Operator: Ladies and gentlemen, good day and welcome to the Shadowfax Technologies Limited Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Bansal from Shadowfax Technologies Limited. Thank you, and over to you, sir.

Abhishek Bansal: Thank you, ma'am. Good evening, everyone, and thank you for joining us today. With me today are Praveen Kumar, our CFO, and Sachin Dixit, who leads corporate development and investor relations.

For those of you who are newer to our story, Shadowfax is a new-age, technology-led third-party logistics company. Our job is to take digital commerce deeper into India. We started with hyperlocal delivery in 2015, and today, we deliver for e-commerce marketplaces, quick commerce platforms, D2C brands, and small sellers across the country.

Q2 FY27 has been a milestone quarter for us. There are two significant and important milestones that we have achieved in the current quarter. First, we have crossed 1,500 crores of topline for the first time ever, along with accelerated growth. We are also proud to report a 5% adjusted EBITDA margin, which is also a first for us. As we do this, growth is still picking up, and we go into the festive peak with more capacity than we have ever had in the business.

Before Praveen takes you through the quarter, I want to start with the single reason we win in this market today. It is not price; it is speed. A logistics network competes on price, reach, and speed. Price can be matched within a quarter. Reach can be bought. But speed has to be built. And it has to be built before the volume arrives. Speed comes from the DNA of the company, where first-principles thinking results in solutions that were unheard of earlier.

We brought speed to hyperlocal deliveries since our inception in 2015. When quick commerce emerged, clients partnered with us to improve their delivery timelines. Next came Prime, which we pioneered. Prime is our same-day, next-day delivery service, which we offer to e-commerce players, and that has been the big driver of our rapid market share gain in the D2C and SME space. Even today, we remain the only third-party network of national scale delivering same-day and next-day across more than 120 cities. It is also increasingly what our customers are buying from us.

Let me give you one example of what that allows us to do. On a marketplace, a fast delivery promise has historically been available for inventory sitting inside a marketplace-owned warehouse. If small sellers shipped from their own shelves, they could not offer same-day or next-day delivery, regardless of how good their price or product was. The badge belonged to the warehouse, not to the seller. This quarter, we have changed that. We now pick up from a small seller's own location and still deliver same-day or next-day on those marketplaces. A seller in Delhi can show the same delivery date as a marketplace-fulfilled listing without pre-positioning inventory, without paying for storage, and without giving up control of their own stock. This capability always belonged to large sellers with deep pockets; now it belongs to everybody.

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And this is also why speed pays. A seller competing on a delivery date values speed very differently from a large marketplace optimizing for cost. This shows up in our realization, which is 15–20% higher for same-day delivery on the same network. This is also the reason we acquired CriticaLog, where we service the time-critical requirements of more than 550 customers today. This is what we love: innovating and thinking ahead of the curve to enable India's digital commerce penetration and to take more and more customers online.

For most of the industry's history, scale in Indian logistics meant one thing: carrying volume for a handful of large marketplaces. That business built us, and it remains a large part of what we do even today. But the fastest-growing part of our business for some time now has been the massive long tail of D2C brands and SMEs shipping directly to their own customers. Our D2C business more than doubled year-on-year. Our share of the D2C market rose 2 percentage points quarter-on-quarter to above 14% right now. We service twice the number of brands we did 1 year ago, and we have also doubled our wallet share across our largest D2C customers.

Shadowfax 360, our self-serve platform for small sellers, has scaled faster than anything we have built. Within just 200 days of launch, we now have more than 6,700 sellers ordering through the platform. Two-thirds of these came without any sales effort. Customers outside the top 10 are now our fastest-growing group. They pay a higher realization, so this mix lifts the quality of the revenue and helps pay for the capacity we are adding. The network runs exactly as it did.

With this, we believe we are just getting started. India has 15 lakh sellers selling online today, and we are still a very, very small fraction of them. We are building the delivery infrastructure for this long tail.

With that, let me hand over to Praveen to take you through the financials of this quarter.

Praveen Kumar – CFO: Thanks, Abhishek. Good evening, everyone. Coming to the quarterly financials, before I start, one thing I would like to highlight is that the sales season happened in October, and hence Q2 does not have any revenue from this. And yet we grew 13% over Q1.

We have all seen the numbers by now. Revenue for the quarter was 1,538 crores, up 57% year-on-year. This is our sixth consecutive quarter of growth above 55%. For the first half, our revenue stands at 2,896 crores, 60% ahead of last year.

In this quarter, we delivered 27.1 crore orders, which is a 70% year-on-year growth. Adjusted EBITDA was 77 crores at a 5% margin, and profit after tax was 67 crores.

Coming to growth in different business segments, our express parcel business generated 1,096 crores, with growth of 55% year-on-year and 10% over Q1. This was on 21.7 crore shipments, so volumes were up 72% year-on-year.

Within Express, Prime is scaling the fastest, with Prime revenue growing 36% sequentially. Speed is becoming a larger share of what we sell. Hyperlocal really stood out, with quick commerce extending to Tier 2 cities. Revenue grew 88% year-on-year and 26% over Q1 to 341 crores, and it grew with better economics, as our realization per order rose 13% sequentially. The third segment, other logistics services, contributed 100 crores, growing 13% sequentially as both CriticaLog and

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dark stores continue to scale up.

In Q2, we undertook a massive capacity addition—in fact, the largest in our history—and this comes ahead of the sales season quarter. Our total operating space expanded from 53 lakh square feet to 69 lakh square feet, and within this, our middle-mile footprint expanded rapidly from 24 lakh square feet to more than 34 lakh square feet in Q2. Please also note that, as we do every year, roughly 5% of this footprint is made up of pop-ups or temporary facilities taken only for the peak and wound down after the season is over. The rest is permanent, and those are the facilities being put to work.

There are also two mega sorters and volume profilers under completion, which will go live in Q4. This will give a huge boost to our automation and weight-reconciliation capacity. Overall, I think our capex cycle remains on track for the year, where we expect this to be in the range of 3.8-4% of revenue, as we had committed earlier.

Talking further about scaling up for the festive season, we also ramped up our delivery partner network by 31%, from 2.9 lakh partners in Q1 to 3.8 lakh partners in Q2. Thanks to our unique crowdsourced model, we have managed to scale this without really taking on any significant burden on our cost.

While we are on capacity, let me also cover an additional aspect of how we intend to get the best out of our network as we continue to scale. Ahead of the season, we deployed an AI optimization engine across our network, completely built in-house and trained on our own operating history. What this does is plan how freight moves across the country, and it replans and optimizes it every single day against live demand and the capacity that we actually have. It ensures that all of this is done within the constraints of our promised delivery timelines, so speed is something the engine will not breach. As a result, we derive lower cost per shipment, fuller vehicles, and faster movement without adding incremental fleet capacity. We will be able to see this reflected in our cost line item over a period of time, and it compounds further because the more volume and coverage we add, the more there is for the engine to work with. With that, I will hand it back to Abhishek for further comments.

Abhishek Bansal: Thank you, Praveen. Broadly, there are two more things I wanted to cover before we move to the Q&A. Number one is our growth engines and what we see in the coming quarters.

Starting first with quick commerce and dark stores, India's quick commerce continues to surprise and amaze us. Despite increasing competition, every single player continues to grow fast. Today, all horizontal players combined are doing last-mile deliveries from more than 4,000 unique dark stores across the country. Our partnership with Amazon Now is also deeply strategic and continues to outperform our own expectations. Today, Amazon has entered our top five customers. A couple of quarters ago, we had also announced that we would launch 100 dark stores this year. The good news is that we have already opened 70 by the end of Q2 FY27. This is across nine cities, and this continues to exceed our expectations.

Our focus on Prime, D2C, SMEs, and 360 is something we have already covered. On the latter, we are also extending our hyperlocal delivery for small businesses, with around 30% of the incoming leads asking for hyperlocal delivery on Shadowfax 360. Prime Large, which is our business for bulky deliveries, has now crossed 100 crores of annualized run rate. This has also grown 33% sequentially,

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with white goods and value-added services now entering the pilot phase.

With this, I also want to make a new announcement about a new business opportunity that Shadowfax is entering. This is in micro-fulfillment centers. These are small facilities we are going to open close to demand, where we will hold a brand's inventory and run operations. We see room to open MFCs across 50 cities over the next few years. Today, a brand has two choices: it can keep its catalog in a few large warehouses and promise delivery in 2-3 days, or it can place inventory in a couple of hundred quick commerce dark stores and promise delivery within minutes. Most of the catalog actually sits in the gap between the two. Micro-fulfillment centers close that gap. A brand can hold hundreds to thousands of SKUs with us and deliver within 8-12 hours across the entire city to even more customers than a dark store reaches. It all runs on the same Prime network we already have as part of the larger e-commerce ecosystem. We will be building out this MFC business over the next 6-12 months. Revenue this year is going to be small, but we will put capital behind it because our customers want it.

Now, coming to an interesting aspect of what we are seeing in the technology space across the world, I am talking about something that is growing even faster than quick commerce, and this is AI. Until recently, AI primarily helped us become efficient. What is now changing is that AI has started to shop for us. In the US, we can already see what this does for sellers. The ones with the sharpest prices and the fastest speed are growing fast, and they are doing it without spending money on marketing because the agents are finding them. It has started in India as well. Today, in Bellandur, where we are all sitting, people now order through simple WhatsApp agents that search across platforms and websites to get them the best deal. This is where commerce is going: the best product at the best price at the fastest speed, found for you. When buying is as easy as asking, people buy more often and from sellers they would never discover on a search page. Each of those orders is a parcel someone has to deliver.

It also changes who wins. AI can buy from a seller anywhere in the country, and it picks the one that delivers first. Speed also wins. This is why we built Shadowfax 360 so that every seller can offer it. An AI agent can find the product and actually pay for it, but it cannot ring a doorbell. That is what we are here for. The easier AI makes buying, the more parcels need to reach a door. Getting them there fast is what we do best.

As I close this conversation for now, I would like to go back to where I started. This quarter carried no sales season, and we still grew 13%. We added more capacity than at any point in our history. Margins went up anyway. This is not a coincidence. It is what happens when a network is built around speed. Customers would pay for faster delivery rather than wait an extra day, and every one of our clients wants to deliver faster, as that helps them reduce RTO. They are counting on the fastest 3PL network in the country to make that happen.

We go into this festive peak with more capacity than we have ever had, with an AI engine planning the network every single day. Micro-fulfillment will bring a far wider range of products to customers within hours. We expect to remain India's fastest-growing 3PL while delivering industry-leading returns. Agents will soon make it easier for our clients to sell, but someone will still have to carry every parcel to the door. That has always been our job. We are better equipped to do it today than at any point in our history. Thank you. We would be happy to take your questions now.

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Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Krupashankar NJ from Avendus. Please go ahead.

Krupashankar?

Krupashankar NJ – Avendus: Hi, thank you for the opportunity, and congratulations on a great set of numbers. The first question is on the guidance. I just wanted to get a sense of this. You have done great numbers in the first half. Do you see the numbers going up significantly, given that the sales season has shifted toward Q3, and do you want to revise your guidance for the near term as well as the medium term?

Praveen Kumar – CFO: Hi, Krupashankar. Just last quarter, we reviewed our guidance. We increased it, as you all know. While this quarter is going well, we would like to wait for a quarter and look at Q3 performance before coming back and revising that further. [laughs]

Krupashankar NJ – Avendus: Understood. Given that the festive season has shifted, the ask rate is about 25% year-on-year in the second half. What is the one aspect that you are looking for? Is something structural changing with respect to insourcing or any other aspect that one has to monitor?

Abhishek Bansal: Hi, this is Abhishek here. We continue to maintain our long-term guidance of 27-30% cumulative growth. If you look at the overall numbers, we came into this financial year with a very good tailwind, thanks to a lot of changes related to GST that happened in the second half of last year and some of the macroeconomic factors that led to industry-level growth. While we are still in the first month of the sales season, it is too early for us to comment on how the remaining months of the sales season are going to go. We remain watchful, and we will certainly come back and update our guidance when we have a realistic view of what is going to happen.

Krupashankar NJ – Avendus: Understood. Just to get a sense around the increase in hyperlocal realization, while I joined the call a little late, I wanted to get a sense of whether you have covered this. Is it broadly a function of customer mix and end-segment mix? By end-segment mix, I mean quick commerce, food, and mobility. What was it primarily a function of, and how long do you think the elevated levels will sustain in this segment?

Praveen Kumar – CFO: Krupa, our hyperlocal realization did go up. I think it was around 55 rupees last quarter, and we saw it at more than 60 rupees this quarter.

The realization is a function of distance and mix, especially in hyperlocal. It is a combination of the distance involved and the fact that we deliver in areas where we do more on-demand deliveries and long-distance orders. The larger the radius, the larger the realizations, and hence the RPOs are higher.

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Abhishek Bansal: One additional point is that, with the advent of the zero-commission model in food delivery, we have seen higher-than-before growth in our food delivery business, which has a slightly higher realization because the distances are greater than in quick commerce. That has also structurally led to an increase in the realizations that you are looking at.

Krupashankar NJ – Avendus: Understood. Can you elaborate on that, Abhishek? Can you highlight what the average distance would be in this new food aggregators business versus quick commerce?

Abhishek Bansal: It will be hard to give that number as of now, but one can assume that it is definitely higher than in the quick commerce business because quick commerce is typically served within a much smaller radius than food delivery.

Krupashankar NJ – Avendus: Got it. Thank you for answering my questions. All the best. I will get back in the queue.

Operator: Thank you. The next question is from the line of Karthik Kothari from Kotak Institutional Equities. Please go ahead.

Karthik Kothari – Kotak Institutional Equities: Hi, thanks for taking my question. I have two questions. The first is on the margin front. You have done commendably well in Q2 in terms of year-on-year improvement in margins. I just wanted to get a sense of the impact of cost build-up in percentage points that pulled down the margin, and what kind of costs have been incurred upfront ahead of the festive season.

Abhishek Bansal: That is a great question, and I will let Praveen answer the details of the numbers. I will tell you something interesting about our business and something that gives us a competitive advantage in the industry today.

Historically, every year we have seen that, because of our overall USP around crowdsourcing and obtaining delivery partners on a per-order basis, our cost of build-up on the last mile is significantly lower than what we see in the industry today. If you look at our rider base, we have grown more than 30% quarter-on-quarter despite not increasing our spending on marketing or otherwise. So what we are seeing as a cost build-up for the festive season comes with a certain competitive advantage when it comes to the last mile, which is the single largest cost one has to invest in. On the precise numbers on fixed costs, I will let Praveen give you a view.

Praveen Kumar – CFO: Karthik, as I mentioned in my note, because of our model, we were able to increase capacity across a large number of sections without having to take any cost impact on the P&L. Specifically, with respect to infrastructure, that is where the cost is. One specific line item I would like to highlight is our rental cost, which went up from 3.2% to 3.5% during the quarter. That is one item that I can call out.

Will it remain at 3.5%? As I said, some of our facilities are pop-up facilities, but we would like to continue to invest, scale up, and build capacity. We will wait and see how much it comes down in the next quarter. But that is definitely one line item that has gone up.

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The second one is depreciation. As we invest more in capex, our depreciation has increased slightly. It may not have increased more than revenue growth, but it has gone up slightly. We would have wished to see that come down. These are two specific line items. Other than that, whatever else we have scaled up, whether in terms of building capacity, last-mile delivery costs, or contractual labor, has had no bearing on the P&L.

Karthik Kothari – Kotak Institutional Equities: Understood. My next question was more in terms of the fact that a lot of this cost does not have the related revenues currently billed in, and those revenues will come in Q3. I just wanted to get a sense of the potential impact, but I guess the sense is that above the adjusted EBITDA line, some 30 bps of that is coming from this season, right?

Praveen Kumar – CFO: Yes.

Karthik Kothari – Kotak Institutional Equities: The second question is more from a wider portfolio perspective. There are a lot of things in the presentation that highlight growth coming from the other segments, whether it is Prime Large growing much faster, or D2C and other SME brands also growing much faster. In this context, and considering your overall Express parcel growth and the growth of your main customers, which announced their results yesterday, it appears that the growth in this quarter was less dependent on the main customer and came from other areas. Therefore, the overall exposure to D2C appears to be higher. Is that the right read-through, or is there a seasonal angle as well?

Abhishek Bansal: Yes, Karthik, that is the right way to look at how the business has performed. As I said in my commentary, our growth outside the top 10 has been the fastest-growing lever for us this particular quarter. Whether it is D2C brands, SME sellers, or smaller brands giving us volumes in Prime Large, we have seen ourselves gain market share through some of these segments where we have historically been underpenetrated, and that is where, as an organization, we continue to focus.

Over the last couple of earnings calls, we have explicitly mentioned that we have been ramping up our sales team and enhancing our marketing efforts to ensure that some of these segments continue to help us gain market share. Over the next few quarters as well, we will continue to do exactly the same from a business strategy standpoint.

Karthik Kothari – Kotak Institutional Equities: Got it. Just to quickly follow up, could you quantify and specify what sort of overall exposure [inaudible]?

Abhishek Bansal: Karthik, sorry, your voice is breaking. We are struggling to hear you clearly.

Karthik Kothari – Kotak Institutional Equities: Sorry?

Praveen Kumar – CFO: [line issue] We could not hear what you said, Karthik. There was a problem with the line, I think. Can you repeat that again?

Karthik Kothari – Kotak Institutional Equities: Am I audible now?

Abhishek Bansal: Yes, go ahead.

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Karthik Kothari – Kotak Institutional Equities: My question is just to close things off. I wanted to quantify whether you could give us a sense of what kind of exposure you have to your main customer and how that has changed over the last 6 months or so, since you disclosed it in your annual report. How has that changed? Has it changed in a meaningful manner, or is it more seasonal, with the second half seeing that come back up?

Praveen Kumar – CFO: This quarter we have seen a meaningful reduction. While I will not be able to quote an exact number, it is down at least 3-4 percentage points from our long-term average as a percentage of overall revenue.

Karthik Kothari – Kotak Institutional Equities: Understood. Is it supposed to come back? Is it a seasonal thing, or is some part of it more strategic, because you have done this with other segments?

Praveen Kumar – CFO: Our strategy has always been to grow our value-added services, grow our D2C brands, grow SME, Large, and all of this will contribute to that, along with hyperlocal. All of this will contribute to that.

Abhishek Bansal: Adding to what Praveen is saying, if you look at our numbers, we have grown 55% year-on-year, and the underlying enterprise business is not growing that fast. So if we continue to grow rapidly, we are definitely growing in the long-tail segment, where we are gaining market share.

Karthik Kothari – Kotak Institutional Equities: Got it. That is very helpful. Thank you so much. I will get back in the queue. Thank you.

Operator: Thank you. The next question is from the line of Swapnil from JM Financial. Please go ahead.

Swapnil – JM Financial: Hi, thanks for the opportunity, and congratulations on a great set of numbers. My first question is that you already run 70-odd dark stores, and now you have discussed micro-fulfillment centers. I wanted to understand how these MFCs will be different from the dark stores that already operate. A related question is what the incremental capex will be, and whether it is part of the guidance of 3.8-4% of revenue.

Abhishek Bansal: I will take this one. A dark store is a nearby warehouse that enables delivery within 15-30 minutes. A micro-fulfillment center is a warehouse that is slightly larger in size, where we are targeting an 8-12-hour delivery promise to the end customer.

Typically, a micro-fulfillment center will have anywhere between 40,000 and 50,000 square feet, with at least 5-10 different brands co-located under the same roof and integrated into our sort centers to enable the same-day Prime deliveries that we are targeting. Think about it this way: our sort centers are today on the outskirts of the city, and that is where these MFCs are going to be present.

Regarding our capex outline, the overall capex guidance that we have given includes all the new businesses, including MFCs and dark stores, from a capex outlay perspective.

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Swapnil – JM Financial: Got it. The second question is on your partner expenses. It seems there has been an increase of 100 basis points sequentially. Is there any particular reason you can call out? A related question is about your corporate overheads. They have been coming down by around 10–20 basis points quarter-on-quarter. Should we presume that this number will continue to come down at the same rate in the foreseeable future?

Praveen Kumar – CFO: Yes, Swapnil. Our partner expenses, on the face of the P&L or the schedule we have given, are going up. This is essentially a function of the mix of our revenues. As you know, in our hyperlocal business, a large part of the cost is partner expense, whereas in Express, it is much smaller.

This quarter, our hyperlocal revenue, as a contribution to overall revenue, moved up from 20% in Q1 to 22%, and Express came down from 73% to 71%. The change in partner expense is essentially because of the change in this mix. Otherwise, if I look at my Express P&L and HL P&L separately, there has not been any material difference in the partner expense percentage.

You can see the same thing in transportation charges. Transportation charges have come down because, again, the contribution of Express revenue has come down from last quarter. That is one question.

The second one is corporate overheads. We continue to work on ensuring that, as we grow and scale our business, our corporate overheads grow much less than revenue. We will continue to see benefits accruing, although slowly, over the next few quarters.

Swapnil – JM Financial: Got it. One last question: why have your realizations remained flat in the Express business despite the fact that you are now doing more Prime Large and Prime D2C orders? I would have presumed that realizations would have started increasing. In addition, based on the earlier statement that one of your large e-commerce partners' share has come down, logically that should have helped you see realizations improve.

Praveen Kumar – CFO: I would say, do not read too much into Express RPO in the short term because it is essentially a function of mix and weight. Time zones and other factors also matter. Prime Large is growing and D2C is growing, but there are other parts of the business that are also growing. Small parcels are also growing.

For example, Prime, where we do same-day deliveries, is growing. Realizations in Prime are typically lower than those for my average Express parcel order because the distance is much shorter. I think the combination of all these factors will give you an outcome. Nevertheless, I would say that it stayed constant compared to last quarter, although it has marginally increased. Year-on-year, it has declined, but marginally it has increased from last quarter.

Swapnil – JM Financial: Is there any sense of how that number will trend going ahead?

Praveen Kumar – CFO: [pause] In the short term, it should remain in a similar range. In the long term, as we continue to grow D2C with better realizations and as Prime Large grows, we should see this [trails off]

Praveen Kumar – CFO: …been jump.

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Swapnil – JM Financial: Perfect. Thanks a lot, Praveen, for that, and—

Praveen Kumar – CFO: But again, I reiterate whenever we speak about RPO: while RPO is a function of mix and other factors, and while you see whether it moves up or down, it does not have much impact on our margins. We have continued to expand our margins despite this coming down year-on-year.

Swapnil – JM Financial: Got it. Thanks a lot for this opportunity, and all the best.

Operator: Thank you. The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain – Ambit Capital: Hi, team. Thank you so much for the opportunity. My first question is about understanding your guidance a little better over a longer-term period. You have spoken about 27-30% topline growth guidance. I wanted to understand how much you would attribute to quick commerce and how much to Express parcel.

You have been a company that has consistently launched new value-added products. Could you call out what the mix of value-added products is as you define it today? With all the initiatives that you are undertaking, how much should that move up? I am essentially trying to understand the revenue contribution going forward from that. That is my first question.

Abhishek Bansal: While we have given overall revenue guidance of 27-30%, let us understand the underlying dynamics of each of these businesses.

E-commerce, or Express parcel as we call it, is a segment where the underlying growth is slower, and our growth is targeted based on market share gains, with our penetration increasing among large sellers, D2C brands, and the long tail of sellers through Shadowfax 360.

Here, we expect to grow anywhere between 27% and 28% CAGR, supported by market growth and market share growth.

When it comes to quick commerce, we anticipate the overall quick commerce industry to continue compounding at more than 30%, and we are the market leader in 3PL in that segment. We believe we will continue maintaining our market share and compounding at the industry's growth rate.

Having said that, every year quick commerce continues to surprise and amaze us. If the industry accelerates its growth, there is potential upside on top of that. But looking at how India has grown over the last decade, this is the necessary assumption that has gone into building our model.

Dhruv Jain – Ambit Capital: Thanks, Abhishek. What also—yes, please go ahead.

Abhishek Bansal: Regarding your point on value-added services, these include same-day delivery, Prime, reverse logistics, exchange as a service, and many other things that we are now entering into. We continue to innovate and create newer elements in the business every quarter. So this number is not just about the existing services; it is also about the newer value-added services that we have created.

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As I said in my address, we have introduced a model where any small seller can now access same-day, next-day delivery. This is a service that never existed in the industry until a quarter ago. It now exists and is now possible. We believe this will continue gaining market share.

CriticaLog is a capability we acquired externally and is now fully integrated into our ecosystem. As it grows, it will continue giving us an edge in value-added services.

Value-added services continue to account for approximately 35-40% of our revenues, the way we look at it, and we believe we will maintain a similar ratio as the business continues to compound over the next 3-5 years.

Dhruv Jain – Ambit Capital: Thanks, Abhishek. Very helpful. My second question is on Amazon. This has been a large client acquisition for you. I just want to understand the ramp-up a little better. You mentioned Amazon in your presentation, but on the Express side as well, how many months has it been? It would help us appreciate the second half of the year a little better if you could provide some perspective.

Abhishek Bansal: Amazon has been a great experience for us so far. Within a year of launch, Amazon has become one of our top five customers. That shows the underlying strength of the partnership that we have.

Amazon today is present in both Express parcel and quick commerce, where quick commerce continues to grow significantly faster for us as well as for them. We believe that will continue to remain a major focus over the next few quarters as well.

Regarding Express parcel, a lot of our integrations are now complete, and wherever there are some pending integrations, we hope they should be completed in the next couple of quarters.

As we have communicated earlier, one should expect a meaningful jump on the e-commerce side only in the next financial year, and should not build anything in right now because we are still in the ramp-up phase with Amazon.

Dhruv Jain – Ambit Capital: Got it, Abhishek. Thanks a lot. This is very helpful.

Operator: Thank you. The next question is from the line of Abhishek Banerjee from ICICI Securities. Please go ahead.

Abhishek Banerjee – ICICI Securities: Hi, thanks for the opportunity, and congratulations to Abhishek, Praveen, and the team on another set of exceptional results. I wanted to understand a couple of things. First, if you look 2 years out, how do you think the proportion of Express parcel versus the other businesses will look for you? In that scenario, how do you think the key client risk changes? How will your exposure to your top client move, in your view?

Abhishek Bansal: Thank you for the question.

If you look at our growth trajectory and the guidance that we just gave for our Express parcel and quick commerce businesses, over the next 2 years, we do not expect a meaningful difference in the growth rate of each of these business lines. Both have different growth levers. For Express parcel,

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the aspiration is to gain market share, while for quick commerce, the expectation is that the industry will automatically gravitate toward quick commerce and provide faster growth.

So we do not believe there will be a material change in the business composition between Express parcel and hyperlocal.

Abhishek Banerjee – ICICI Securities: No, clearly. And on the—

Abhishek Bansal: Again, given that D2C brands and small sellers continue to remain the top priority for the organization, we believe that growth outside the top 10 customers will continue to compound. This is probably going to be the number one focus of the organization over the next 4–8 quarters.

Abhishek Banerjee – ICICI Securities: Understood. Is it the right way to think about your share in D2C going up in the same way it went up in Express parcel overall over the last couple of years? I think in FY24, you were at approximately 14%, and now you are significantly higher than that. Do you think that kind of share movement can happen in D2C?

Abhishek Bansal: Absolutely, it can happen, and it can even happen to a greater extent than that. But only time will tell.

Our strategy of providing breakthrough solutions on speed and cost continues to get us growth through inbound demand from the market. We believe in creating some of these solutions ahead of time, which is something we always stand for: thinking ahead and taking customers to the right places so that they can sell in a cheaper and faster manner. We will continue doing that.

With the right intention around building the right technology platforms to enable that growth and acquire these customers, we believe this is something that is bound to happen in the near future.

Abhishek Banerjee – ICICI Securities: Coming back to the question on your key client, does the exposure then come down below 40%, or how should one think about that?

Abhishek Bansal: We will see that, but the aspiration is to bring it significantly lower.

Abhishek Banerjee – ICICI Securities: Understood. One last question to Praveen. You have been able to achieve a lot of savings on lost parcels and shipments. I would think that a lot of that was front-ended. Should one build in a similar sort of improvement over the next year or so?

Praveen Kumar – CFO: On lost shipments, as you remember from all our past discussions, we said there was a lot of low-hanging fruit that needed to be captured quickly. All of that is done.

I think the best we can get to is probably the next level. Instead of putting it that way, I will say that the next pit stop for us would be at 4%, which will be in a few quarters from now. The accelerated decline that you saw over the last 2–3 quarters will not be the same over the next 2 quarters.

Abhishek Banerjee – ICICI Securities: Understood. Very helpful, sir. Thank you so much.

Praveen Kumar – CFO: Thanks, Abhishek.

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Operator: Thank you. Ladies and gentlemen, we will take that as the last question for the day. I would now like to hand the conference over to Mr. Abhishek for closing comments.

Abhishek Bansal: Thank you, everyone, for joining us. If you have any questions, please feel free to reach out to any one of us, and we will be happy to take them up in subsequent conversations. Thank you for joining and tracking the company. Thank you. Good evening.

Operator: On behalf of Shadowfax Technologies Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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