

August 08, 2023

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai – 400 001
Scrip Code - 526612

To,
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra East,
Mumbai – 400 051
NSE Symbol - BLUEDART

Sub: Transcript of analyst/ investors conference call - Disclosure under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Dear Sir/ Madam,

We refer to our intimation dated July 29, 2023, notifying on the schedule of 'Investors Call' organised through M/s. Motilal Oswal Financial Services Limited on August 02, 2023, to discuss the corporate performance for the quarter ended June 30, 2023 and audio recording of the same submitted on August 02, 2023.

Pursuant to requirements of law, please find enclosed herewith, transcript of the Investors call which is also made available on the Company's website viz; www.bluedart.com.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
For Blue Dart Express Ltd.



Tushar Gunderia
Head (Legal & Compliance) &
Company Secretary



“Blue Dart Express Limited Q1 FY24 Earnings Conference Call”

August 02, 2023



MANAGEMENT: **MR. VAIDHYANATHAN IYER – INTERIM CHIEF
FINANCIAL OFFICER, BLUE DART EXPRESS LIMITED
MR. KETAN KULKARNI - CHIEF COMMERCIAL
OFFICER, BLUE DART EXPRESS LIMITED**

MODERATOR: **MR. ALOK DEORA - MOTILAL OSWAL**



- Moderator:** Good afternoon, investors. In order to provide some clarifications on our Earnings Results of Quarter 1 performance, we have organized this earnings investor call and Mr. Alok Deora from Motilal Oswal is facilitating the call. I would request Alok to take it forward.
- Alok Deora:** Thank you so much to the Blue Dart team for giving us an opportunity to host this call. So without much ado, we will request the Blue Dart team to provide some opening remarks from the 1st Quarter performance and then we can start with the Q&A session. Now I leave the floor to the management. Please go ahead, sir.
- Vaidhyanathan Iyer:** This is Iyer from Blue Dart. The quarter as such has been in line with expectations, for us it has been a consolidation quarter where our focus has been on the creation of infrastructure, investment in infrastructure, create capacity creation and we have been focusing on that, so that when the volume start picking up in the second half, capacity is able to support that. So that has been this and all our parameters are showing right trend, so we are quite happy with the performance. Ketan, you would want to say something on the market.
- Ketan Kulkarni:** Definitely. Hi, this is Ketan Kulkarni – the Chief Commercial Officer. I think my colleague and CFO, Vaidhyanathan summed it up very well. Totally as per the expectations as we are coming out of the pandemic and entering kind of a normalized situation that was there before the pandemic struck, we are seeing sectors kind of coming back very strongly, some of them supposedly to have come back strongly are also showing not such strong growths, but the best part of our business is that we are equally diversified across sectors, so that gives us a lot of leverage and strength. So that is how we have seen the quarter and now as we have begun this quarter, our expectations also kind of in line of what we are expecting it to shape up. Thank you.
- Vaidhyanathan Iyer:** Alok, you can request investors to seek whatever queries and clarifications they would like to have.
- Alok Deora:** Thank you for the opening remarks and anyone having question can please raise their hand or post their question in the Chat Box below. Sir, we will take first question from Nirali Gopani. Please go ahead.
- Nirali Gopani:** Sir, my first question is that, our margins were impacted for the few quarters because of the difference in the prices of Brent and ATF and our fuel surcharge mechanism was impacted, so any update that you could share on that part?
- Vaidhyanathan Iyer:** That happened in the second and third quarter of last year and continued in the 1st Quarter. Since then, as we updated in the last call also, we have been discussing with the oil companies and they have passed on higher discount or reduced rates which partially or to a large extent address that, but we are still finding some gaps between the crude movement and the final landed price of ATF which we are still in the discussion. but simultaneously we have also approached customers side of where we had given some concessional fuel surcharges to customers. so that we can get some more recovery from the customer side. So between the two we have been able



to address the issue and since 2023, this issue has been fairly resolved and it is going on fairly okay.

Nirali Gopani: Ketan, your view, this will not impact any of the coming quarters, right?

Ketan Kulkarni: That is right.

Nirali Gopani: And sir, once this new aircraft reach optimum utilization, what kind of sustainable margin do you see for the business?

Vaidyanathan Iyer: The margins would be, as a normalized way, pre-pandemic what was in the longer term, we will continue to be except for 1 or 2 quarters when the induction and stabilization of additional capacity would happen, otherwise we should be in that same range.

Nirali Gopani: So 15% at the standalone level, right?

Vaidyanathan Iyer: They were 15% on a normalized, it would be more towards 11.5%-12%.

Nirali Gopani: On a standalone level?

Vaidyanathan Iyer: That is right.

Nirali Gopani: And once we add this new capacity, you are optimistic about the overall environment, the competitive pricing pressure has eased out, so at the revenue level can we see a growth of 15% over the next 2-3 years?

Vaidyanathan Iyer: Growth of 15%, see the capacity induction will not determine the growth. The growth will determine the capacity requirement. Growth will determine, so we will grow in line with the market, maybe try to grow a little better than the market and try to improve up our market share. but I think commercial can add to that. We don't generally give a forward looking statement, but we can only say that as the market grow we would always be trying to aim as better than the market growth.

Ketan Kulkarni: Thank you, Vaidyanathan for specifying that and definitely growth, Nirali, higher than the growth of the segments and the markets we operate in. You know the logistics industry and especially express logistics where we operate works at a multiplier to the GDP. So the industry works at a 1.2% multiplier on the GDP, the entire express industry and we will always grow faster than the market. We will improve our market shares. So those are the milestones that we measure ourselves against and we are very clear that we have grown much better than competition and in a space that we would always like to be.

Nirali Gopani: So ground will be growing much faster than the air, right, because of this multiple addition that we have done, pin codes you are adding a lot of capacity on the ground side also, so is it right that the ground will be growing faster?



Ketan Kulkarni: Nirali, if you look at any syndicated market research study, you will see that the ground express market will grow much faster than the air express market. The air express market will grow in single digit, whereas the ground market will grow in double digit. That is what every kind of analysis and study done on the express industry generates those kind of numbers. We have also seen the entire ecosystem for ground improve over the last half a decade, of course with a little speed bump during the quarter, but we have improving infrastructure on road, so the trucks are moving faster, the average running time and productivity is improving. We have seamless flow through of goods after the GST and the e-way bills have come in, the governments programs to seriously now put a lens on the logistics industry and acknowledge it as the enabler of growth and a facilitator of growth both these areas, a lot of private and public investment, so I think on a very strong wicket, the entire express industry and yes, Nirali, within that ground faster than air.

Moderator: Thank you so much. Sir, we take the next question from Mr. Pramod Dangi. Please go ahead.

Pramod Dangi: Just couple of questions. One is, as you said that our ground express is going to grow faster than the air express, what is the composition as of now, within the ground and air express for the last financial?

Vaidhyanathan Iyer: Yes, see, we normally don't give breakup of the air and ground. We can only say that ground is growing faster. The mix will keep improving as compared to the air. That is the way it will be.

Pramod Dangi: And in the new capacity which we had added, what is the utilization timeline we have because earlier we have said that we already have 50%-55% of the volume paid on the third party capacity, so we already have that, however timeline is there on the capacity utilization?

Vaidhyanathan Iyer: See, what we do normally before we put in them additional capacity, we start building lots of commercial and that goes on to serve the additional capacity. What was the balance left out, we initially fill it with airport to airport lesser premium cargo loads and we keep building up our express load and that keeps replacing the airport to airport. So what essentially would happen is your utilization as such in terms of tonnages we will keep, in the initial days itself, we will try to see no spaces wasted and it is filled and then you keep increasing the express loads, so your revenue realization from the flight starts increasing. That is how it will move. And we expect that in two quarter, we should get the ideal mix we want.

Pramod Dangi: Two quarters for the ideal mix, right?

Vaidhyanathan Iyer: Yes.

Pramod Iyer: Coming to this quarter's number, while we have seen a good growth in the segment and that is commendable given last year also, we had a very good recovery almost 30% growth year-on-year in the segment last year. On top of that, this year we have the 90% shipment growth, even our tonnage was positive, but our revenue went down by 4.5%, so is it because of the mix change: is it because of some pass of the lower ATF price or is it because of the competition?



Vaidhyathan Iyer: No, there are a couple of things. I will start with and then I will ask Commercial to handle the question. Last year, we had international charters because the pandemic was still on, so which in the current year that international charters as a line of business has come down or it is not there. The second part is when your mix of air to ground keeps changing ground growing faster, your revenue if you look at revenue realization, it is a function of your yields and the component of ground being higher, you will see as if your overall revenue per unit coming down, but when you actually look at the breakup and each growing in a different manner, your overall revenue realization is in line with expectations. So you want to add something?

Ketan Kulkarni: I can add I think, Vaidhyathan kind of covered it very well. Charters being sucked out, one charter is one shipment essentially for us, but a lot of revenue, multiples of that shipment. Secondly, the sector profile also changed. We have seen tremendous growth in sectors that give us low weight shipment, such as e-commerce, BFSI, so that was the only reason, but as you rightly pointed out, Pramod, a strong shipment growth and positive tonnage growth and with the results that are kind of coming out of the logistics industry we just had one yesterday. You will see that this is a very strong performance.

Pramod Dangi: And despite as you said in the opening remarks, we have seen the correction of the ATF price in the last 3-4 months, but our freight and handling cost and overall cost, especially the direct cost remain very high and that is in line with what we have seen in the last 4 quarters, so is that there is a delay in, so that this is not making, we are not able to understand that?

Vaidhyathan Iyer: The freight and handling cost have got multiple components in that. One of the reasons would be the ATF, though we are saying that realization of fuel surcharge and mechanism works fine that part of it is handled on the revenue side. On the cost side, if the ATF price increases the cost would increase. So you would have, the cost side of it showing that that increase because of the ATF increasing over the last year similar quarters prices plus you have capacity creations for future. We would have some cost being incurred possibly a little ahead for getting ready for the subsequent volume getting picking up plus your aircraft induction which we have inducted in the quarter, April to June. Initially, the flight was in test run because this is a new type of aircraft and only towards the end of June it became active for with the loads being carried and all that. So those costs are sitting there. In the subsequent quarters, you will start getting the benefits.

Moderator: Thank you so much. Sir, we take next question from Mr. Kashyap Jhaveri. Please go ahead.

Kashyap Jhaveri: Sir, one clarification I wanted, to one of the earlier question you replied that the margins could look will now trend towards the pre-COVID margins which are about 12%-12.5% kind of number, the margins that we were referring were PBT margins or?

Vaidhyathan Iyer: EBDIT.

Kashyap Jhaveri: And when you compare that with 12% that is like pre-IndAS kind of number where the rent is before or is included in operating cost rather than in the below operating profit line because last about say post pandemic, our EBITDA number had been looking significantly higher?

Vaidhyanathan Iyer: Because pandemic was a special occasion, the pandemic period cannot be compared because the demand and the realizations were quite different. We had interest charters and so those are all one-off type of business. So that is why we are talking of pre-pandemic. You are right that there will be some changes because of the new standard of ROU asset and some of it going below the line. So there could be some difference, but it would be more in the range of 12% kind of thing.

Kashyap Jhaveri: So when you say pre-pandemic EBITDA, that is comparable to more like post-pandemic EBT margins, right? Is that something you are referring to because when I look at pre-COVID EBT margins, they were like about 12%-12.5% kind of a number which is why I am asking?

Vaidhyanathan Iyer: Pre-COVID EBT margins, it will not be 12%, operating margins would be in that range.

Kashyap Jhaveri: And second question is on this quarter, this reduction of aircraft, in terms of our freight and related costs are about Rs. 700 crores, Rs. 720 crores kind of number, would you be able to highlight what would be the number related to the new aircraft out of this for which there was no commensurate revenue?

Vaidhyanathan Iyer: See, the investment on the aircraft are owned by us, it is about Rs. 450 crores. What would hit us as an operating would be the depreciation interest and of course.

Kashyap Jhaveri: I am asking in this quarter in the freight and other expenses of Rs. 720 crores, you know there will be overall charges and parking charges related to the new aircraft also, right?

Vaidhyanathan Iyer: That is what I am trying to cover. Because you start operating you would have to have the pilots in place. this being a new type of aircraft, the engineers are in place. So those cost start ticking over this. Because it is a new type of aircraft, the regulatory required test slides for these for a longer time and only by June 20th it was released for carrying live shipments. So the last 10 days we did carry loads which was what we were carrying in the commercial aircraft, moved into this one plus additional loads started travelling in this. So it was only 10 day kind of a benefit we got on the capacity being available. When you start operating on live run, the operating cost increases as well as the benefit from operations flows through. So there would be some amount of fixed cost which anyway we would incur, that hit us in May and June full month. The benefit started, operating cost started hitting us in the last 10 days and we started getting the benefit in the last 10 days.

Moderator: Thank you. Sir, we take next question from Mr. Nilesh P. Please go ahead.

Nilesh P: Just to clarify, so basically the newly inducted planes, the costs and revenues are reflective of about 10 days for the quarter?

Vaidhyanathan Iyer: Correct.

Nilesh P: And just my question was more on the demand and the competitive environment, though I understand that you have had a high base quarter, but broadly when we see on a Y-on-Y basis



your volume trends, I think they have been decelerating, so what according to you, I mean what is driving that, is the demand environment weak or what is it?

Ketan Kulkarni:

I don't quite know what numbers you are referring to in terms of volume growth becoming weak. If you kind of remove the two years of COVID which is 2020 and 2021, you will see between for 2018 and 2019 we were operating at a revenue level of about Rs. 3,000 crores per year at an average between the 2 years and the PAT was about Rs. 114 crores at an average over the 2 years. We are coming out of the COVID and in 2022-2023, my revenue has now gone up to Rs. 4,800 crores at an average between these 2 years which is a 60% jump and the PAT is at Rs. 371 crores which is near the 220% up without the COVID years. So I think we are on a very strong pitch. We move about 1.2 million shipments a day which is about in our 8-hour work day shift that is about 30 shipments in a second, I think the Blue Dart performance if you remove the 2 COVID years and compare against that is really commendable as to how we have kind of fought against all those headwinds that we had and as Iyer said in this opening remark, very buoyant about the entire express business. Hence, the investments in the aircrafts, to Boeing 737s with a new station Guwahati being added. We have recently come out of two very important projects with the large 4, one on tech and automation and the other on infrastructure and network governance in the country. So I think I have kind of answered you in terms of what you 24.22.

Nilesh P:

Partially, yes. So I completely agree that, I think as compared to what your performance was about 3 years back pre-pandemic normalized environment, from there you have done phenomenally well. My point was, in the recent quarters, I will tell you what number I am referring to, the tonnage data which you give every quarter, so if I were to see on a Y-on-Y basis, the growth in tonnage, so that maybe Q2 FY23 the growth was 26, then in Q3 it has become 16, Q4 it has become 10 and the recent quarter it has become 3%. So that is what I was asking, there has been a deceleration in the trend and that is what I was referring to?

Ketan Kulkarni:

Entirely appreciate, Nilesh, what you are referring to. As we kind of covered earlier in the call that our business is split between air and ground and we are seeing a lot of acceleration in certain sectors of the industry that kind of give us lightweight shipment which would not convert into tonnage. So if you correlate the shipment growth versus the tonnage growth and triangulate that versus the revenue growth you will see that the picture is a little different rather than just concentrating on one aspect.

Nilesh P:

Correct, I agree, so shipment growth has been relatively better, no denying that?

Ketan Kulkarni:

And if you triangulate that against the revenue, the picture becomes much more holistic and that is how I would rather look at it, Nilesh, very nice insight.

Nilesh P:

And just one thing, the current demand environment according to you, how is that vis-à-vis what you are seeing maybe a couple of quarters back, in terms of the e-com, the air documents you ship, any broad color you could give on the demand environment as we stand?



Ketan Kulkarni: Yes, the broad color we generally give basis the deep dive into data, again we do conduct a total market sizing exercise every year again with one of the top 4, that gives us directions over the short, medium and long term and as I said earlier air markets to grow in single digit and ground markets to grow in double and basis that then we plan our playbook on how we are going to strategize, how we are going to execute and ultimately stay ahead of that growth that the market is kind of throwing up.

Nilesh P: And my second question was on the competitive environment, so we don't get too much about, but from whatever we have been reading, we have heard that Indigo has been inducting dedicated planes for freight business, I think I presume they have about two currently, Amazon Air had also announced that they will be expanding their dedicated freight in India, so in context of that could you give us a sense on how the capacity for air industry has been on the freight side and the pricing discipline, I mean we would want to understand that a bit more?

Ketan Kulkarni: So if you look at the entire air freight cargo market in the country that has been a little flat. But we are not in the air freight business which Indigo would operate through their belly space. We are in the air express market. The air express market means a door-to-door pickup and a door-to-door delivery, so that kind of differentiates us. We use the Indigo aircraft for our shipments also when Iyer explained to you earlier in the call about commercial uplift these are the belly spaces of Indigo, of Air India, of Air Akasa, Asia Air and everybody, those are the belly spaces we will use. So it is a complementary to our business and as and when we hear that the induction of higher belly space is going to happen in the industry over the next 5 or 10 year horizon, we hear the news that 500 more aircraft will come in, etc., that only kind of encourages us that more belly will be available. Blue Dart with its express service can reach more tier 2, tier 3 towns. More airports will come into the realm of air express, so really very buoyant with that. Amazon Air through aircraft essentially being used for the Amazon captive loads, Amazon is also working with us very closely. We have worked with Amazon since they have come into the country, so it is a very complementary kind of business and we are kind of in a happy space there. In terms of pricing again as I told you we are the air express operators, the others are airport to airport, so there is a pricing differential that we have over all the others who operate airport to airport. The most differentiating aspect of factor in express is that pick up from door and that deliver to door. Air is just my middle mile.

Nilesh P: And the last question was just the new planes from what we have been given to understand you would be deploying, I think North East is one of the routes which you would have already deployed, so in this business, the return load economics also play an important part, so how are you assessing that aspect because especially from that corridor?

Vaidhyanathan Iyer: This aircraft, the additional aircrafts will touch Guwahati as one station which is the North East, but it also service the capacity requirements of growth for the other metro section, so it will be servicing both. As far as Guwahati is concerned, we believe that has got a good potential loads into Guwahati is not an issue at all. Growth loads out of Guwahati is also being developed and for us we feel that there is a good potential there and we can, once we start giving good quality



transit times and good turnaround from there, the market is adequately there. Ketan can add further on it.

Ketan Kulkarni: No, I think you covered it pretty decently well, Vaidhyathan and as Vaidhyathan earlier said, we kind of balance it out with the commercial load that we currently carry in and out of Guwahati, over the next two quarters we reach the yield balance that we want to achieve and I think when we look at the numbers we think we will be able to do that much earlier than what is planned in the books.

Moderator: Thank you so much. Sir, we take next question from Mr. Saurav Patwa. Please go ahead.

Saurav Patwa: Sir, just harping on the same question which you clarified it on a bit especially on the margin part, when you highlight that we should go to pre-COVID EBITDA numbers, but when we see that, if we could have done that, then actually this quarter number should have been much weaker, right because this had a higher expense, still our PBT margin is 6.5%, isn't that right number to see the PBT margin because after post IndAS due to lease rental the interest part as a depreciation has gone up at 3x, so rather we should continue to measure on the EBITDA margin which were pre-COVID because assuming that would have been the case, are this quarter numbers would have been much weaker if we go by the pre-IndAS operating EBITDA margins, is there something which we are missing?

Ketan Kulkarni: No, when we talk about pre-COVID EBITDA margins, it is on the longer period specifically.

Saurav Patwa: Sir, I have looked in from March 13, 14, 15, 16, 17, 18, so for like 5-year period our PBT margins were average for around 8% and this quarter also, I am talking about the PBT margin, I am talking PBT because I don't want the IndAS has made the interest as in efficient 3x compared to that number, so that the PBT margin is something where the interest, whether it comes above EBITDA or below EBITDA it makes no difference then we look at PBT and this also coincide with the current quarter number, this might being a higher cost due to the induction of new air planes, we still need PBT margin of 6.5%, so had it been the 12% EBITDA then this number would have been much lower sir, so I am just trying to understand?

Ketan Kulkarni: You are right that when you are looking at pre-COVID EBITDA at the old accounting where it was the lease rental and subsequently it will come under the new IndAS could sit under depreciation, so when you look at PBT per say, PBT is in more or less 1%-1.5% here or there and that is what we are saying the performance has been good and we will come back to the same percentage as pre-COVID.

Saurav Patwa: That is for PBT?

Ketan Kulkarni: Yes, at the PBT level and for the aircraft related cost, the fixed cost of inducting the aircraft has been there since May and June, the operating cost which is the larger part of the cost is there only for 10 days. So the benefit of the capacities also only for 10 days, so what would happen in the subsequent quarter is your operating cost will be for the full quarter, your benefit of the



capacity also will be for the full quarter, the challenge would be for us how we can turnaround the low yield airport to airport loads faster by replacing it with express loads and that will give us a better margin and flow through.

Saurav Patwa: But once this at some point, may be like 2 quarter, 3 quarter, 4 quarters, the sustainable margin at PBT level would be something which were there pre-COVID on a normalized basis, whether it barely reaches to 10% or it stays at 8.5-9 it is something which will depend on how we improve, but the PBT margin pre-COVID is something which one should factor, right?

Ketan Kulkarni: That's what we are saying.

Moderator: Thank you so much. Sir, we take next question from Mr. Nimesh Shah. Please go ahead.

Nimesh Shah: Sir, I had a question, you mentioned that ground will keep growing faster than the air, so just in terms of unit economics, so should we focus on absolute margins and is it fair to say that absolute margins in both the segments will be similar for us because if I have to just extrapolate and just see the realizations per ton basis, then it will distort the entire picture for us given that ground is a lower realization business for us, is it fair to say on an absolute margin basis, they will both be making similar kind of profits for us?

Ketan Kulkarni: The margins in all the products, in all the type of services will be in a similar range, may be 100 basis points here or there, but it would be, the reason been we only focus on profitable growth. We don't go for volume gains. So our endeavor would be to protect the margins.

Nimesh Shah: So also is it fair to say that our topline growth that is revenue growth will be much going forward, revenue growth will lag our volume growth or we will kind of makeup and when we say double digit growth in the ground and single digit growth in the air, it is on the revenue front and not at the volume front?

Vaidhyanathan Iyer: The volume versus revenue would always depend on the mix, if your ground is growing faster, so the revenue would grow as such the resultant revenue growth would be lower than the volume growth because your ground is growing faster. So those are things which is bound to happen unless, Ketan you would want to add anything further on that.

Ketan Kulkarni: No, I think Vaidhyanathan you covered it pretty well.

Moderator: Thank you. Sir, we take next question from Mr. Rakesh. Please go ahead.

Rakesh: Sir, just wanted to know what is the average realization per shipment via air and via surface, in general what is the price difference between if our products are shipped via air and via surface?

Vaidhyanathan Iyer: In air and surface also we have multiple kinds of services which are there and each of the realization would be whether if it is a document of parcel, heavy parcel versus light parcel, so they are all different price bands and different realizations.



Rakesh: But any color further on that like it is what we have traded, air express is 3x costlier than the surface, is that understanding correct?

Vaidhyanathan Iyer: You are saying air is 3x costlier than the surface, is that your question?

Rakesh: Yes.

Vaidhyanathan Iyer: Yes, more or less that should be.

Rakesh: And in the earlier participant question, you mentioned the margins will be similar, so if the share of surface increases further, so maybe the volume growth will be higher, but the total revenue growth will be lesser and the EBITDA will be lesser, is the understanding correct?

Vaidhyanathan Iyer: When you talk about product mixes and EBITDA and all, it can be confusing but what we are saying is we would always try to grow profitably and our margins would be as a percentage to revenue the EBITDA or EBT margins would be generally in a similar range, may be 100 or 150 basis points here or there, but we will never be the volume gain where we will lower the prices and try to capture the market that will not be our area.

Rakesh: Sir, the client that you have, have you seen the customers coming to you, those who were shifting earlier via air, but now because the road connectivity has improved, the time lag has also come down, are they shifting to route before like air?

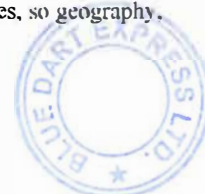
Ketan Kulkarni: Rakesh, as I kind of covered earlier in the call, if you compare over the years without the COVID, you will see the revenue growth at about 60% which is essentially a mix of new customers that are coming to the business which is current customers shipping more which is a product mix change that is happening, a geographic mix change that is happening, so there are various kind of points and within those how we balance our business as Vaidhyanathan said earlier in terms of volume and revenue we balance our business in terms of going after customers and lanes and geographies that are more profitable, how we keep the mix, so that all the areas of revenue growth, tonnage growth, shipment growth kind of result in a very strong EBITDA margin, all this has happened over the past many years and we believe this will happen going ahead too. That is how in fact Blue Dart has been successful over the years in terms of understanding trends, being agile to those trends, reading trends much earlier than others can read them and that is how we have been able to build the business that consistently delivers on topline, bottomline and all the metrics that kind of measure the performance on those.

Rakesh: Sir, one last question from my side, recently two companies have announced that they foray into B2B Express, one is Ekart, one is Maersk. Globally, Maersk has also announced to enter into B2B Express, just wanted to know your thoughts on the competition because Maersk has announced Rs. 50 per package if I am not wrong, \$1 per package anywhere in India, so your thoughts on that?

Ketan Kulkarni: Rakesh, I will have my thoughts on that, but I would refrain from commenting on competition. You will have to excuse me for that.



- Moderator:** Thank you. Sir, we take next question from Sarika Thorat. Please go ahead.
- Sarika Thorat:** Sir, regarding the revision of the customer contact you communicated last time that additional fuel charge as well as the annual hike has been taken after March, so what is the status on that, it is pretty much accepted by the clients or it is yet to reflect in our numbers in the subsequent quarters?
- Vaidhyanathan Iyer:** The price increases happen every year, so those are normal. What we spoke about was the fuel surcharge some changes which we did. That has been accepted, so it is already priced in the result.
- Moderator:** Thank you. Sir, we have a follow up from Mr. Pramod Dangi. Please go ahead.
- Pramod Dangi:** Sir, just wanted some clarification, as you said that this year's cost including some aircraft induction cost for the May and June month, so if you can quantify that amount if you can give some sense on that how much would be that cost?
- Vaidhyanathan Iyer:** Don't think we can give you a number to that, but since in a large setup this cost of the induction will not be very significant that it will distort the number, they are small because you already operate 6 aircraft, so that cost is already sitting there. This is only the fixed element of the depreciation and interest and manpower is sitting, so that will not be a very large cost.
- Pramod Dangi:** But I just noticed that the depreciation quarter-on-quarter and year-on-year is almost the same as earlier, so will the depreciation go up going forward for the two aircraft?
- Vaidhyanathan Iyer:** We have two companies, the Blue Dart Express and then the subsidiary Aviation, the aircraft induction happens in the Aviation setup, so when you look at the consolidated results, you will find the depreciation. Standalone result do not sit as the depreciation, it will sit as aircraft under freight handling cost.
- Pramod Dangi:** Sir, I am looking at the consolidated number only, that is only I am saying?
- Vaidhyanathan Iyer:** There, you will see that depreciation impacts coming in the subsequent quarters.
- Pramod Dangi:** And just to, although you are not giving the actual numbers, was there any price reduction in any like to like if I look at whether in air express or the ground express, was there any price reduction or that realization drop is just because of the product mix?
- Vaidhyanathan Iyer:** It is the product mix, primarily driven by the product mix.
- Pramod Dangi:** No price reduction compared to product to product or the service to service business?
- Vaidhyanathan Iyer:** I don't think we can make a general statement because what also happens within the product is different customers are at different price point in a particular business and lanes, so geography.



so all that is a weighted average, so you can't make a sweeping comment like that, but primarily driven by the product mix.

Alok Deora: Thank you. Sir, we have some questions in the Q&A box, so I will just quickly read out. Does the blended realization in 1Q reflect the Q-o-Q decline in ATF prices?

Vaidhyanathan Iyer: Yes, it reflects Q-o-Q decline in the ATF prices.

Alok Deora: What is the expectation of the e-commerce industry as Amazon choosing a dedicated freight had impacted Blue Dart volumes in anyway?

Ketan Kulkarni: So I think I answered that, we work very closely with Amazon, you also know that Amazon has its own dedicated logistic service and the major part of their shipments move through that service. A small part of their business is outsourced through players like Blue Dart and others. We are kind of in a position where we are not too kind of disturbed with what volumes we are getting from Amazon and also my portfolio is much more balanced than most others across sectors rather than being skewed towards a particular one to kind of eliminate any risk that we would have from a particular sector and more so from a particular customer.

Alok Deora: Sir, one question is related to the 1st Quarter performance, so the volume growth has been around 3%, so any sector which performed below par, any end-use segment which performed below par during the quarter and what is the outlook on some of the key segments we cater to for FY24 and FY25?

Vaidhyanathan Iyer: Rather than telling you which kind of underperformed, I would rather tell you which kind of performed well, so we had Lifesciences, Healthcare, we had Consumer Electronics, Durables, E-commerce, Banking and Financial Services, Automotive performed very well. We are also as you know as I said earlier factor of the GDP is the Express industry and so are these sectors. They have all kind of triangulated their growths also to how the GDP will grow. If you are in the services sector, it is the subset of the services GDP or the manufacturing GDP. The manufacturing GDP last quarter was in single digit, so when we kind of look at our numbers and do the algorithms versus the sectors we see that our growth in sectors or the volumes and shipments that are coming from the sectors is in a very strong position as of today.

Alok Deora: I think just last couple of question in the Box, I will quickly read out, if the blended realization reflect ATF price movement, is Blue Dart getting kind of raw end of the deal while pricing is dependent on crude movement based on fuel surcharge, but benefit of ATF has to be passed on immediately, so that is the kind of question where we are getting pricing based on fuel surcharge, but whatever the ATF price is coming down we are passing it off immediately?

Vaidhyanathan Iyer: That is a cycle. What happens is crude prices could reflect that in the ATF in the subsequent month or 1 or 2 months later depending on how the local suppliers import, refine and price it in their products. So as a cycle, it will always reflect immediately or in the next one or two months, but one should not be bothered in the longer run if the mechanism is working fine and we are

able to observe the increases by passing it onto the customer or give the benefit to the customers when the prices go down, the mechanism is working fine.

Alok Deora: Sir, just the last question in the box, so I think this was asked previously, but I will just, similar question, leading competitor is running operations at around Rs. 65 for parcel for e-com shipment, so do you think this number is sustainable and if not then what would be the sustainable number here?

Vaidhyanathan Iyer: Sorry, I missed, I am reading it out, our leading competition is running operations at 65 per parcel in ground logistics, do you think this kind of number is sustainable if not what would be a good number? The anonymous attendee if you are referring to Maersk, I believe that number is Rs. 80 per shipment.

Alok Deora: Thank you. We have the next question from Mr. Saurav Patwa. Please go ahead.

Saurav Patwa: Sir, just for next 3 to 5 years, what kind of a blended growth you foresee obviously there can be quarterly variation here or there, but given the kind of environment we are, the way the manufacturing is going in India and we have beginning to be a sort of auto hub where precision parts may be required, pharma part may require to move here and there, consumer demand is so strong, so given all these factors, what kind of a blended it may happen to express?

Ketan Kulkarni: Saurav, of course Vaidhyanathan will definitely come in, but as I told you earlier, we are factored to GDP growth. If you have seen the global GDP, if it is growing at 2% or 3% India's GDP generally grows at 6% or 7%. If the global GDP jumps up to 3% to 4%, India's GDP growth suddenly jumps up to 7% and 8% and I told you we will always be a factor of the GDP, we will facilitate trade and we will grow faster than how the market, where we play gross.

Saurav Patwa: That should be factors nominal GDP or real GDP because your realization would be linked to nominal GDP because inflation do factor in for your kind of business?

Ketan Kulkarni: Yes, it will be nominal GDP.

Saurav Patwa: It will be nominal, so 13%-14% is what one should factor in?

Ketan Kulkarni: No.

Saurav Patwa: And the nominal GDP for India has been for 30 years, 40 years has been in that industry?

Ketan Kulkarni: What is the nominal GDP growth?

Saurav Patwa: Sir, real growth plus inflation that is....

Ketan Kulkarni: Excellent, what is the growth that you have in mind this year?



- Saurav Patwa:** I am just asking sir, what is the factor of that nominal GDP growth you would grow for, whether it is 1x, whether it is?
- Ketan Kulkarni:** Yes, that is what I told you, the Express industry is at 1.2% factor on GDP. That is the Express industry.
- Alok Deora:** Thank you. So I think we are done with the Q&A session. I would like to thank the management from Blue Dart, Mr. Iyer and Mr. Ketan Kulkarni for giving us opportunity to host the call and for any follow up questions you would reach out to the IR team. Thank you so much sir for letting us hosting the call.
- Ketan Kulkarni:** Thank you, Alok for organizing the call and thank you everybody for your very directional questions. Over to you, Vaidhyanathan.
- Vaidhyanathan Iyer:** Thanks, and it was quite apt.
- Ketan Kulkarni:** Thank you. Have a good evening everybody.

