November 03, 2026

To

National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex,
Bandra (East) Mumbai – 400 051
NSE Symbol: SHADOWFAX

BSE Limited
P J Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 544685

Dear Sir/ Madam,

Sub: Transcript of Earnings Conference call for Q2 FY27 held on October 29, 2026

Ref: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations")

Pursuant to the provisions of Regulation 30 read with Schedule III of the SEBI Listing Regulations, please find enclosed the transcript of the Company's Earnings Conference call for Q2 FY27, held on October 29, 2026.

The above information is also being made available on the website of the Company at https://www.shadowfax.in/investor-relations

Kindly take the above information on record.

For Shadowfax Technologies Limited

KRISHNAKANTH VENKATA GANGAVARAPU

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Krishnakanth Venkata Gangavarapu
Company Secretary & Compliance Officer
ICSI Membership No. A17291

“Shadowfax Technologies Limited
Q2 FY27 Earnings Conference Call”
October 29, 2026

MANAGEMENT: **MR. ABHISHEK BANSAL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – SHADOWFAX TECHNOLOGIES LIMITED**
MR. PRAVEEN KUMAR KJ – CHIEF FINANCIAL OFFICER – SHADOWFAX TECHNOLOGIES LIMITED
MR. SACHIN DIXIT – CORPORATE STRATEGY AND INVESTOR RELATIONS – SHADOWFAX TECHNOLOGIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Shadowfax Technologies Limited Q2 FY '27 Earnings Conference Call. As a reminder, all participant lines will be in the 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 an operator by pressing star then zero on your touchtone 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, Neha. 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, B2C brands and small sellers across the country.

Quarter 2 financial year 2027 has been a milestone quarter for us. There are 2 important milestones that we have hit in the current quarter. The first one, we have crossed INR1,500 crores of top line 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. Our 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 principle thinking results in solutions that were unheard of earlier. We have brought speed to Hyperlocal delivery since our inception in 2015. When quick commerce came up, clients partnered with us to improve their delivery timelines.

Next, we pioneered Prime, which is our same-day, next-day delivery, which we offer to e-commerce players. And that has been the big driver of our rampant market share gain in the D2C and the 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 this lets us do. On a marketplace, a fast delivery promise has historically been available for inventory sitting inside a marketplace's own warehouse. If small sellers shipped from their own shelf, they could not offer same-day, next-day delivery. However good their price or product was, the speed belonged to the warehouse, not to the seller. This quarter, we have changed that.

We now pick 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 order without prepositioning inventory, without paying for storage and without giving up control of

their own stock. This capability, which always belonged to large sellers with deep pockets, now belongs to everybody.

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

Now 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 has 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 ever built. Within just 200 days of launch, we now have more than 6,700 sellers ordering through the platform, and two-thirds of these came without any sales effort. Customers outside the top 10 are now our fastest-growing group. They pay higher realization.

So this mix lifts the quality of the revenue and helps pay for the capacity we are adding. The network runs exactly like how it was. And 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 K.J: 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 this year and hence, Q2 does not have any revenue from this. And yet we grew 13% over quarter 1.

Now we have all seen the numbers by now. Revenue for the quarter was INR1,538 crores, up 57% year-on-year. This is our sixth consecutive quarter of growth above 55%. And for the first half of the financial year, our revenue stands at INR2,896 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 INR77 crores at 5% margin and profit after tax was INR67 crores.

Coming to growth in different business segments. Our Express Parcel business generated INR1,096 crores with a growth of 55% year-on-year and 10% over quarter 1. 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 quarter 1 to INR341 crores. And it grew with better economics as our realization per order rose 13% sequentially. And the third segment, other logistics services contributed INR100 crores, growing 13% sequentially as both CriticaLog and Dark Stores continue to scale up.

In quarter 2, we undertook a massive capacity addition and in fact, the largest in our history. And this comes now 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.

And also please note on this, as we do this every year, roughly 5% of this footprint is by way of pop-ups or temporary facilities taken only for the peak and will wind down after the season is over. The rest is permanent, and those are the ones which are being put to work. There are also two mega sorters and volume profilers, which are under completion, which will go live in quarter 4. 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% to 4% of revenue as we had committed earlier.

Talking further on scaling up for the festive, we also ramped up our delivery partner network by 31% from 2.9 lakh partners in quarter 1 to 3.8 lakh partners in quarter 2. Thanks to our unique crowdsourced model, we have managed to scale this without really taking any significant burden on our cost. While we are on capacity, let me also cover an additional aspect on how we intend to get the best of our network as we continue to scale. So 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 that it plans 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 this is all 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'll be able to see this reflect in our cost line item over a period of time, and it compounds further because the more volume and coverage we have, the more there is for the engine to work with.

With that, I'll hand it back to Abhishek for further comments.

Abhishek Bansal: Thank you, Praveen. Broadly, 2 more things I wanted to cover before we move to the Q&A. Number one is our growth engine 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, across all horizontal players combined, we 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 into our top five customers. A couple of quarters back, we had also announced that we will launch 100 Dark Stores this year. Good news is we have already opened 70 by the end of Q2 FY '27. This is across 9 cities, and this continues to exceed our expectations.

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 into bulky deliveries, has now crossed INR100 crores of annualized run rate. This has also grown 33% sequentially with white goods and value-added services entering into the pilot phase now.

Now with this, I want to also make an announcement of a new business opportunity that Shadowfax is entering into. This is on 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 to 3 days or it can put in a couple of hundred Quick Commerce Dark Stores and promise minutes.

Most of the catalog actually sits in the gap between the two. Micro-fulfillment centers can close that gap. A brand can hold hundreds to thousands of SKUs with us and deliver within 8 to 12 hours in the entire city to even more customers than what 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 the MFC business, over the next 6 to 12 months. Revenue this year is going to be small, but we will put capital behind it because our customers want it.

Now coming over to an interesting aspect of what we are seeing in the technology space across the world. I'm talking about something which is growing even faster than quick commerce, and that 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 U.S., we can already see what this does for sellers. The ones with the sharpest price and the fastest speed are growing fast, and they are doing it without spending money on marketing because the agents are finding them. And 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 otherwise 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 who 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's 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'd 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 rather pay for a faster delivery 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.

Moderator: The first question is from the line of Krupashankar NJ from Avendus.

Krupashankar NJ: Congrats on a great set of numbers. The first question is on the guidance. Just wanted to get a sense that, you've done great numbers, in the first half. Do you see the numbers significantly going up given that sales season has shifted towards Q3? Do you want to revise your guidance for near term as well as medium term?

Praveen Kumar K.J: Krupashankar, see, actually, just last quarter, we reviewed our guidance. We updated, 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 and revising that further.

Krupashankar NJ: Understood. Given that festive, of course, has shifted, it's quite easy that the ask rate is about 25% only Y-o-Y in the second half. What is the one aspect which you are looking for? Is there something structurally changing with respect to insourcing or any other aspect which one has to monitor?

Abhishek Bansal: This is Abhishek here. We continue to maintain our long-term guidance of 27% to 30% growth cumulatively. Now if you look at the overall numbers, we came with a very good tailwind coming into this financial year, thanks to a lot of changes related to GST, which happened in the second half of last year, and some of the macroeconomic factors which led to industry level growth.

While we are still into the first month of the sale season, it is too early for us to comment on how the remaining months of the sale season are going to go. We remain watchful, and we'll certainly come back and update our guidance as and when we have a realistic view of what is going to happen.

Krupashankar NJ: Understood. Just to get a sense around the Hyperlocal realization increase, while I joined the call a little bit late, if you have not covered it. Is it broadly a function of customer mix and end segment mix? What I mean by end segment mix is, Quick Commerce, food, and mobility. So what was it primarily a function of, and how long do you think the elevated levels will sustain in this segment?

Praveen Kumar K.J: Yes, Krupa. So see our Hyperlocal realization went up. I think it was around INR55 last quarter. We saw it increase to more than INR60 this quarter. The realization is a function of distance and mix, especially in Hyperlocal. So we deliver for customers where we do higher on-demand deliveries and long-distance orders. So the larger the radius, the larger are the realizations, and hence the RPOs are higher.

Abhishek Bansal: One additional point to this, what we have also seen is that with the advent of the 0% commission model in food delivery, we have seen a higher than before growth in our food delivery business, which has a slightly higher realization because the distances are higher than Quick commerce, and that has also structurally led to an increase in the realizations that we are looking at.

Krupashankar NJ: Understood. Can you double click on that, Abhishek? Can you just highlight probably what would be the average distance on these new food aggregators business versus the QC?

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

Moderator: The next question is from the line of Kartik Kohli from Kotak Institutional Equities.

Kartik Kohli: I had 2. So one is on the margin front. You have done commendably well for 2Q in terms of Y-o-Y improvement in margin. Just wanted to get a sense of what will be the impact of cost build-up in percentage points, as pull down the margin, just to get a sense of what kind of costs have been upfronted ahead of the season.

Abhishek Bansal: Well, yes, that's a great question. And I'll let Praveen answer the details of the numbers, but I'll tell you something interesting about our business and something which sort of gives us a competitive advantage in the industry today. Historically, every year, what we have seen is that because of our whole USP around crowdsourcing and getting per order delivery partners, our cost of buildup on the last mile is significantly lower versus what we see in the industry today.

If you look at our rider base, we have grown more than 30% quarter-on-quarter despite us not increasing our spend in marketing or otherwise. So what we are seeing as a cost buildup for the festive season, there is a certain competitive advantage when it comes to last mile, which is the single largest cost one has to invest in. I think on the precise numbers on fixed cost, I'll let Praveen give you a view.

Praveen Kumar K.J: Yes, Kartik. Again, see, as I mentioned in my note, right, because of our model, we were able to increase the capacities and large certain sections of capacities without having to take any cost impact on the P&L. But specifically related to infra, that's where the cost is up. So 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's one thing that I can call out.

Again, is it going to remain 3.5%? As I said, some of our facilities are pop-up facilities, but we would like to continue to invest in scale up and build capacity. So how much will it come down in the next quarter, we'll wait and see. But definitely, that's one line item that's gone up.

The second one is depreciation as we invest more in capex, depreciation has slightly gone up, may not be higher than revenue growth, but it's slightly gone up, we would have to see that come down. These are two specific line items. But other than that, whatever else we have scaled up, whether in terms of building capacity in the last mile delivery cost in our contractual labor, all that has had no bearing on the P&L.

Kartik Kohli: Understood. My question was more in terms of a lot of this cost doesn't have the related revenue currently built in . Just wanted to get a sense of what could be the differential, but I guess you get a sense that above the adjusted EBITDA line, some 30 bps of that is coming from rental. That's the sense, right?

Praveen Kumar K.J: Yes.

Kartik Kohli: Okay. Just a second question, and that is more from a wider portfolio perspective. There are a lot of things in the presentation that highlight growth coming from the other segments, Prime Large growing much faster, and then you see other SME brands also growing faster. This in context and your overall Express Parcel growth in context with major customer growth, which announced results yesterday.

It appears that the growth now is, or at least the growth in this quarter was less dependent on the main customer and coming from other areas. So the overall exposure appears to be lower. Is that the right read through from this, or is there a regional angle there as well?

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

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

Kartik Kohli: Got it. Just to quickly follow up, could you just quantify what kind of overall exposure we are looking at?

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

Kartik Kohli: Sorry.

Praveen Kumar K.J: We couldn't hear what you said, Kartik, actually. There was a problem in the line, I think. Can you repeat that again?

Kartik Kohli: My question is just to close things off, and I wanted to quantify it, if 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 that second half we will see that come back up?

Praveen Kumar K.J: Yes. 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 to 4 percentage points from our long-term average as a percentage of overall revenue.

Kartik Kohli: Got it. Is it supposed to come back, like is it a seasonal thing, or is some part of it more strategic that you have done with other segments?

Praveen Kumar K.J: Our strategy has always been to grow our value-added services, grow our D2C brands, grow SMEs, Large, and Hyperlocal as well. All of this will contribute to that.

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

Moderator: The next question is from the line of Swapnil from JM Financial.

Swapnil: Congratulations on a great set of numbers. My first question is, so you already run 70 odd Dark Stores, and now you talked about the micro-fulfillment centers. So just wanted to understand how these MFCs will be different than your Dark Stores, which already operate. And a related question to that is like what will be the incremental capex, and is it part of that guidance of 3.8% to 4% of revenue?

Abhishek Bansal: Yes, I'll take this one. See, a Dark Store is a nearby warehouse which enables delivery to happen within 15 to 30 minutes. A micro-fulfillment center is a warehouse which is slightly larger in size, where we are trying for an 8 to 12 hour delivery promise to the end customer.

Typically, a micro-fulfillment center will have anywhere between 40,000 and 50,000 square feet, where there will be at least 5 to 10 different brands co-located under the same roof, integrated into our sort centers to enable this same-day Prime delivery that we are looking at. So think about it, 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, yes, the overall capex guideline that we have given includes all the new businesses, including MFCs and Dark Stores from a capex outlay perspective.

Swapnil: Got it. The second question is on your partner expenses. It seems there has been an increase by 100 basis points sequentially. Any particular reason you can call out there? And a related

question to that is also your corporate overheads, they have been coming down by around 10, 20 basis points Q-on-Q. Should we presume that this number will continue to come down in the foreseeable future at the same rate?

Praveen Kumar K.J: Yes. Swapnil, so yes, our partner expenses on the face of the P&L or the schedule we have given, they're going up. It's essentially a function of 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.

So this quarter, our Hyperlocal revenue from a contribution to overall revenue perspective moved up from 20% in quarter 1 to 22%, and Express came down from 73% to 71%. So the change in partner expense is essentially because of the change in this mix. Otherwise, from an individual, if I look at my Express P&L and HL P&L separately, there's not been any material difference in the partner expense percentage.

Same thing you can see in transportation charge also. Transportation charge has come down because again, the contribution of Express revenue has come down from last quarter. That is one question. The second one on corporate overheads. Yes, I think we continue to work on as we grow, scale our business, our corporate overhead should grow much less than revenue. So we will continue to see benefits accruing, though slowly, over a period of the next few quarters.

Swapnil: Got it. And just one last one. So why have your realizations remained flat in the Express business despite the fact that you are doing now more of Prime Large and Prime D2C orders? I would have presumed that the realizations would have started inching up, right? And just to go with the statement that you made, one of your large e-commerce partners, your share has come down over there. I mean, basically, that should have helped you see realizations improve.

Praveen Kumar K.J: Yes. See, I would say don't read too much into Express RPO in the short term because what happens is it's essentially, again, a mix of weight, right, zones and other things. Yes, of course, Prime Large is growing and D2C is growing, but there are other parts of the business which are also growing. Small parcels are also growing.

For example, Prime, where we do same-day deliveries, is growing. The realizations in Prime, because it's much shorter distance, are typically lower than my average express parcel order. So I think the plus and minus of all this will give you an outcome. Nevertheless, I think it stayed constant as compared to last quarter, I would say it's marginally gone up. While year-on-year, it's declined, marginally, it's gone up from last quarter.

Swapnil: Any sense as to how that number will trend going ahead?

Praveen Kumar K.J: In the short term, it should be in a similar range. And in the long term, again, as I say, as we continue to grow D2C with better realization as Prime Large grows, we should see this inch up. And again, I reiterate whenever we speak about RPO, while RPO is a function of mix and other things, while you see whether it moves up or down, it doesn't have much impact on our margins. We have continued to expand our margins despite this coming down year-on-year.

Moderator: The next question is from the line of Dhruv Jain from Ambit Capital.

Dhruv Jain: My first question is just trying to understand your guidance usually better over a longer term period. So you spoke about 27% to 30% sort of top-line growth guidance. Just want to understand how much should we think about Quick commerce and how much should we think about the Express Parcel?

And in that, you've been a company that's consistently launched new value-added products. So if you could just call out what's the mix of value-added products as you define it today, and with all the initiatives that you're doing, how much that should move up and essentially trying to get a revenue contribution going forward from there. That's my first question.

Abhishek Bansal: Yes. See, while we have given an overall revenue guidance of 27% to 30%, let's understand the underlying dynamics of each of these businesses. E-commerce as a business, 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 going up in large sellers in D2C brands and in the long tail of sellers through Shadowfax 360.

So over here, again, we expect to grow anywhere between 27% and 28% CAGR, coupled with market growth and market share growth. When it comes to Quick commerce, we anticipate the Quick commerce industry overall to continue compounding 30% plus, and over there we are the market leader in 3PL.

So we believe we'll continue maintaining our market share and compounding with the industry pace of growth. But having said that, every year, Quick commerce continues to surprise us and amaze us. So if the industry accelerates on growth, there is a 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.

I think regarding a point on the value-added services. Value-added services, be it same-day delivery, Prime, reverse logistics, exchange as a service, and many other things now that we are entering into, we continue to innovate and create newer elements into the business every quarter. So this number is not just where the existing services are, it is also about the newer value-added services that we have created.

As I said in my address, we have come up with this model where any small seller can now access same-day, next-day delivery. This is a service which never existed in the industry until a quarter back. It now exists. It is now possible. So this is something which we believe will continue gaining market share. Critica Logistics, a capability we acquired externally, is now fully integrated into our ecosystem.

And as that grows, that will continue giving us an edge on value-added services. Value-added services continue to remain about 35% to 40% of our revenue, the way we look at it, and we believe we will maintain a similar sort of ratio as the business continues to compound over the next 3 to 5 years.

Dhruv Jain: My second question is on Amazon. So obviously it’s a large client acquisition for you. I just want to understand the ramp-up a bit better. So you mentioned Amazon Now in your deck, but

even the Express side, how many months it has been and we'll be able to appreciate the second half of the year also a little better. If you could just throw some light there.

Abhishek Bansal: Again, Amazon has been a great experience for us so far. Within a year of launch, Amazon has become one of the top 5 customers for us. So that shows the underlying strength of the partnership that we have. Amazon today is coming both in Express Parcel as well as Quick commerce, where Quick commerce continues to grow significantly faster for us as well as for them. And that, we believe, continues to remain a big 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 left, we hope that in the next couple of quarters, they should be done as well. As we have communicated earlier, on the e-commerce side, one should expect a meaningful jump only to come in the next financial year and not to build anything right now, because we are still in the ramp-up phase with Amazon.

Moderator: The next question is from the line of Abhishek Banerjee from ICICI Securities.

Abhisek Banerjee: Congrats, 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 is going to look like for you? And in that scenario, how do you think the key client risk kind of changes, your exposure to your top client, how will that move in your view?

Abhishek Bansal: Yes. Thank you for the question. Now, if you look at our growth trajectory and the guidance that we just gave on our Express Parcel and our Quick commerce business, for the next 2 years, we do not expect a meaningful difference in the growth rate of each of these business lines and both have different levers of growth.

While for Express Parcel, the aspiration is to gain market share, for Quick commerce, the expectation is that the industry will automatically gravitate towards Quick commerce and provide a faster growth. So we do not believe there will be a material change in the business composition between Express Parcel and Hyperlocal.

Abhisek Banerjee: Noted.

Abhishek Bansal: Again, given as an organization, D2C brands and small sellers continue to remain the top priority. We believe the growth outside the top 10 customers will continue to compound. And this is probably going to be the number 1 focus of the organization over the next 4 to 8 quarters.

Abhisek Banerjee: Understood. So is it the right way to kind of think of 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 FY '24, you were at this 14% odd level. And now you are significantly higher than that. So do you think that kind of share improvement can happen in D2C?

Abhishek Bansal: Absolutely, it can happen, and it can even happen more than that as well. But only time will tell. Our strategy around providing breakthrough solutions on speed, and on cost continues to get us growth via inbound from our market.

We believe in creating some of these solutions ahead of time, something which we always stand for just thinking ahead and taking customers to the right places so that they can sell in a cheaper, faster manner, and we will continue doing that. And with the right intention around building the right technology platforms to enable that growth to acquire these customers, we believe this is something which is bound to happen in the near future.

Abhisek Banerjee: And again, coming back to the question on your key front, does the exposure then come down below 40%? Or how should one think of that?

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

Abhisek Banerjee: Understood. And one last question to Praveen. So you have been able to do a lot of savings on the lost parcels and shipments. Now a lot of that, I would think was front-ended, or should one build in a similar sort of improvement over the next year or so?

Praveen Kumar K.J: So on lost shipments, as you remember all our past discussion, right, we said there's a lot of low-hanging fruit that needs to be captured here faster. So all that is done. I think the next feedstock for us would be at 4%, which will be in a few quarters from now. So the accelerated fall that you saw over the last 2, 3 quarters will not be the same in the next 2 quarters.

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

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

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