Delhivery Limited
(formerly known as Delhivery Private Limited)
CIN: L63090DL2011PLC221234
Registered Office: N24-N34, S24-S34, Air Cargo Logistics Centre-II, Opposite Gate 6 Cargo Terminal, IGI Airport, New Delhi 110037
Corporate Office: Plot No.-5 Sector-44 Gurugram, Haryana 122002
Web: www.delhivery.com, Email: corporateaffairs@delhivery.com, Contact No.: +91 124 6225602

TRANSCRIPT OF 11th ANNUAL GENERAL MEETING DATED 29TH SEPTEMBER 2022 AT 11 A.M.

- **Moderator:**
- Dear Shareholders. Good morning. A warm welcome to all of you to the 11th Annual General Meeting of Delhivery Limited through video conferencing. For the smooth conduct of the meeting, the members will be in mute mode and audio video will be switched on only when members will speak at the AGM as per pre-registration. Please note that as per the requirements, the proceedings of the AGM will be recorded and summary of proceedings will be available on the website of the company.
- I will now hand over the proceedings to Mr Deepak Kapoor, Chairman and Non-Executive Independent Director of Delhivery Limited. Thank you. And over to you, sir.
- **Mr. Deepak Kapoor - Chairman and Non-Executive Director, Delhivery Limited:**
- Good morning to all of you. Dear shareholders, this is the first AGM after the listing of your company, which took place on 24th May, 2022. And I on behalf of my colleagues on the board, and everyone in the management team, extend a warm welcome to you at the 11th annual general meeting of your company. We thank you for your participation in the IPO and continuous confidence and faith reposed in Delhivery and its management. This meeting has been convened through virtual mode, in compliance with the applicable provisions of MCA and SEBI circulars issued from time to time in view of continued COVID restrictions. I sincerely hope that we will be able to have a face to face meeting next year as it will be a pleasure to interact with all of you.
- The company has provided facilities to its members to attend and vote at the meeting electronically through NSDL in compliance with applicable legal provisions, and has taken all the feasible steps in this regard. Since this AGM is being held through VCOAM, the facility for appointment of proxies by members is not applicable. The members who have not voted through remote e-voting between September 26th, 2022 to September 28th, 2022, and our members as on cut-off date, i.e. September 22

2022, are entitled to vote through e-voting facility during the meeting, and up to 15 minutes from the conclusion. I've been informed by the company secretary that the quorum is present. So, we can now begin the meeting. And before we move to business, I would like to introduce my colleagues on the board and the management.

- Mr. Sahil Barua, Managing Director and CEO attending from Gurugram office.
- Mr. Romesh Sobti, the Independent Director and Chairman of the Audit Committee attending from Ranikhet.
- Ms. Kalpana Jaisingh Morparia, Independent Director and Chairperson of the Nomination and Remuneration Committee, and CSR and Sustainability Committee attending from Mumbai.
- Mr. Srivatsan Rajan, Independent Director and Chairman of the Risk Committee, attending from San Francisco, USA.
- Mr. Saugata Gupta, Independent Director and Chairman of the Stakeholders Relationship Committee meeting from Mumbai.
- Ms. Aruna Sundararajan, Independent Director attending from Kochi.
- Mr. Suvir Suren Sujan, Non-Executive Director attending from San Francisco, USA.
- Mr. Sandeep Kumar Barasia, Executive Director and Chief Business Officer attending from Gurugram office.
- Mr. Kapil Bharati, Executive Director and Chief Technology Officer attending from Gurugram office.
- Mr. Donald Francis Colleran, Non-Executive Director has not been able to join the meeting due to personal emergency.
- Mr. Amit Agarwal, Chief Financial Officer attending from Gurugram office, and Mr. Sunil Bansal, Company Secretary and Compliance Officer attending from Gurugram office. Also attending this meeting are Mr. Rahul Bansal, representative of SR BatliboI & Associates, LLP, the statutory auditors and Mr. Prabhakar Kumar, partner of VAPN and Associates, secretarial auditors of the company.
- Members are informed that statutory registers and other required documents as stated in the notice of this AGM are available for inspection electronically by the members. The live streaming of the meeting is being webcast on the website of NSDL.
- I now invite Mr. Sahil Barua, Managing Director and CEO, to address the members and make presentation on the affairs of the company.
- **Mr. Sahil Barua - Managing Director and CEO, Delhivery Limited:**
- Thank you, Deepak and good morning to all of our shareholders. I'd like to begin by thanking you all for attending today's AGM, and for the trust and support that you've placed in Delhivery and its management team. I'll make a brief presentation about the operations, the market and the financials of the company for financial year ‘22. The fundamental idea behind Delhivery is to build the operating system for commerce in

India, which means we provide the logistics services, the infrastructure and the technology that allow buyers and sellers to transact with each other in the physical world. These buyers and sellers could be businesses, transacting with businesses, businesses transacting with consumers, or consumers transacting with consumers, both within India or to and from India to the rest of the world.

- In terms of the broad industry in India, India remains a highly anomalous market from a logistics standpoint. Globally, every large economy as it has matured, has produced large logistics companies. When you look at other countries like the US and China for example, as these economies have matured, large logistics players which are both large domestic players and global players like in the US, FedEx and UPS, or in Western Europe, for example, DHL and the erstwhile TNT, or multiple players in China have emerged. The Indian market for a variety of reasons related to both the absence of GST related to sustain under investment in infrastructure and technology has remained largely fragmented and serviced by a very large number of sub scale and small players. That said, the overall market for logistics in India is extremely large. The various segments that delivery services today add up or are expected to add up to close to $300 billion in logistics spend by 2026. The Express Parcel market, which is largely dominated by ecommerce is a $10 billion to $12 billion opportunity. There is a large Part Truckload freight market which includes both express or time sensitive part truckload freight as well as non-time sensitive part truckload freight, which is expected to grow to a $25 billion to $26 billion market by 2026. There's also a massive Truckload freight market of about $160 billion, a large Supply Chain Services market where enterprises seek warehousing, combined warehousing transportation and technology services and spent close to $100 billion and a large Cross-Border air market, which is Indian companies transacting with other economies or importing from other economies into India, which is about an $8 billion market. So the broad context within which delivery operates is a massive $300 billion market, which remains anomalously fragmented and service by a large number of sub-scale players and this is the fundamental problem that your company seeks to solve.

- In terms of the broad industry outlook, market conditions over the last financial year, as many of you are aware have remained challenging. Geopolitical conditions have continued to create uncertainty throughout this calendar year, as reflected, for example, in rising fuel costs.The underlying ecommerce market while it has demonstrated sort of sustained growth over the last decade or so, continues to be a volatile market where individual players and different business models continue to compete. And we continue to expect that individual players may see volatility and rising customer acquisition costs through the next year or so. Input cost inflation of course has continued to affect consumer sentiment. However, on the positive side logistics for businesses in India is a non-discretionary spend, and we expect demand for logistics to remain secularly strong.

- In line with inflationary conditions, we expect wage inflation to continue. And the demand for logistics as it has grown, especially with regulatory reform has so far in this market outstripped the supply of talent and as a consequence of this, we expect wage inflation to continue. And finally, over this year, as we've experienced multiple times, including in the last week, for example, in the NCR region, climate change continues to cause significant disruption to operations around the country. Now, while market conditions have remained challenging, the overall regulatory environment for logistics has remained hugely positive. With the infrastructure status for logistics and continued improvement of underlying infrastructure, whether it is road, airports or rail, there are significant tailwinds from government reform, the two most important ones obviously being the National Logistics Policy, and the Prime Minister's Gati Shakti program. There's been a rapid adoption of digitization which has improved both speed and efficiency in logistics services, whether this is through GST, e-waybills, EPOD or E-invoicing. There have been new axle load norms, which have enabled higher gross weights per truck and improved utilization, reduced freight costs. And finally, a big tailwind for the ecommerce industry continues to be the development and rollout of the Open Network for digital commerce.

- So fundamentally, while market conditions have remained challenging the market is large, is serviced by subscale players and our expectation is that large opportunities in this market remain intact. We continue to see in the long arc of time that there will be an increase in purchase online. So there will be continued to be massive growth of ecommerce. This is going to be driven by two things going forward. One is obviously greater penetration in Tier 2, Tier 3, Tier 4 cities, where ecommerce is relatively recent and also the development of new categories which are shifting online, whether it is things like for example, consumer durables, or furniture or pharmacy. There continues to be secular demand from large enterprises who today post GST, see their supply chains as a source of competitive advantage rather than a cost center and are looking to optimize their overall supply chain footprint and operations. So there is a shift from enterprise customers towards organized logistics service partners, there is a shift towards end to end supply chain visibility and end to end supply chain solutions, which drives demand towards organized technology focused players like Delhivery. The market, as I mentioned, continues to remain highly fragmented, and we expect there to be a continued push on the M&A front which will drive consolidation and greater efficiency of larger logistics players. Our expectation is that multiple large players will emerge over the next couple of years in the Indian market as it organizes.

- And finally, we continue to invest in new age automation systems in new age technology that allow us to drive differential operating leverage and service enhancements for our customers. So in summary, Delhivery operates in an extremely large addressable market of nearly $300 billion. The underlying market remains highly fragmented and serviced by subscale players. And while market conditions have been challenging in the recent past, the long-term future for logistics in India in our view continues to remain bright. We expect demand to continue to remain robust. We expect demand from enterprises towards organized players to increase and for there to be an opportunity for us to consolidate this market and grow in size and scale.

- As we look at our own fiscal ‘22 performance, some of these facts are reflected. We are today India's largest integrated logistics platform. In the 11 years since we've begun the company in 2011, from a standing start, we've grown to Rs. 7,241 Crores of revenue in financial year ‘22, which makes us the largest logistics company in India by revenues. We've also grown faster than all other players in the space. Our growth in the period from financial ‘19 to financial ‘22 has been nearly 64% compounded annual basis. And more importantly, this growth has not come at the expense of profitability for the company. Our economics as a company have improved consistently through this period, in financial ’22, at an adjusted EBITDA we reached a breakeven margin of about 1%.

- We've delivered close to about 1.4 billion Express parcels since our inception till financial year ‘22. Along with nearly 2 million tons of part truckload freight, which is a relatively more recent service that we launched in financial ‘18. More importantly, reflecting the breadth and the growth of demand that we've seen across all our services, nearly 59% of the company's revenue today come from customers who buy more than one service from Delhivery, sort of reflecting the importance of us building a large integrated logistics platform that addresses all of the needs of our various customers. From a reach infrastructure and scale standpoint, we continue to invest heavily and remain market leaders, over 80 technology applications built by our team continue to guide our operations across the country and across business lines. We operate close to about 18 million square feet of logistics infrastructure, which includes some of the largest trucking and air terminals across the country, a large number of automated sortation centers, a huge number of fulfilment centers from which we serve our supply chain demand from enterprise customers and a number of last mile delivery locations. And finally, we cover 18,074 PIN codes across the entire country as delineated by the India post, which makes us one of the largest players from a reach standpoint.

- In terms of company's financials, we have grown in revenues from financial ‘19 revenues of Rs. 1,654 Crores in financial ‘22 to nearly Rs. 7,250 Crores which as I mentioned, is a compounded annual growth rate of nearly 64%. Our largest expenses, which is freight handling and servicing costs have grown at 56% in this period, which is slower than revenue, and therefore reflects increasing operating leverage in the business. At the same time employee benefit expenses excluding share based payments and onetime costs have grown by 38%. The net result of this in the bottom line at the adjusted EBITDA level has been an improvement in adjusted EBITDA from negative 11.3% in financial ‘19 to negative 5.1% in financial ‘21 and 1% in financial ’22, which means your company has broken even at an adjusted EBITDA level. When we speak of adjusted EBITDA, we mean the EBITDA of the company excluding non-cash expenses and onetime expenses.

- On a cash flow basis, we began financial year ‘22 with a cash balance of Rs. 1,998 Crores, and ended financial year ‘22 with a net cash balance of Rs. 2, 512 Crores, which makes us well capitalized, to take advantage of all of the growth opportunities in front of us in financial ’23 and beyond. If you look at our use of cash for the last five years in financial year ’21 and financial year ‘22, which is the graph on the left, what you will see is that cash is increasingly being used by the company to invest in growth initiatives and to invest in capacity and capability building. In the early years of the company from financial year ‘12 to financial year ‘17, which is the left hand side of the graph, you will see that close to about 55% of the company's cash was utilized towards building capacity and servicing our customers or effectively an operating burn.

- From financial year ‘18 to financial year ’22, as our capacity was better utilized, more of our cash is being used towards capex and towards working capital, which is an expanding capability and expanding the business. In financial year ’21, we actually spent hardly any cash on operating burn most of our cash was spent towards capex in terms of creating capacity for financial year ‘22 and beyond. And in fiscal year ’22, as you can see, most of the cash balance of the company was used towards the strategic acquisition of Spoton. Post our IPO which is the graph on the right, you can see that the company now has a cash balance of Rs. 6,358 Crores.

- So as a summary, revenues have grown robustly by 64% to nearly Rs. 7,250 Crores, adjusted EBITDA has improved from negative 11% in financial '19 to positive 1% in financial '22. So we've seen robust demand, robust growth in our revenues and improvement in overall economics. We continue to remain highly capitalized with Rs. 6,400 crores of cash on the balance sheet as a financial '22 post our IPO and continue to use cash towards building capacity towards building infrastructure and towards building capabilities.

- In terms of ESG, our Scope 1 and Scope 2 emissions per million rupees of turnover have reduced from 1.07 tons of Co2 in financial '21 to 0.76 tons of Co2 in financial '22. Continuing to be more energy efficient is a priority for your company. Our four largest gateways use close to four megawatts of power of which nearly 40% is today generated through solar energy. We plan to add two megawatts of solar power installations at our new facilities, which will increase our overall footprint of renewable energy. We continue to induct highly fuel efficient trucks across our network. We have one of the largest fleets of 43 to 46 foot tractor trailers across the country, which are anywhere from 17% to 44% more efficient than the traditional trucks that we use prior to their induction which are used in the industry, which are the 32 foot single axle and multi axle trucks, we will continue to introduce more of these vehicles going forward. And we continue to introduce CNG and electric vehicles across our network. Over 1,200 vehicles now operate across cities providing us carting and line haul services, which are electric vehicles or CNG.

- Our employees continue to remain at the center of the organization. We provide comprehensive health and safety training to all of our employees. And we have continued to operate with COVID safety norms in place since financial year '20. Over 38,000 team members across the company are today trained by the Delhivery Academy, which provides both functional as well as leadership training across all levels of the organization. More importantly, nearly 1,400 team members across the country were promoted from off role to on role positions within Delhivery in the last year. So continuing to invest in skill building, continuing to induct large numbers of employees into the Delhivery workforce, to upskill them and then to bring them onto Delhivery rolls is a priority for us. And finally, we're very proud of the fact that we've got quadrupled the total number of women in full time jobs in Delhivery. And we've grown from about 741 women in financial year '20 to nearly 3,200 women across our operations as a financial' 22.

- On the community front, we are proud partners to Olympic Gold Quest. As part of our CSR initiatives, we have committed a sum of Rs. 2.5 Crores as s upport to Olympic Gold Quest towards development of Olympic athletes. We continue to provide disaster relief services both from a logistics standpoint and from our CSR funds as an example working with Goonj for whom we've transported nearly 500 tons of relief material in financial '22 and our COVID initiatives continue. As several of you may be aware, we flew in close to 45 charters from around the world into India which were carrying oxygen concentrators and a number of other critical supplies. And we continue to be partners to Hunger Heroes in ACT Grants in providing COVID relief.

- In terms of financial year ’23 and beyond our growth initiatives, we have 10 major growth initiatives. The first obviously was the consummation of our investment and our acquisition of Spoton. In the first quarter of financial year’ 23, we brought together the Delhivery and Spoton networks onto a common infrastructure and technology platform. Through the rest of financial year ’23, our expectation is to continue to realize network synergies to stabilize the overall service, and eventually to launch an economy PTL service starting financial ‘23 and financial ‘24. We continue to expand infrastructure across the country, we have already expanded our automated sortation capacity by 35% this financial year. We will continue to expand our fleet of 43 and 46 foot tractor trailers across the country and expect to add close to about 4 million square feet of infrastructure, which includes sort centers, hubs and fulfilment centers. Automation and investment in technology remains a priority. We have moved to completely system directed mid mile operations at all of our mid mile facilities. We will continue to invest in future ready systems which include autonomously guided vehicles, ASRS systems and material conveyance and handling systems. And we continue to expand our usage of electric vehicles and CNG vehicles in our first mile and last mile operations.

- On the business front, we have launched a number of new services and are in the process of scaling them up. As many of you would be aware, we are now strategic partners to FedEx, which is one of the world's leading Express Logistics players, and they are now a minority shareholder in Delhivery. Through our partnership with FedEx and a previous partnership with Aramex, we provide access to the entire world to customers, which are businesses or consumers in India through our export and import products, and we will continue to aggressively grow our Cross-Border air express product. We continue to accelerate the growth of our supply chain services division by targeting key verticals. This includes both warehousing and transportation services as well as technology services for enterprises. And we recently launched the Delhivery direct-to-consumer Academy with a focus for direct-to-consumer brands in the ecommerce space, enabling them to access our services directly and grow their operations with Delhivery directly.

- On the technology front, we launched our Unified Customer Portal, which is a panel for small businesses and direct-to-consumer brands to access all of Delhivery services whether it's Express, fulfilment, our Part Truckload freight, Full Truckload freight or Cross-Border services through a single panel. We've launched our Delhivery direct consumer to consumer shipping mobile application, which allows consumers to book orders and ship through delivery from the comfort of their homes. We've also launched our Orion Truckload price discovery and booking platform which allows small businesses as well as enterprises to access trucking capacity from brokers and fleet owners across the country in real time.

- And finally, later this year, we expect to launch our Delhivery platform OS1, which is a service for global third party developers, along with the SaaS offering, which will provide access to deliveries, core logistics API's and core logistics services, and allow these companies to build on top of our core platform. Several of these growth initiatives are underway and we expect them to come to fruition in financial year ‘23.

- So in summary, it's been -- financial year ‘22 has been a good financial year for Delhivery overall, we, as I mentioned, we address a large addressable market, which is highly fragmented and rapidly consolidating, there continues to be robust underlying demand, both from the ecommerce sector as well as from traditional enterprises, as supply chains evolve and become more mature in India. And we are extremely well capitalized, and continue to invest heavily in capacity building and capability building from an infrastructure and a technology standpoint to take advantage of this market opportunity.

- So once again, I'd like to thank you all for giving me this opportunity to present to you. And with that, I'll hand over to the Chairman once again.

- **Mr. Deepak Kapoor - Chairman and Non-Executive Director, Delhivery Limited:**

- Thank you, Sahil. Ladies and gentlemen, let me now proceed with the formal agenda items. The notice dated 22nd of August, 2022 convening this AGM along with the financial statements and reports of auditors and directors thereon. For the financial year ended 31st March, 2022 have been sent to you in conformity with the applicable regulatory requirements through electronic mode. The statutory auditor's report and secretarial auditor's report does not contain any qualifications or modifications, observations or other remarks. With the permission of the members present, I shall take the same as read. The session will be open for Speaker members, those who have registered with the company to express their views and put up their questions. Once all the agenda items have been put before this meeting for discussion.

- I will now cover the agenda items under the ordinary business. And the first item on the agenda is to receive, consider and adopt the audited financial statements. Both standalone and consolidated of the company for the financial year ended 31st March, 2022, together with the reports of the board of directors and statutory auditors thereon.

- Item number two relates to appointment of Mr. Suvir Suren Sujan, Non-Executive Director who retires by rotation and being eligible offers himself for reappointment.

- Now covering the agenda items under the special business. Item number three relates to appointment of Ms Aruna Sundararajan as an Independent Director for a period of five years, with effect from 8th of July, 2022 and fixation of her remuneration.

- Item number four relates to approval of change in terms of appointment of Mr. Sandeep Kumar Barasia, Executive Director and Chief Business Officer from being not liable to retire by rotation to liable to retire by rotation.

- And last item on the agenda relates to approval of change in terms of appointment of Mr. Sahil Barua, Managing Director and Chief Executive Officer from being not liable to retire by rotation to liable to retire by rotation.

- The objectives and necessary background of the resolutions have been set out in the explanatory statement annexed to the notice of this meeting. We now open the session for the speaker members to express their views and ask their queries in sequence. And in the interest of time, members are requested to keep their questions brief and specific relating to the agenda and restrict their observations to a maximum of two minutes. We will respond to all the questions together at the end.

- I now request Devesh Chauhan to coordinate please.
- **Moderator:**
- Thank you, Chairman Sir. Ladies and gentlemen. I shall now be calling out the names of registered speaker shareholders one by one. Thereafter, please unmute yourself. Enable your camera. Share your views and questions. The speaker shareholders are requested to be precise to the point and conclude within two minutes so that all speaker shareholders have a chance to speak.
- I request Mr. Jasmeet Singh, to please unmute your audio switch on your video and ask a question. Sir, I request you to restrict your question or comments to two minutes. Mr. Jasmeet Singh, we have put you in the meeting. You can please unmute your audio and ask your question.
- **Mr. Jasmeet Singh - Speaker Shareholder:**
- Hello.
- **Moderator:**
- Sir, we can hear you.
- **Mr. Jasmeet Singh - Speaker Shareholder:**
- My voice is audible.
- **Moderator:**
- Yes, sir.
- **Mr. Jasmeet Singh - Speaker Shareholder:**
- Okay. Yes. So Respected Chairman, CEO, Sahil ji, other directors, CFO, Company Secretary Sunil Ji and his team, everyone attending this AGM, very good morning to you all. I'm Jasmeet Singh from Delhi. This being the very first AGM post our IPO listing, so it will take bit of a time for me as a new shareholder, who have recently joined the Delhivery family to understand the exact business operations, though I have firm belief that -- believe in the management of our company and faith in our leadership team that we will continue to do very well in the coming days as we are the largest logistic company in India. And we are asset debt light. So I have a few quick queries to ask you. First, what is the revenue model? A very small, pertinent question for me to understand that what is our revenue model?
- The second question which I have is when we expect to become EBITDA positive and registered profits on our balance sheet, as this will see our share price grow significantly. The third and the last query is which that the strength of our company is our human capital. So, how many employees are do we have on our rolls and on contractual basis? Because they are the ones who daily pick up and deliver the stuff. And so, these are some small questions which I have in my mind which I would like to ask you. And before I conclude, I would like to thank the Chair and everyone including company secretarial team, moderator, for listening to me patiently. I would look forward to your reply sir, thank you very much.

- **Moderator:**
- Thank you, sir. Moving on to our next speaker shareholder Mr. Ajay Kumar Jain. Sir, I request you to please unmute your audio switch on your video. Ask your question or share your views.
- **Mr. Ajay Kumar Jain - Speaker Shareholder:**
- Namaskar, I am Ajay Kumar Jain from Delhi. I feel proud and happy by joining this meeting. You presentation was very good. First attempt is so good and that coming days are bound to be good. We proud to be associated with you and our selection was good for IPO. When I see our delivery vehicle doing and pick up and drop and I feel proud that you made this company very intelligently. You mentioned Prime Minister and you are working along with him this is your quality. You and your directors have very good vision. I want to say few words for you, *kehta hai parinda mera ki abhi mujhe aur uper udne de, and mere liye zameen nahi hai abhi to aasman bhi baki hai.* Our company will do better under your leadership. Our share price will be double or triple next year or will get some bonus or something. Because you think about company and shareholders. This quality impressed me a lot. If I get your autograph I will be aspired. Few words about CS department, they called me so many times I asked them why you are taking so much trouble. He told it is our Chairman's order. Fortune favours the brave. Namaskar, Jai Hind.
- **Moderator:**
- Thank you, sir. Moving on to our next speaker shareholder, Mr. Sarvjeet Singh. I request you to please unmute your audio switch on your video and ask your question or share your views hello
- **Mr. Sarvjeet Singh - Speaker Shareholder:**
- Hello, Chairman Sir. Can you hear my voice?
- **Moderator:**
- Yes, sir.
- **Mr. Sarvjeet Singh - Speaker Shareholder:**
- Chairman Sir, first of all, good morning to you, all the board of directors and all the staff of Delhivery Limited and my co-fellow shareholders. Chairman Sir, I am surprised to see share value of company is Rs. 1. If for Rs. 1 face value, share price is Rs. 500, if face value become Rs. 10 then share value will be Rs. 5.000. I want to know who sets value for share. Because common men suffers from that. You have no promotor holding. 90% it is public. And sometime public lost money. One thing for CS department, they should inform about speaker number and all.
- **Moderator:**
- We are having some technical experiences from you. We will come back to you once the connectivity is resolved. Moving on to our next speaker shareholder, Mr. Manjit

Singh. So I request you to unmute your unmute your mic enable your video and ask your question.

- **Mr. Manjit Singh - Speaker Shareholder:**

- Chairman, Directors, secretarial department and my co-shareholder. I welcome you all. Good morning. I appreciate your acumen for listing our company in the market. Balance sheet revenue was Rs. 1,695 Crores in '19, in '20 it was Rs. 2,989 Crores and in '21 it increased to Rs. 3,828 Crores what about losses. Why it is increasing? When you are going to control it and when it will become dividend paying company. In 2019 our total asset was Rs. 4,063 Crores, in '20, Rs. 4,357 Crores , in '21 it was Rs. 4,598 Crores, land rates are increasing, other costs are increasing, so why your total asset value is not increasing. It is very disappoint to see face value of Rs. 1. June net sale of 32.48%, I congratulate for that. I hope for '22-'23 our balance sheet will grow. Photos were good in balance sheet. And regarding you motorcycle delivery vehicle, do you do third party insurance, is there standard for taking load by one man. Net total expense in '21, Rs. 4,217 Crores it increased in '22 to Rs 8,065 Crores, why such a big difference.

- **Moderator:**

- Sir, we request you to conclude as there are other shareholders waiting in the queue.

- **Mr. Manjit Singh - Speaker Shareholder:**

- Please don't do that. I have to say lot of things. After IPO, in FS you collected Rs. 4,000 and in OF we collected Rs. 1,235. What have you done with this money to increase our business? If you pay us dividend that would be good. How does fuel cost affect our company, please tell us about that. Our cross border service is very good, we are working in 220 countries, and I congratulate you for that. You have 11 members in board and three extra, total 14 so how does it affect our balance sheet, what is their salaries, please tell us about that.

- This is your scam, you spend twice on service. In '21, Rs. 2,778 Crores now it increased to Rs. 4,980 Crores.

- **Moderator:**

- Thank you so much sir. Moving on to our next speaker shareholder Mr. Gagan Kumar. Sir, I request you to please unmute your audio switch on your video and ask your questions. In the interest of time, I request you to restrict your questions or comments to two minutes only.

- **Mr. Gagan Kumar - Speaker Shareholder:**

- Good morning to all. Myself Gagan Kumar. My queries were covered in your opening remarks. And the earlier gentleman also covered my few points. Please tell us about rider safety. I want to say to your moderator, if somebody speaks in your favour there is no time limit, if somebody asks questions you give them gentle reminders. Please don't do that. It is first AGM, it is not physical AGM that we can talk to you face to face. People are taking time out and talking to you and if he takes five mins instead of 2 mins it doesn't make any difference. Thank you.

- **Moderator:**
- Thank you so much, sir. Moving on to our next speaker shareholder, Shashi Jain. I request you to please unmute your audio switch on your video if you wish to desire and ask your question. Sir, we can hear you.
- **Shashi Jain - Speaker Shareholder:**
- Can you hear me?
- **Moderator:**
- Yes, sir.
- **Shashi Jain - Speaker Shareholder:**
- Chairman, Board of Directors, shareholders, I welcome you all. I am Shahi Jain, attending from Delhi. Company is reaching new height because of hard work of board and employees. I hope it will continue in the future. Earlier shareholders already covered my queries. Company presentation was good and it shows company is progressing well. CS, Bansal Saab, Kartik Jain ji, helped us a lot for any problem. Company is progressing well, you didn't give any dividend, please look into this. Shareholder also expects something. Tell us about your future strategy. Thank you, sir.
- **Moderator:**
- Thank you so much, sir, for your question. Moving on to our next speaker shareholder, Mr. Praveen Kumar. Sir, I request you to please unmute your audio, switch on your video and ask your question.
- **Mr. Pradeep Kumar - Speaker Shareholder:**
- Hello. I am audible, sir.
- **Moderator:**
- **Mr. Pradeep Kumar - Speaker Shareholder:**
- Very, very good afternoon to my respected Chairperson, Respected MD and well decorated esteemed Board of Director. Myself, Praveen Kumar joining this meeting from New Delhi. I have few observations about the company. We can appreciate. Thank you respected MD sir, for your detailed, in-depth, and easy to understand presentation. I' like to thank you as a retail investor. I think you told us about everything what you did last year, despite the fact to which condition, I think under the leadership of our Chair person, our company come out as a winner --
- **Moderator:**
- Sir, we are not able to hear you properly.
- **Mr. Pradeep Kumar - Speaker Shareholder:**
- Properly to come out as a winner despite a lot of concerns. The Ukraine war, the corona and all that sir, and come out in all round progress in the results that you have

shown to us. I'm really proud. I'm the original allottee in the IPO and it is I'm proud stakeholder in the company despite so many negative news in the media about the startups company, Paytm and so on and so forth. Our company is still quoting above the IPO price. So I'm really proud. Sir, I supported all the resolution which you set for this. And Respected Chairperson, this really showed that the investor friendly approach under your leadership, I'd love to thank our MD, CFO, especially our CS and his entire team. They are, I requested a hard copy of our report and he made sure that it will deliver on time. And when I hold the annual report in my hand, it is well defined for retail investor like me, easy to understand. So that each and everybody can go through it, understand where we stand and what our future like is. And so I'd like to thank the company secretary for highest standard of excellent corporate governance. For the future, I just pray to the Lord, that he will bless the entire board so that you will take our company to new high. And thank you very much for allowing me this platform to share my views and express about the company where we stand and what the future like. Thank you Respected Chairman, all the very, very best for the people. Thank you.

- **Moderator:**

- Thank you, sir. Moving on to our next speaker shareholder Mr. Kapil Chopra. Sir, I request you to please unmute your audio switch on your video if you wish to desire and ask your question.

- **Mr. Kapil Chopra - Speaker Shareholder:**

- Hi, many thanks for the opportunity. I, firstly, salute the management for the great job on the ground. They have done over last two years, the way we received Amazon deliveries and it's really commendable. And coming back to the balance sheet points you've written because there are so many AGMs going on, first of all, I want to request that you are such a big company, and a very respected company. Don't keep your AGMs, although it's the first AGM after the IPO. So I request you to keep it in August, mid of the just so that everybody who is not participating in your conference call, or not an institutional investor so that a lot of HNI can join that. Now, coming back to the thing I want to learn, sir, what you're doing for the SMEs, basically. And secondly, when one of my friends has told your listing, delivery offices and this thing to get registered, they say there's a lot of difficulty in a small -- you're already launched app actually, for the SME, so means how the kind of registrations which are happening, what is the growth of that? Plus, if you can explain that. What kind of business formula, how logistics are going to change over a period of time, if you can throw some light on that, especially in the inflationary positions when people want to shop themselves, to get a better discount from a wholesale market.

- Secondly, what are the costs initiatives you are doing? And we are a human driven company, as I've understood means so what the things you're as the earlier speaker has spoken, what the ground whose job you guys are doing for the integrity, for the betterment or for the health of the last person who actually delivers the goods. So and can you throw us some light -- you have written a good global scenario, but how the same, whatever you read written is mostly for the developed economics. So how some developing economics or some of the other countries are doing if you can throw some light that would be really great. And to the company secretary, I'm really grateful. He was very helpful and send me a mail just now also, when I was logged out. I'm really grateful to the company secretary. I appreciate if we are not able to examine your documents online if you can send me a TMP notice key managerial personnel notice, along with the independent directors, email ids, and top 500 shareholder lists by email. I would be really grateful and many thanks for the opportunity and best of luck for the great job, sir. Thank you.

- **Moderator:**

- Thank you sir for your question. Moving on to our next speaker shareholder. Mr. Ankur Chanda. I request you sir, to please unmute your audio switch on your video and ask her question. Yes, sir.

- **Mr. Ankur Chanda - Speaker Shareholder:**

- Am I audible?

- **Moderator:**

- Yes, sir.

- **Mr. Ankur Chanda - Speaker Shareholder:**

- Okay. Hi, good morning, Sir. Sir, I just want to check whether you've given instruction to moderator if somebody speak a little bit against you, then you somehow you stop his voice. I am seeing for quite some time if somebody speaking against you, you stop him or you signal him to stop. Chairman, Sir, you are a loss making company throughout, what is your thinking about IPO launch, and that is of Rs. 1 share, you are selling to public for Rs. 5,000, you don't have your own holding. On what basis you are launching loss making company to that much costly price. Please answer these questions. Your secretarial department is okay type. And your shareholder, he comes in a year and then also you are not giving him chance to speak, it is shameful for you. The previous speaker who was speaking that you have to it in July/August, I would like to tell him that, you do it on 29 September or 30 September, so that less people are able to join, and there will be no questioning. That's it. Thank you, Sir.

- **Moderator:**

- Thank you, Sir. Thank you, Sir for your questions once again. We had a couple of other shareholders as well who have not joined this meeting, who were given the respective links to join in. With this, we wish to inform that we have considered all the questions from the shareholders. The shareholders are requested to continue in the meeting with us. We shall play an audio-visual about the company's operation and then the Management shall respond to your queries and views in a few minutes.

- **Audio-visual Presentation 1:06:56 to 01:24:20**

- Chairman Sir, over to you now.

- **Mr. Deepak Kapoor – Chairman & Non-Executive Independent Director, Delhivery Limited:**

- Dear shareholders, thanks for your views and questions. You know while you were asking the questions a few of you felt that the moderator had wrongly cut you off while you were still asking the question. I think he did that to try to keep on time, but I do apologize on his behalf and reassure you that the intention of having the question-answer session with shareholders is to hear your views good or bad because we all appreciate that the intent of every shareholder being the onus of the company is to say anything and everything, which will improve the functioning of the company. So, with that reassurance let me now invite Sahil to provide clarifications on the specific questions and views expressed by the members. Sahil.

- **Mr. Sahil Barua – Managing Director and CEO, Delhivery Limited:**

- Thank you, Deepak and thank you all for your questions. I will begin by trying to address them one by one. The first question was from Mr. Jasmeet Singh, which was what is the revenue model of the company? So, our revenue model across different service lines is different. I'll begin and go service line by service line. In our express parcel business where we deliver typically a single box which weighs less than 10 kgs, we charge the shipper on a per parcel basis. The rate at which the shipper pays us is dependent on different factors. One of them for example is the weight of the package, how big is the parcel. The second is where it is coming from and where it is going, so obviously parcels which travel longer distances are more expensive and we charge more, and the third is whether there is a payment collection angle to it.

- Like you must be knowing in e-commerce there are COD orders and there are prepaid orders and so we charge a payment collection and payment processing fee for COD orders as well and the fourth is how time sensitive is the parcel. So, an express parcel which typically will travel on an aircraft is charged differently from a surface parcel which for example will travel on a truck. So, that's the express parcel business. In the part truckload business, we transact multi piece shipments, means in one consignment, there are multiple boxes like a manufacturer will send to his distributor or wholesaler or retailer multiple boxes in that the revenue model is more or less similar to the express model where we charge based on the total weight of the freight that we are carrying. So, if you are shipping for example 200 kilos of freight or your shipping 500 kilos of freight which charge on a per kilo basis and again apart from that we charge based on the distance that the packages are traveling, whether there is any payment angle, for example cash on delivery or a collection of a cheque and provision of the cheque to the shipper and so on and obviously the time sensitivity. In the full truckload business, we basically provide a service where as a shipper you can demand a full truck from our platform and there you are charged on a truck basis and the price of the truck depends on two things. One is the distance that the truck is traveling and the second is the overall size and make of the truck. So, for example there are different rates for a 32 feett multiaxial truck, different rates for an open body truck, different rate for a flatbed trailer and so on, and also dependent on market conditions because at different times in the year, the price of a truck in a specific location may be different depending on the demand or the supply in that region, so that also effects our revenues.

- In the supply chain services business where we provide a combination of warehousing and transportation, for the transportation the charges are similar to what I've already described. If you have an Express Parcel service, it's per package. In Part Truckload freight, it is based on the tonnage that is carried. In the Full Truckload freight businesses, it is for the truck. Warehousing is typically charged on a per unit basis, so the idea behind delivery is to make sure that enterprise customers or even small businesses who use our warehouses can variablize the cost, so if you are an enterprise and you need 10,000 square feet warehousing, instead of setting up 20,000 square feet warehouse and spending on that when you work with Delhivery you can variabilities that and pay us per unit that is stocked in the warehouse. That said, we also provide an integrated service whereas an enterprise you can come to Delhivery and say I want an end-to-end warehousing plus transportation rate in which case we can provide a rate which is either determined as percentage of value of goods that we stock and deliver or which is based on a per piece or per consignment basis and finally there is the cross-border business, which is basically the same as the express parcel of the freight businesses, but is transacted across borders where again we charge based on the weight. The speed at which the parcel is to be delivered and the distance or the specific country that the parcel is traveling to.

- So, that's a full summary of what the delivery revenue model is. The second question of Jasmeet Singh was how many employees are there who on roll and how many on contractual basis partner? In total, the size of the Delhivery family is about 94,733 people. Of these, we have 19,726 on roll employees. We have 40,647 contractual employees, and we have 34,360 partners who work with us on a part time basis, which we call LMA partners. I do want to point out that our contractual employees while they are off rolls are provided full benefits, so we provide provident fund, employee state insurance, we also provide life insurance to all of our off-roll employees. This includes even the riders who are delivering at the last mile. So, these are not pure gig workers where the company does not provide benefits, we actually provide full benefits to all of the people who are even if they are off roll. The next question from you, I will club because multiple people ask this question, when will we become EBITDA positive and register profits? So, if you look at our financials between financial year 19 and financial year 22, first of all overall revenues grew from 1,654 crores to 7,241 crores. The total freight handling expense grew from 1,251 to 5,240 crores.

- There was a question from Manjit Singh Ji as well, which is why has freight handling and servicing cost increased from financial 21 to financial 22. So, Manjit ji, when we are delivering parcels and booking the revenue, so the expenses to deliver to them that we incur whether it is the rider who is picking up the package, the hub or the sortation systems where there is a person who sorts and loads in the truck, and the expense of that truck from one city to other city and the last mile expense of delivering it to the end consumer, all of these expenses have grown in proportion or less than slightly less than revenue. So, when you look at the freight handling and servicing cost as having increased at a 61.2% rate from fiscal 19 to fiscal 22, the revenue at the same time has also increased by 63.6% in this period. So, actually the freight handling and servicing cost as a percentage of revenue has reduced between financial year 19 and financial year 22.

- So, effectively the company actually profitability has increased from financial year 19 to 22. The absolute cost has increased because the total number of packages and the total freight that the company is handling has also increased in financial year 19 to 22 and our costs increase in line with the total volume that we handle. If we are delivering more freight and more parcels, obviously we are making more infrastructure, obviously we are running more trucks, obviously we are having more bikers and the last mile and therefore the absolute cost increases in line with the increase in capacity that we build. Now, in terms of the EBITDA profitability, one is as a company we run a portfolio of different businesses. The express parcel and the part truck load businesses that we run have been profitable at an EBITDA level for a while now. It's the new businesses that we have been building where we continue to invest and continue to develop these businesses that are new businesses. Why we are building this new business is, as I go back to the presentation I had made is because customers expect us to provide a range of services. The market that we operate in, say for today if we go to any manufacturer, we don't want to provide just an express parcel service.

- We want to be able to provide them Express Parcel, Part Truckload freight, Full Truckload freight, warehousing services, that is an end-to-end Supply Chain Solution. The Indian market is still new to many of these services. The fact is if you look at developed economies or when we compare with players, all of these global players already provide what is called an integrated set of services. Whether it is UPS or FedEx or the Chinese companies or DHL or any of the others in other countries, these companies when some enterprise goes to them and say you solve my whole supply chain problems, these service can be provided under one roof and therefore our attempt to build new businesses is to ensure that we are able to provide a seamless solution to our customers. The other thing is because we run an integrated service where we provide all services together, we can bring down overtime the total cost of logistics for a company.

- Like, you are somebody who is shipping 200 kgs of freight on a daily basis or 500 kgs of freight on a daily basis. Under normal circumstances what would happen is that to reduce the logistics costs, you would wait to aggregate the freight so that you could ship it out at a lower rate per kg. Now, while this may seem like the logistics cost is lower, the fact of the matter is that you are bearing a delay on the inventory that you're pushing through the supply chain. What Delhivery allows you to do now with an integrated service is that from the same warehouse we can first of all allow you to use your inventory across multiple channels. Imagine that you are an apparel retailer, you are selling online direct to consumer and you are sending it to stores. In today's date with the same inventory you are providing to both the channels, so your overall inventory turn is more efficient. The second thing is that we allow you to club your orders with the orders that are being provided to us by other companies. That's the fundamental idea behind Delhivery and when multiple people are sharing the same infrastructure, it allows the company to build larger and more scale infrastructure. Like, one of the things I referred to was that we have introduced a large fleet of 43 and 46-feet tractor trailers. Now these are not truck's that have traditionally been used in logistics operations the way we have been using them.

- Traditionally, logistics has been run on 32-feet multi axle trucks or 32-feet single axle trucks or trucks which are smaller than that, which are much more inefficient. The reason we are able to use these trucks, the reason we are able to induct them into our network is because our attempt is to aggregate more and more load and then to be able to move it all together and therefore provide benefits to all our customers at the same time. Now, why I have provided such a long answer is because building capacity in a market like India is a long-term game. In some senses it's not dissimilar from building let's say an airport or building metros or building for example a manufacturing plant. When you build a manufacturing plant, the first year or the first couple of years when you build it until your sales catch up with the capacity that you have built you have to make the investment in people, you have to make the investment in land, you have to make the investment in machines. Logistics is no different. If we are making a very big trucking terminal of 5 lakh square feet like we have in Tauru in which there are 200 docks and you know there are thousands of trucks transacting every day, so there is a need to make minimum capacity in that.

- We cannot build a 20,000 square feet hub and then keep expanding it 25 times you know as demand grows because the cost of doing that is very high. The ability to build that large-scale infrastructure and that automation becomes very low. If we go on making it into parts, we can never make a final scale efficiency and so when you see the EBITDA losses for the company in previous years what you're really seeing is the company investing in capacity that needs to get absorbed over the next several years. Typically, our capacity planning cycle it is in the horizon of 3 to 5 years. That said, I am quite proud of the fact that when we provision capacity for three to five years typically our capacity gets used up within 18 to 24 months, which means demand is actually higher than the capacity that we are building. The truths all shareholders is that, India is a supply constrained market from a high quality logistics standpoint. The opportunity for delivery really is to go out and build large high-quality capacity and offer it to enterprises.

- We could take a different approach which is to say you know instead of growing at 63%, let us grow at 5% or 3% and not build capacity, all our capacity would get used, but we would be a much smaller company. In a market, which is $200 billion today and expected to be $300 billion in calendar year 26, as a management team and as a Board, we feel that it is in the best interests of our shareholders and frankly a country like India deserves to have a large logistics company. Today when we think about USA, we see there is FedEx, there is UPS, which are multibillion-dollar companies. Today, Delhivery is India's largest logistics company by revenues, but we are a billion dollars in revenues in a market which is $300 billion. Therefore, it makes sense for us to invest and continue to invest for future growth and continue to make sure that we are building capacity and services for our customers, building a wide range of services, building a large amount of capacity, and as we continue to invest in capacity there will be periods where our capacity additions will be more, where we may have EBITDA losses for that period, but please understand that at the gross margin level and at a service EBITDA level across our transportation lines, the company does make profits.

- The next question of Manjit Singh was, why has the book value of assets not increased since inflation has increased the prices of everything else? Manjit ji you also mentioned about land, we actually don't own any land as a company. The reason we don't own land is that we operate an asset light model. We believe that it is in the best interests of our shareholders for Delhivery to be asset light. The second thing is from a business standpoint, as our business grows, we may need to move our facilities as our business keeps growing. When we started the business 11 years ago, we started with a 500 square feet space. Today, we operate 18 million square feet of real estate. If you look in Bombay, where we are one of the largest tenants in Bhiwandi, we are moving from having seven different facilities, which individually are of 1 lakh square feet, to one large facility, which is going to be 700,000 square feet. If we were to invest in land, we would not have the ability to move with time and that is extremely important as our business continues to grow. It is linked to the pace of growth of the business, as shareholders it is our responsibility to ultimately also build a business which is very large in size.

- We've reached a billion dollars in revenue, our belief is that we can continue to grow revenues at a very fast rate going forward, and so investing in land is not necessarily in the best interests of the company. Also, the other thing I should point out is that we do not capitalize our technology expenses and so as a consequence of that, we actually expense them, and so therefore there is no you know the technology expenses in that sense are not increasing in value with time because we're expensing it annually.

- The next question Manjit Singh ji was, is the motorcycle owned by the company or by the delivery agent? how is the insurance of riders handled? What benefits and insurance we provide to riders? And is there is a limit to how much a person carries on the pipe? Even Gagan ji also a question, what is the rider safety policy? So, first of all the motorcycle is not owned by the company. The motorcycle is owned by the rider themselves and they bring it, however, we compensate all the riders. We pay a rate per kilometer, which covers both the fuel expense and also covers at the same time the cost of maintenance of the bike. Typically, the amount we pay per kilometer is significantly higher than the cost of the fuel for the rider and so it pays in some senses for the rider to own the bike. We don't believe that it's in the best interest again of the shareholders for the company to own the bike. It makes more sense for the rider to bring his bike to work. In terms of insurance, as I mentioned to you, we first of all we provide PF, we provide ESIC, we also provide life insurance to all of our riders, and to all of our employees, outside of which we also run an employee welfare scheme. In the employee welfare scheme, the entire management of the company actually donates a certain part of their salary into that EWF and that EWF is used to provide benefits to our employees in the event that they have a particular medical emergency, which is more expensive than what the insurance that we provide can cover and this EWF is on a regular basis reported to the Board and is used for these emergency situations.

- Is there a limit to how much a person carries on his bike? Yes, there is and in terms of road safety, we both measure this and report it at the Board level. To give you an example, our rate of accidents for our riders is less than 0.02% per thousand headcount and we also had mentioned operate our own tractor trailer fleet. One of the reasons we operate our own tractor trailer fleet is that our drivers are fully trained. They go through a rigorous training on driving these Volvo trucks. These trucks also come equipped with safety features that regular fleets don't have and so as a statistic when we have compared our fleet to external fleets, because we also engage vendor fleets, our fleet’s rate of accidents is 70% less than the rate of accidents that we see with market vehicles and market fleet and so our fleet actually is significantly safer, both first of all because the truck itself is safer. We operate a Volvo truck, which is -- Volvo is a company which is extremely well known for their safety. The second is we provide huge amounts of training to our drivers on a regular basis on safe driving,we obviously do alcohol checks, we do not allow our drivers to drive more than eight hours, all of our facilities along the highway the major ones contain driver rest areas where the driver is required to rest and cannot be given another job to drive unless he has gone through that resting period.

- So, all of these are steps that we have taken for driver safety. On riders at the last mile, we obviously train them on safe driving. We provide them helmets or they bring helmets on their own. We ensure that they are aware that they need to wear the helmet when they're going out and delivering. They carry ID cards so that they can be identified.

- I've already mentioned that we have medical benefits that are provided to all of our riders. In terms of a limit on how much a person carries on his bike, our technology systems do two things. First of all, if you see, we have at this time PAN India nearly 2,850 last mile delivery locations. Now the reason we have so many delivery locations, is because that reduces the total distance that our riders have to drive. It also prevents them from having to drive typically on larger roads in the cities which are more dangerous to drive on for a rider. So, our riders have to ride in smaller areas because they are riding in smaller areas, the total average distance that they travel per rider compared to other models is significantly lower, that is number one so, it reduces the risk. The second is because the riders are closer to our delivery center, they are able to come and do multiple runs in a single day and because they can do multiple runs in a single day there's a limit to how much they need to carry on any single run outside of which our systems also provide an overall routing to the rider.

- So, when riders come to our delivery centers, there is a suggested route saying that these packages you take to run number one and deliver them and come and there we factor in the weight of the package, we factor in the size of the package, and we factor in the total weight that the rider is carrying. For example, we are one of the few networks in the country where we do not provide large volumetric packages to our riders to carry, you know slightly volumetric shipments our riders typically will not carry these. These are routed into four-wheel vehicles as opposed to two-wheel vehicles, which is also in the interest of the safety of the riders.

- The next question of Manjit ji was, what is the impact of fuel price on the company's operations. So, two things, one is fuel has a different impact on different parts of our business. In our Express business that is relative to the freight fuel is a lower cost factor. Fuel typically is about 17% of our cost in the express business, where it is close to about 35%-40% of our cost in the freight business, that's #1. #2 is that our tractor trailer fleet is actually significantly more fuel efficient than other fleets like a 32-feet multi-axle or 32-feet single axle truck and also, we are hauling significantly larger amount of cargo and therefore our ability to absorb fuel price increase is much higher than other players in the market. So, we are able to absorb this more easily and we are able to if necessary, only pass it on to our customers. With our customers, we obviously have fuel surcharge factors, we obviously have contracts where any increase in fuel above a benchmark rate is passed on to them with a max delay of 15 days, and customers in India also are familiar with standard fuel price increases, and so this is a seamless process.

- The next question was what is Board remuneration, which was of Manjit ji and there are too many members on the Board. On Board remuneration, the entire remuneration details of all of the members of the Board and the KMPs are provided in the annual report that we have published, so you can get that from the website and in terms of too many members on the board, yes we have 11 members on the board, which include six Independent Directors. We have six Independent Directors, we have two Investor Directors, Suvir and Donald Colleran and we have 3 Executive Directors on the Board, which are Sandeep, Kapil, and myself.

- The Board has been constituted with the objective of enabling the company to grow at the speed it needs to and to provide the right expertise. If you see the Board members background, we selected them because they have wide experience across different sectors in the country. Many of our Board members are on the Boards of some of India's leading companies. We are a relatively young company; they have experience in guiding on corporate governance matters in making sure that as a company we execute our fiduciary responsibility towards shareholders well. They bring huge amount of expertise on how to run large companies, as Delhivery has transitioned from being a private company to being a public company and we've come to this AGM and will continue to grow, the experience that these Board Directors bring the value that they add to the Board discussions, we feel is very significant and therefore it makes sense for us to have a wider array of voices. The other thing is we are trying to make a very big company where more views are better than less views. It makes sense for us to have a diverse set of views and if you look at our Board members they come from experience in financial services, in audit and compliance, in the government for example, in consulting, and this diversity of views ultimately is valuable to Delhivery as a company as we are growing the business. At an appropriate time, we obviously the NRC of the Board as well as the Chairman of the Board will continue to review the effectiveness of the Board and the size of the Board and take appropriate decisions accordingly.

- The next question was from Mr. Shashi Jain. Your question was, if the company is progressing so well then shareholders should also benefit, what are dividend plans, what is the future strategy of the company. As a shareholder in the company I agree with you completely. Our view is that the company has to continue to capitalize on the growth opportunity that is ahead of it. At this point in time, first of all regulatory we are not allowed to provide dividends to shareholders and therefore at this point we are not providing dividends. Our future thinking on dividends will be driven by what is the available growth opportunity that we have and therefore what is the best mechanism available for the company to use the cash that we generate.

- As I had mentioned, as the company grows larger and as our capacity utilization increases, obviously the company will begin to make profits and at that point in time, the Board and the management team obviously with the approval of the shareholders will make sure that we make the right capital allocation decision whether to continue to invest in building capacity. As an example, next year we have to think of our capacity plans for the next three years and if it makes sense, we will continue.

- If it's in the best interest of shareholders, we will continue to invest in building that capacity and if we feel that it is opportune for us to provide dividends to shareholders, we will continue to do that, but ultimately the aim of the management team and the Board is to make sure that we generate shareholder value and that is our fundamental objective.

- Your question was what is the future strategy of the company? The future strategy of the company is very simple, we operate in a $300 billion logistics market. There is no shortage of demand for the services that delivery provides. Our objective is to continue to build capacity to service this demand. So, we will continue to build infrastructure, we will continue to hire trained people, we will continue to build technology that allows us to deliver these services. The second thing obviously is to continue to get our service levels better year-on-year-on-year to become larger, to become more reliable, to become faster, and the way we do that obviously is one by investing in human capital and by training them. The second is by design which is by making sure that our infrastructure, our delivery centers, our network is fundamentally designed to provide a better service, and it is faster. As an example, or for example, introducing tractor trailers which allow us to run faster line haul operations and the third obviously is to introduce automation. The reason we introduce automation is because as we get larger it becomes difficult for human beings to perform the same activity at scale and size that is one. As an example, we are investing in conveyance systems, we are investing in exoskeletons which allow our people to load and unload trucks with less load per person, so we will continue to invest in this future ready technology to make sure that our workforce becomes more and more effective. What it also does is actually increases the earning pool for the workforce that we have.

- The next question was from Mr. Kapil Chopra, which was we should not keep the AGM as a virtual event. First of all, and I think Mr. Ankur Chanda also had a question that the AGM should be in July or August and not in September where less people get a chance to ask these questions. First of all, my apologies if you feel that September was an inopportune time. We went public in May and as we evaluated it this turned out to be the best time or the most opportune time for us to prepare and to make sure that we can have the AGM. The feedback is well taken and going forward we will make sure that we pick an appropriate date which works for all of our shareholders and the attempt will also be to make the AGM a physical event. You know our viewers had given COVID restrictions at this point in time, it makes more sense for us to have a virtual AGM, and maybe going forward what we will do is to have a hybrid event which will allow those who want to come in person to come in person actually to the AGM.

- Kapil ji, you had one more question, what are we doing for SME's? As I mentioned, we've launched a unified customer portal which allows customers to self-onboard themselves, so if you are an SME business, you can give your proof of identity there, you can self-onboard. Now, I realized that in the old world in logistics you didn't necessarily have to sort of provide a proof of identity and that step is a step of friction in Delhivery. The reason for that is because as a logistics company, we believe it is important for us to do a KYC and to know who is shipping and what they are shipping because the potential for people to ship items that we don't want to carry for example is quite high and therefore we need to provide those checks, we need to have those checks internally, and because of those checks sometimes there's a little bit of friction when people are on boarding. That said, the feedback on the process of onboarding being difficult is taken and our teams will work on it.

- The next question was how is logistics going to change over a period of time? Fundamentally, logistics is going to become in India more consolidated, which means you're going to see larger scale players. If you see the size of the warehouse, if you see the size of trucking terminals, when we started this business 11 years before, there weren't large automated trucking terminals built across the country. Typically, you know you wouldn't see too many facilities that were more than 70,000, 80,000, 100,000 square feet kind of facilities, grade B, grade C kind of warehouses. One of the things that has changed in India in the last 11 years not just at Delhivery, but across the industry is the quality of infrastructure that is getting built. Today our largest trucking terminal at Tauru for example is a 540,000 square feet facility with nearly 130 docks and what you can see is full automated handling of parcel and freight. We believe that this is a trend that's going to continue, which is a trend that we've seen in other developed economies around the world.

- You also asked that how are developing economies performing? Developing economies actually are looking at India and seeing how the Indian model evolves. The reason for this is very simple. If as an example, you are in London or if you are in downtown New York, delivery is not a very complicated exercise because the reality is addresses are well understood, the market is very large and has been serviced for several decades. In London for example if you were to put in a pin code, you would be able to find the exact location of the business or the consumer who you're delivering to. Whereas in India addresses are very poorly structured, also you would be aware that Indians typically provide addresses relative to other addresses like where is your house? You come to this road, take second left from Mandir, on right side our house is there and addresses therefore are not always well structured and these are problems that are common to developing economies around the world. These are problems that we've seen in the Middle East, these are problems that we've seen in Africa, these are parts that we've seen in Eastern Europe, these are parts problems that we've seen in Brazil, these are problems that we've seen in Southeast Asia, and many of these economies are looking at how India will solve these problems.

- You know one of the classic examples that we always give is on opposite sides of the road in Delhi, on the right hand side you have Jawaharlal Nehru University, which is a very easy place to deliver to hostels, there are names of hostels, it's very easy to go and deliver to anybody. On the left-hand side is Munirka where addresses are very difficult to find and the kind of vehicles that you can send into these addresses is very different. You can't send the same kinds of vehicles into both places and that's sort of the kind of problem that Delhivery is trying to solve. That's the trend in logistics.

- The investment in technology to make sure you have the right kind of systems, the right kind of capacity, the right kind of vehicles, large scale automation, move towards sort of industrial conveyance systems, material handling systems, automated sorters that is the future of logistics in India and from a customer standpoint, the future is in integration of services. Earlier enterprises had to have multiple logistics partners. Express is done with somebody, for part truckload freight there are 10 vendors, for full truckload freight 60-70 different vendors are there. Increasingly what is starting to happen is that enterprises are seeking a single solution because they are saying I don't want to deal with 80 different people. I want to deal with one third party logistics partner or maybe two or three third party logistics partners who can provide me a full range of services and that is the trend that we are seeing going forward.

- The next question is what are the cost initiatives that we are taking? There are multiple cost initiatives that we are taking. See fundamentally we have three resources that we use as a company. One is real estate or infrastructure, which we lease, which is the warehouses, the transportation, sortation centers, the trucking terminals or the delivery centers. The second obviously is vehicles of fleet, which is the trucks that we use or the bikes that our last mile riders use and the third is the people themselves. Fundamentally, the cost initiatives are all the same. We are increasing productivity of every single one of these assets or every single one of these resources. We are trying to push more packages and more freight per square feet of real estate that we operate. We're trying to use larger trucks and increase the weight utilization of every truck that we use and we are trying to make sure that our people are the most productive at the last mile when they're delivering or when they're loading a truck.

- Fundamentally, there are only two things that drive this. One is scale. The more packages we get, automatically some of these costs start getting lower and lower. So, as an example if a delivery center transacts 500 packages a day, when it starts transacting 700 packages a day, obviously we get massive operating leverage because the fixed costs of running the delivery center are now spread over 700 packages instead of 500 packages. So, that is fundamentally the first driver of economics. The second obviously is how do we bring technology to make each of these things more productive. I'll give you a few examples. Today when we load up a truck, our systems guide exactly how that truck is to be loaded. So, imagine that a truck is going from Delhi to Bombay and we have 80% of the capacity of the truck which is available to load which is going directly from Delhi to Bombay.

- Now one way for us to depart the truck to meet the service time which express players have historically done is to say send 80% full truck. Now the problem is you're paying for 100% of the capacity, but using 80%. Alternatively, traditional players who don't provide an express service will wait to fill the truck to 100% and then depart it. What our systems do is that let us say we have load which is going from Delhi to Bombay which is 80% of the truck, we will also identify other nodes that can go on to the truck and that can be transacted.

- So, as an example we may send the truck from Delhi to Ahmedabad and Ahmedabad to Bombay, where the truck will carry 80% load which is going directly from Delhi to Bombay and 20% which is going from Delhi to Ahmedabad, so the truck will go fully utilized from Delhi to Ahmedabad drop off 20% in Ahmedabad pickup load in Ahmedabad to go to Bombay and come to Bombay and our algorithms are able to make sure that we are also meeting the service time on every single one of the loads that we are transacting. So, that's one way in which technology affects the overall productivity and the utilization of our network and then obviously the other benefits come from things like industrial automation, where let's say for example when you're doing package sortation, human beings will typically sort at the rate of maybe about 300 to 400 packages per hour, whereas with the automation systems in place the productivity is that we can get who are 800 to 1,000 to 1,200 to some places even 1,500 or 1,800 packages per person per hour and so automatically there's operating leverage in the business from there.

- The next question was on KMP details and top shareholders list. I think Sunil Bansal, our company secretary has already provided that information or will provide it and the final question I think was that the face value of the company, the face value of the share is ₹1, but the share price is 500, if the face value was 10 then the share price would be 5,000. I think our decision to keep the face value at 1 and for the share price to be at 500 is simply to provide access to a wider range of shareholders. There may be many shareholders who would like to own one share of delivery or two shares of delivery including delivery partners including delivery agents including for example drivers in our trucks and so the decision was to make sure that we make the share accessible to as many shareholders as would like to hold the share and be long-term investors in delivery. With that, I think I've covered all of the questions that were asked by all of the shareholders. Once again, I'd like to thank you all for joining this meeting. It's our first AGM, it's a very large milestone for the company. I understand that we had some technical glitches and there are questions about how we can do this physically next year. I assure you that we will try to do a hybrid meeting next year and make sure that shareholders can meet the management and the Board of the company in person. Once again, thank you for being shareholders of the company. we, as I had mentioned at our listing, our aim is to be patient and thoughtful stewards of the capital and the trust that you've placed on us. With that back to Chairman.

- **Mr. Deepak Kapoor – Chairman and Non-Executive Independent Director, Delhivery Limited:**

- Right. Thank you, Sahil. Ladies and gentlemen, if you wish to know more about the company, I request you to write to the corporate affairs team and we shall respond to you suitably. As the agenda items have been formally discussed, I announced the closure of the meeting. The voting shall remain open for the next 15 minutes for members who are participating in the meeting and have not cast their votes through remote e-voting. Mr. Prabhakar Kumar partner of VAPN & Associates, Company Secretary in practice has been appointed as the scrutinizer for the e-voting process.

- The results of the voting shall be declared within stipulated timelines from the conclusion of this meeting as per statutory requirements. On behalf of my colleagues on the Board and everyone in the Management team, I heartily thanks all the members for their continuous support and association with the company. Stay safe and take good care of your health. Thank you very much.

- **Moderator:**

- Dear shareholders, Directors on the Board, auditors, and Management team, thank you for participating in the 11th Annual General Meeting of Delhivery Limited. The e-voting shall remain open for the next 15 minutes for members who have not cast their votes earlier. We will now close the meeting. Thank you.

- **End of Transcript**