, 2021, Delhivery operated 3,730 **delivery centres** and 244 **service centres**, including 138 service centres belonging to Spoton. Spoton's service centres are augmented by 205 additional locations operated by business associates. 2,521 of their delivery centres are self-operated while 1,209 are operated by partners through their "Constellation" program.

Delhivery operates 31 dedicated facilities to process e-commerce sale returns to customer warehouses as of December 31, 2021.

COMPETITIVE STRENGTHS

- **Rapid growth, extensive scale and improvement in unit economics**

Delhivery is the largest integrated and fastest growing fully integrated logistics services player in India by revenue as of Fiscal 2021. Their revenue from contracts with customers has grown from ₹1,653.90 crore in Fiscal 2019 to ₹3,646.53 crore in Fiscal 2021, or a CAGR of 48.49%. Further the revenue from contracts with customers has improved from ₹2,643.87 crore for the 9 months period ended December 31, 2020 to ₹4810.53 crore for the 9 months period ended December 31, 2021, or an increase of 81.95%.

For the 9 months period ended December 31, 2021, excluding Spoton, they fulfilled over 40.65 crore express parcel orders, carried 438,795 tonnes of PTL freight, processed 3.58 crore orders through their fulfilment centers and completed more than 30,000 truckload movements. In August 2021, Delhivery acquired **Spoton** which delivered 758,730 tonnes and 683,999 tonnes of PTL freight in Fiscal 2021 and the 9 months period ended December 31, 2021, respectively.

Company's network structure, quality of engineering and technology and data intelligence capabilities has helped them establish scale in all of their business lines and ensure synergies across them. This has driven higher network utilization, resulting in cost efficiencies, while maintaining service speed and reliability.

- **The proprietary logistics operating system**

Company's team of 505 engineering, data sciences and product professionals, as on December 31, 2021, has built proprietary technology systems that enable them to offer integrated logistics services to a wide variety of customers. Their technology stack consists of more than 80 applications that encompass all supply chain processes including order management, warehouse management, transportation management, financial transactions such as billing and remittance, tracking and supply chain analytics, and that integrate with their customers' systems.

Their robust, scalable and service-agnostic architecture enables them to:

- Configure new workflows, define rules and business logic in applications, facilitating rapid launch of new service offerings (e.g., repurposing e-commerce parcel applications to support BFSI).
- Support interoperability with any physical or software services in a plug-and-play manner (e.g., easily on-board any sortation systems, handheld devices or new hardware, independent of underlying firmware).
- Enable partners like franchisees, retail partners and delivery agents to on-board their physical assets and resources on their platform, allowing them to seamlessly scale network capacity up or down.
- Drive cross-utilisation of resources and assets across business lines to improve service quality and reduce costs (e.g., sharing mid-mile operations between their parcel and PTL freight operations).
- Launch and scale complex, integrated products like Fulfilled by Delhivery (FBD) - an E2E fast- fulfilment offering targeted at D2C e-commerce companies and brands.
- Collect and analyse data from all their applications, allowing them to build visibility tools and provide near realtime data decision support systems to their operational teams.
- Make operations precise with real time tracking and more efficient with data insights on operations.

- ***Vast data intelligence capabilities***

Delhivery collect, store, process, structure and analyse vast quantities of transaction data such as location data, product information, shipper and consignee information, data from operational facilities, activities and devices, performance data for their field teams, data on traffic and weather from several internal and environmental sources. As they have expanded operations and business lines, they have grown access to new sources of data and, simultaneously, their ability to draw insights from these data. This is one of their most valuable assets.

They use machine learning, artificial intelligence and operations research to build institutional intelligence, automation and dynamic optimization capabilities that enable them to solve several complex operational problems, some of which are described below.

- Expected path algorithms dynamically modify shipment routes to maximize trip utilization while simultaneously ensuring prioritized loading of shipments vulnerable to service breaches.
- Network simulation tools enable forecasting of service and cost impact of changes due to new network routes or changes in capacities of existing routes.
- The automated network planner constantly alerts their network and operations teams to alter the network structure in response to changing demand patterns.
- They are able to forecast delays and expected loads across their network, allowing their control tower teams to deploy service recovery interventions.
- Location intelligence has allowed them to bypass unstructured addresses and unpredictable travel/service times.
- They identify potential fraud and high-risk orders based on shipper and consignee information collected on over a billion delivered orders.
- Product intelligence tools enable them to identify items like air-restricted or HAZMAT goods, select appropriate delivery vehicles and reduce revenue loss through weight and volume predictions.
- They use machine-vision to provide inputs to their gateway teams to improve the quality of loading of trucks and overall truck utilization levels.

In 2020, these capabilities enabled them to activate over 8,300 PIN codes within 10 days of the nation-wide COVID-19 lockdown and re-establish operations across their network by enabling them to identify essential goods and containment zones from unstructured lists published by local, state and national authorities.

- ***The network design and engineering***

Company's network operates as a dense, dynamic mesh, making it efficient, fast and agile in responding to changes in volumes, shipment profiles and environmental conditions. The mesh structure allows them to reduce overall touch-points in the journey of shipments through the network, reducing handling and improving precision, while also allowing them to utilize multiple feasible trans-shipment paths in periods of volatility. Delhivery has designed and developed in-house capabilities in hardware design, automation and integration for shipment sortation, box/bag sortation, and weighing and dimensioning. These automated systems are fully integrated with their logistics operating system, thereby reducing human intervention.

- ***The integrated portfolio of logistics services***

Company's aim is to meet their customers' requirements for overall, rather than mono-line, supply chain reliability and efficiency. They provide a full-range of logistics services, including express parcel delivery, heavy goods delivery, PTL freight, TL freight, warehousing, supply chain solutions, cross border express and freight services and supply chain software, along with value added services such as e-commerce return services, payment collection and processing, installation and assembly services and fraud detection. In addition, the integrated approach allows them to exploit network and infrastructure synergies, reduces their dependence on any single business line and also reduces the effect of cyclicalities in their customers' businesses on their operations.

- ***Strong relationships with a diverse customer base***

Delhivery served a diverse base of 23,113 Active Customers across e-commerce, consumer durables, electronics, lifestyle, FMCG, industrial goods, automotives, healthcare and retail, in the 9 months ended December 31, 2021. As of December 31, 2021, this customer base included most of the key e-commerce players in India and over 750 D2C brands. In addition, Spoton offers PTL freight services to 5,533 Active Customers across industry verticals. Several of their customers use more than one of their service offerings, with over 58.13% of their revenue for the 9 months ended December 31, 2021 coming from customers who had used at least two of their services. In the first half of

Fiscal 2022, 64.97% of their revenues were from customers who have been transacting with them for over 3 years. Their customers have also steadily increased the volume of business they undertake with them over time.

- ***Extensive ecosystem of partners, enabling an asset-light business model and extended reach***

Delhivery has built an asset-light business model that has enabled them to scale up volumes rapidly, with lower fixed costs and greater flexibility. While they design, operate and control their most critical network nodes (fulfilment centre and gateways), partners play a significant role in all their other operations - pickup, mid-mile (trucking and air) and last-mile delivery. This enables them to maintain control over operational quality metrics and improve overall network performance.

Delhivery lease their network infrastructure and a majority of the vehicles operating in their network. As of December 31, 2021, excluding Spoton, they operated over 14.27 msf of leased infrastructure and partnered with over 11,000 vendors and network partners who provide pickup, delivery services and truckload capacity. Their network partners are supported by their technology systems, empowering them to grow their business by offering multiple Delhivery services in their catchment areas.

Their ability to develop mutually beneficial partnerships with large international players such as **Aramex** and strategic alliance with **FedEx**, has enabled them to further expand their reach outside India.

- ***Highly qualified, professional team***

Company's biggest competitive advantage is, ultimately, their experienced and entrepreneurial team. Their teams are composed of people from diverse backgrounds who bring perspective from industries like global logistics, technology services, financial services, management consulting, e-commerce, FMCG, telecommunications and armed forces. They have also invested significantly in training and upskilling front-line operations personnel via the Delhivery Academy.

KEY BUSINESS STRATEGIES

- ***Expand investments in infrastructure and network***

The company expects to build new integrated facilities and mega-gateways in major cities, further expand capacity at existing automated sort centers, commission new sorters at strategic locations and invest in portable automation to enhance capacity at collection and return centers and intermediate processing centers. They will also continue to expand their network of fulfilment centers and in-city microfulfilment centers to expand their "Fulfilled by Delhivery" and "Delhivery Flash" offerings to vertical e-commerce, D2C and brand customers.

- ***Continue to build scale in existing business lines***

Delhivery is in the process of integrating the Spoton and Delhivery infrastructure and technology systems, in order to enable them to deepen synergies between their part truckload and express parcel businesses, while also creating larger base volumes for their truckload freight exchange. This will allow them to further expand critical infrastructure nodes and further expand tractor-trailer operations and truck utilization across their network.

As these initiatives deliver cost savings, in keeping with their overall aim of reducing their customers' total supply chain spending, they will continue to pass on efficiency gains to their partners and customers, which in turn will help them increase share of wallet and volumes, leading to further cost savings.

- ***Deepen the customer relationships***

Delhivery will continue to expand wallet share with existing customers by designing customized and integrated supply chain solutions for their specific needs and industries and introducing practices from their experiences with other customers.

In addition, they intend to increase their penetration of new industries like healthcare, distribution, agriculture and commodities, among others. Acquisition of Spoton has further expanded their customer base. They will also intend to launch new services and capabilities such as traditional non-express PTL freight, domestic air-freight, intra-city distribution, and temperature-controlled logistics to expand their value proposition to existing and new customers.

- ***Enhance the technology (software and hardware) capabilities***

Delhivery is in the process of deploying automatic guided vehicles, automatic storage and retrieval systems and unmanned aerial vehicles for parcel sortation, material conveyance or last mile delivery, and customized “soft robotics” or “exoskeleton” products to reduce fatigue for workers engaged in repetitive, labour-intensive tasks such as loading and unloading. They have also begun to transition more of their cargo and two-wheeler fleet to electric vehicles. In addition, they are also testing UAV operations for specialized delivery use-cases and scaling up their capabilities in machine vision.

They will also continue to expand their collaboration with renowned research institutions to develop new hardware and systems, and also invest in growing their team of experienced professionals. They have set up technology development centres in Gurugram (Haryana), Hyderabad (Telangana), Goa and Bengaluru (Karnataka) and intend to add new centers in India, as well as in Europe, Middle East and Southeast Asia.

- **Externalise the logistics operating system**

Company’s logistics OS has enabled them to set up an interoperable and flexible network by establishing common standards for data governance and information exchange, and allowing multiple product teams to create generic, as well as custom/ purpose-built applications across their various business lines. The common standards and guidelines enabled by their OS drive efficiency within the Delhivery network and can also reduce high inefficiency costs across traditional siloed supply chain and logistics systems globally.

To this end, they intend to externalize their logistics operating system as a platform and as a SaaS offering by enabling other logistics service provider, logistics-tech companies, and enterprise and developer partners, in India and globally, by Providing configurable modules and applications as plug-and-play software ‘solutions’, serving a variety of supply-chain use cases; and Enabling company’s customers to build their own applications on top of the underlying OS layer.

- **Create new adjacent growth vectors**

Delhivery will continue to develop large, new growth adjacencies that enhance their interlocking flywheel strategy, leveraging on their operational scale, rapid growth, large ecosystem of engaged partners, network design, sophisticated technology systems and access to vast amounts of data. Additionally, they plan to offer value added services, such as highway assistance and routing and tracking software for fleet owners and suppliers of truckload capacity.

- **Expand into high-growth international markets similar to India**

Several emerging markets share operational and structural market challenges that are similar enough to India to benefit from their set of technology and network optimization tools. In Fiscal 2021, they successfully introduced part of their fulfilment and transportation technology stack in Bangladesh and Sri Lanka, in collaboration with local partners. They will continue to expand their presence in other such international markets selectively and through capital-efficient, partnership-driven models.

- **Pursue strategic alliances and select acquisition and investment opportunities**

The company will seek strategic alliances with global and domestic leaders in various segments of the logistics industry that bring synergies to their business. They will also continue to look for high-quality acquisition and investment opportunities within and outside India that are complementary to their business.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2021)

Name of the Company	Consolidated/ Standalone	Face Value	Total Income for FY 2020-21 (₹ Cr)	EPS (Diluted)	NAV	P/E	RoNW (%)
Delhivery Ltd	Restated	1	3,838.29	(8.05)	54.79	[•]	(14.66)%
Peer Group							
Blue Dart Express Ltd	Consolidated	10	3,292.36	42.91	249.48	150.37	17.08%
TCL Express Ltd	Consolidated	2	851.64	26.15	112.89	66.88	23.12%
Mahindra Logistics Ltd	Consolidated	10	3,281.19	4.16	79.65	119.39	5.05%

Source: RHP; P/E Ratio has been computed based on the closing market price of the equity shares on NSE on April 18, 2022.

AXIS CAPITAL LIMITED

Axis House, 1st Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.
Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

www.axiscapital.co.in

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