

# DELHIVERY

Date: July 26, 2022

**BSE Limited**  
Floor 25, P J Towers,  
Dalal Street,  
Mumbai – 400 001  
India

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

**Scrip Code: 543529**

**Symbol: DELHIVERY**

**Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding update on integration of Spoton Logistics Private Limited (a material subsidiary of the Company)**

Dear Sir/ Madam,

Pursuant to the provisions of the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you about proposed release of an update on integration of Spoton Logistics Pvt. Ltd. (a material subsidiary of the Company) with the Company, to the shareholders of the Company.

A copy of the same is enclosed herewith for your records.

The same shall also be made available on website of the Company at [www.delhivery.com](http://www.delhivery.com)

You are requested to take the same on records.

**Thanking you,**

**Yours sincerely,**

**For Delhivery Limited**

**Sunil Kumar Bansal**  
**Company Secretary & Compliance Officer**  
**Membership No: F4810**

**Place: Gurugram**

**Encl: As above**

## **Completion of Delhivery-Spoton integration: Largest logistics integration in the country**

### **Dear Shareholders,**

Delhivery acquired Spoton in August 2021 with the objective of strengthening our position in the Express Part Truckload market. Post integration of systems and organizations of the two companies, in April 2022, we commenced infrastructure, network and operations integration to fully combine into a single network. This communication is intended to provide an update on the status of the integration and the way forward.

### **Integration journey: A synopsis**

The overall integration process required assimilation of 2,000+ Spoton team members, 5,500+ customers, and an infrastructure of 2.5M sq ft across 350 operating facilities. Post-acquisition, the integration was split into three phases: Integration of clients and teams, Integration of systems (technology), and Integration of operations. Phase I and II were completed on schedule by March 2022. We commenced the final phase, full integration of infrastructure, network, and operations in Q1. Our decision to do this critical final phase in Q1 was based on cyclicity in our business (Q1 typically sees lower volumes than Q2-Q4) and in line with our annual capex cycle (we typically commission new infrastructure in Q2).

### **Integration Impact**

While our customer, team and technology integration phases were completed without issues, the operational integration phase took longer than expected to stabilize. This was due to higher than forecasted volumes creating bottlenecks at key gateways and loads in some capacity constrained locations impacting operations in Q1.

As a precaution, we had paused volume from a selection of key accounts and customers with specific business processes or freight with special requirements, until operational parameters were conclusively stabilized. Some customers also chose to reduce volumes through our network during this period and have begun re-activating volumes and trading up since June.

Operational service levels returned to pre-integration levels in June and have remained stable since, through June and July. Our original aim of returning to BAU volumes in early June has, however, taken longer than anticipated, as customer restarts have been phased. In this period we have chosen to retain higher operating capacities in terms of manpower and line-haul fleet during Q1FY23 to ensure stable service levels. These events have impacted PTL volumes and margins in Q1FY23 and will carry partly into Q2FY23. We expect the financial impact of integration to be a one-time cost contained to H1FY23.

### **Delhivery + Spoton: Synergy benefits**

The Spoton acquisition gives us operating scale in our integrated business and creates larger network effects, improving transit times in our mesh network and reducing the total cost of operations. It will also enable us to enter a new market segment, economy PTL, in FY23. We expect to derive significant synergies from greater utilization of our key assets - people, fleet

and infrastructure, and also expect to move to larger, more efficient fleet formats (tractor-trailer operations) and infrastructure (automated mega-facilities).

In addition, all of Spoton's customers now have access to the full range of Delhivery's services, including Express Parcel, Cross-border, Truckload Freight Services and Supply Chain & Warehousing Services, along with our proprietary technology platform, enhancing our ability to cross sell.

**Further Information**

We will provide further details during our Q1FY23 earnings call in August 2022.