Our business is changing with declining mail volumes but Parcel business is projected to grow

➢ With the e-Commerce boom and enhanced internet penetration, mail profile has undergone a substantial change
   - Letter mail is declining
   - Parcel market is growing

✓ Parcel market is expected to grow at CAGR of 15% from Rs. 18,100 Cr. (2017) to Rs. 63,850 Cr. by 2026
B2C and B2B are largest customer segments in domestic CEP market with B2C overtaking B2B segment by 2026

- Business 2 Business (B2B) is currently the **largest market segment**
- Business 2 Customer (B2C) segment is the **fastest growing** market segment and will become the largest market segment by 2026
- Customer 2 Customer (C2C) segment is the **smallest market segment**
- Sectors such as pharma, apparels, electronics etc. will become key drivers for Parcel growth

India Post existing market share is only 4% of overall market size

- We are primarily present in C2C market with **20% market share**
- We have very limited presence in the B2C market with only **7% market share**
- We do not have any presence in the B2B market segment
India Post Aspirations

- **Scenario 1: Business as usual**: India Post growing at industry rate - 6.5% market by revenue (2026)
- **Scenario 2: Moderate growth**: India Post growing at 5% higher growth rate than industry - 8.3% market by revenue (2026)
- **Scenario 3: Accelerated growth**: India Post growing at 16.5% higher than industry - 15% market by revenue (2026)
We aspire to grow our 4% market share at 35% CAGR to achieve 15% market share by 2025-26.
Achieving 15% market share (INR ~7600 cr. revenue) by 2026 requires strengthening our parcel business

**Customer Segment Strategy**
- Increase B2C segment market share
- Target B2B market segment through SME segment
- Gain market share in Metro locations and move towards ROI (2026)
- Defend and grow C2C segment market share

**Operations Strategy**
- Increasing parcel handling capacity to 14.38 lac/day by 2026 from the existing handling capacity of 2 lac/day
- Increase speed and reliability of delivery through improvement initiatives
- Offer leading services offered by other players in the market
Our current network is designed for handling mails and need to be optimized for parcels

- Our current network is designed for mails but mail volumes are declining
- Parcel market is growing and needs to be targeted
- Network requirement of parcels is different from network requirement of mail
  - Major origin and destination of parcels are different from mails
  - Origin hubs for parcels are concentrated
  - Major parcel destinations are spread pan-India with gradually increasing demand from Tier 1 & below cities
- First mile as well as last mile requirements are different for parcels
- Sorting complexity for parcels is more than that for mails
- Facility, equipment, vehicle etc. requirement of parcel is different from mails

Hence, we need to optimize our network for parcels
Optimization of the network should enable fast & reliable parcel deliveries to gain market share

345 unique locations (at least one hub) in a network of 564 hubs

- More than 1 sorting hub in 190 cities out of 345 unique locations
- Duplication of activities
- More facility space required
- More vehicles required
- More connections need to be managed
- More equipment required
- Synergies not leveraged
- Difficult to monitor
Optimization our network will enable us to serve our customer better and grow our parcel business.

➢ Top 15 locations handle 70% of the volume
➢ Top 31 locations handle 80% of the volume
➢ Remaining 300+ locations handle only 20% of the volume
Network Optimization led to identification of 57 National level hubs and 130 regional level hubs

<table>
<thead>
<tr>
<th>Key Questions</th>
<th>Answers</th>
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<tbody>
<tr>
<td>Separate sorting facilities for air products (SP/EP) &amp; surface products (BP/RP) within same city?</td>
<td><strong>Integrated sorting facilities</strong> for all parcel products</td>
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<tr>
<td>What should be India Post’s national network model?</td>
<td><strong>Two tier parcel network</strong> consisting of National Parcel hubs (NPH) and Satellite Parcel Hubs (SPH)</td>
</tr>
<tr>
<td>In which cities/ towns should India Post’s sorting hubs be located?</td>
<td>Network optimized to <strong>57 L1 and 130 L2</strong> from 85 L1 &amp; 240 L2 hubs based on optimization &amp; discussions with circles</td>
</tr>
</tbody>
</table>
Network Optimization outcome on a map
Facilities are being redesigned for improved processing of parcels…Sample process flow represented below
Sorting area is being redesigned to enable faster process of parcels…Sample layout represented below
Sample manual facility layout
Chennai – Floor Layout

Note:

1. This sort design is based on 72 TD Sorts, 87 L1 sorts and 24 L Sorts. Therefore total of 183 Sorts. Although there are ~130 TD pin-codes in Chennai, few pin-codes are combined and delivered from single PO hence resulting in 72 TD sorts.

2. Due to low volume and space constraints, Dynamic Weighment system (DWS) has not been considered instead Static Weighment System (SWS) has been suggested.
Chennai – Detailed Layout
Sample automated facility layout
Sample Semi-automated facility layout
1. Current layout design caters up to 224 secondary sorts/selections

2. For customers whose data is not received by process, bulk booking of parcels will be done in the older building therefore an extension needs to be made in form of a ground level cemented passage between the parcel hub and the older building to manually feed in such parcels using bag trolleys
Hyderabad - Detailed Layout
Sample manual facility layout for 400 shipments per day
(~500 sq. ft. facility area)
Process Changes – Retail Booking

➢ Customers to provide Self-Declaration of Parcel content
➢ Parcel details to be captured in the system
  ➢ Complete recipient address to be entered
  ➢ Value of parcel to be entered for commercial shipments
  ➢ Parcel dimensions to be measured and entered
  ➢ IP enabled weighing machine to be used wherever applicable for weighing parcels
  ➢ Chargeable weight calculated by system
➢ Parcel related documents to be placed in a pouch to be pasted on each parcel
➢ System generated routing information to be pasted on the parcel
➢ Parcels to be segregated by mode of shipment (Air/Surface) and further segregate by TD/NTD
➢ Use of sure lock to seal parcel bags in POS system upon scanning of barcode on sure lock
➢ Automated transfer of bag manifest (bag level parcel details) from POS to Speed Net/Parcel Net
➢ Automated transfer of Delivery Bill data to respective bag destination
Process Changes – Sorting Center

- **Parcels pick up scan** at customer location using **SIM-based remote scanners**
- Scanning of all parcels / bags at time of unloading from vehicles
- **Program assisted sorting of article** based on article pin code
- Pin code data entry for parcels which data is not available
- **DWS/SWS machine to be used to find chargeable weight** for e-commerce parcels
- **Direct bagging of large parcels** to last mile delivery center
- Separate area for processing return parcels
- Return article sorted with other articles once returns processing done
- **Bag closed using barcoded sure lock tightened, bag weighed, routing label printed using thermal printer & to be pasted on sure lock flap**
- System generated Delivery Bill for destination facility
- Automated transfer of Delivery Bill to destination facility
- Bag level expectancy created at destination facility
Process Changes – Delivery (1/2)

- Automated reconciliation of bags and parcels upon receipt at PO
- Data to be entered for parcels for which data is not available
- Sorting for delivery
  - Primary sorting of parcels into areas
  - Secondary sorting of parcels beat-wise for each area
  - All parcel products to be sorted together for one beat
  - Parcels scanned and kept in bag sequentially as per stops in each beat
- Delivery slip printed containing all info pre-printed - tracking ID, product type, COD amount/any other collectible amount (customs duty), full address of consignee, consignee contact number (Mobile)
- Delivery slip on Mobile phone/handset for postmen
- Daily system generated “Reattempt List” report
- Secured cage to hold undelivered parcels
Process Changes – Delivery (2/2)

- System generated “Out for Delivery” message sent to consignee
- Delivery status update
  - Successful deliveries updated on Delivery Slip / Mobile app & consignee signature is taken
  - Non-delivery updated on physical Delivery Slip/ Mobile App, Pre-printed labelled sticker pasted on parcel next to address label denoting reason of non-delivery
  - Non delivery reason updated in system by scanning parcel bar code of all undelivered parcels
  - Reattempt date to be updated in system
  - Consignee/ shipper to be contacted in incorrect / incomplete delivery address
- System generated COD list with beat-wise cash collected against each COD parcel delivered
- Daily “Parcel On-Hold” Inventory Reconciliation Scan - system prompts parcels due for return
- “RTS” Scan for return articles to reverse Origin and Destination in system
- Return parcels bagged together with forward parcels & sent to mapped processing center
Processing : Strategy

➢ Enhance processing capacity
  ✓ Parcels from 2 Lacs/day to 14 Lacs/day (2026)

➢ Project implementation in 6 metro & 6 non-metro locations at
  ✓ Metro: Delhi, Mumbai, Kolkata, Hyderabad, Chennai, Ahmedabad
  ✓ Non Metro: Bhubaneswar, Guntur, Guwahati, Lucknow, Ludhiana, Surat
  ✓ Processes and equipment would be tested
  ✓ IT processes and systems to be tested
  ✓ Pan India rollout of processes and systems after completion of pilots
  ✓ Process efficiency to be measured during pilot to arrive performance benchmarks for different activities

➢ Operational upgradation of remaining L-1 & L-2 parcel hubs

➢ Synergy in parcel operations (Integrated Parcel Booking Centres)
Parcel sector (B2B & B2C) moving towards surface transmission

India Post currently transmits parcels primarily by air (57%)

India Post needs to enhance surface transmission capability from ~0.86 Lac/day to ~8 Lac/day (57% by 2026) – Road and rail

Operationalize medium/long distance routes for B2B and B2C parcels

RTN launched for prompt, secure & end to end transmission of parcels

Achievement in 2017-18

✓ Implemented in 42 short and medium haul routes across the country
✓ Connecting 67 cities in 17 Circles

Additional 83 routes planned
Road Transport Network – Way Ahead

➢ In EFC proposal, Department has proposed to operationalized 150 small & medium and 5 long haul routes by 2019-20

➢ Thrust area for 2018-19

✓ Short and medium haul routes - 125 (additional 83 routes)
✓ Circle to identify new routes – new network for parcels
✓ Long haul routes (between 1000-2000 km) in metro/NE - 2 to 3
✓ Tender on long haul routes by Directorate – June, 2018
Delivery of Parcels - Initiatives

- Nodal mechanized delivery
  - Implemented in 48 cities
  - Consultant to suggest optimum number of NDCs in metro and Tier-1 cities based on volume density
  - Delivery of parcel through regular postman in low volume POs
  - Specialized processes and equipment to be recommended by PNOP Consultant
End to End Security

➢ Pilferage/abstraction – major challenge in Parcel Operation
  ✓ Poor quality of bags and seals
  ✓ Need for securing processing hubs
  ✓ End to end scan information including transit - TMOs/Sections

➢ Action taken in 2017-18
  ✓ Specifications of new improved bags and plastic seal finalized

➢ Thrust area for 2018-19
  ✓ Procurement of bags and secure plastic seals
  ✓ Development of Inventory management for bag accounting
  ✓ CCTV, access control protocol – to be implemented as part of PNOP
  ✓ Secure packaging options for parcels at POs & e-com booking centres
  ✓ Scanning of bags at Sections/Railway platform –for bag reconciliation
Equipment - Bag Trolley (6’ x 4’) ...(1/2)

01  25mm dia MS Circular Section Bent To Desired Form and Welded To MS Angle Section
02  8mm dia MS Circular Section Verticals Welded To Periphery Sections And Horizontal Flat Sections
03  30mm x 3mm MS Flat Section Horizontals Welded To Periphery Sections And Vertical Sections
04  Hinge
05  Cage Base
    Base Frame - 30mm x 30mm MS Square Section
    Base Top - 3mm Thick MS Plate
Equipment - Bag Trolley (6’ x 4’)...(2/2)
Equipment - Bag Trolley (5’ x 3’)...(1/2)

01 25mm dia MS Circular Section Bent To Desired Form and Welded To MS Angle Section

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06 Swivel Casters With Brake
150mm Dia Kingpinless PU Casters
Load Carrying Capacity - 700 Kg

07 Swivel Casters Without Brake
150mm Dia Kingpinless PU Casters
Load Carrying Capacity - 700 Kg

08 30mm x 30mm x 3mm MS Angle Section

09 Snaphook
Equipment - Bag Trolley (5’ x 3’)...(2/2)
Equipment - Package Trolley (3’ x 2’)...(1/2)
Equipment - Package Trolley (3’ x 2’)...(2/2)
Equipment - Bag Opening Table (4’ x 3’)...(1/2)

01  Swivel Casters With Brake
    100mm Dia Kingpinless PU Casters
    Load Carrying Capacity - 300 Kg

02  Rigid Casters
    100mm Dia Kingpinless PU Casters
    Load Carrying Capacity - 300 Kg

03  Locking Arrangement

04  Hinge

05  Table Walls
    Frame - 25mmx 25mm MS Square Section
    Wall Surface - 3mm thick MS Plate
    Finish - (GAW) Galvanised After Welding

06  Table Base
    Base Frame - 25mm x 25mm MS Square Section
    Base Top - 3mm thick MS Plate

07  Table Legs
    50mm x 25mm MS Rectangular Box Section
Equipment - Bag Opening Table (4’ x 3’)...(2/2)
Equipment - Bag Rack Custer of 5...(1/2)

- 01 MS Shelving Rack
- 02 Slotted Angle Vertical Posts
- 03 MS Welded Wire Mesh As Verticals
- 04 MS Welded Wire Mesh As Shelving Rack
- 05 MS Flat For Rack Lables
- 06 Hook For Bags
Equipment - Bag Rack Custer of 5...(2/2)
Equipment - Bin Collector Rack Custer of 5...(1/2)

- **01**: MS Shelving Rack
- **02**: Slotted Angle Vertical Posts
- **03**: MS Welded Wire Mesh As Verticals
- **04**: MS Welded Wire Mesh As Shelving Rack
- **05**: MS Flat For Rack Lables
Equipment - Bin Collector Rack Custer of 5...(2/2)
Thank You