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February 02, 2024

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 January 24, 2024, notifying on the schedule of 'Investors Call' organised through M/s. Motilal Oswal Financial Services Ltd. on January 30, 2024, to discuss the corporate performance for the quarter and nine months ended December 31, 2023 and audio recording of the same submitted on January 30, 2024.

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 Q3 FY24 Earnings
Conference Call”

January 30, 2024



MANAGEMENT: MRS. SUDHA PAI -- CHIEF FINANCIAL OFFICER --
BLUE DART EXPRESS LIMITED
MR. VAIDYANATHAN IYER -- GROUP CHIEF
FINANCIAL OFFICER -- BLUE DART EXPRESS LIMITED
MR. TUSHAR GUNDERIA -- HEAD (LEGAL &
COMPLIANCE) & COMPANY SECRETARY -- BLUE DART
EXPRESS LIMITED

MODERATOR: MR. ALOK DEORA - MOTILAL OSWAL FINANCIAL
SERVICES LTD.



Moderator: So good afternoon everyone and welcome to the Interaction with the management of Blue Dart Express. Firstly, I would like to thank the management team of Blue Dart for giving us the opportunity to host this call. So today we have with us Mr. V.N Iyer, a Group CFO, Mrs. Sudha Pai, CFO, Mr. Tushar Gunderia, Head (Legal & Compliance) & Company Secretary. So I would now request the management team to provide some opening remarks on the Q3 performance and then we can start with the Q&A session. Thank you and over to you.

Tushar Gunderia: Yes, good afternoon. I would request Sudha Pai, CFO and Mr. V.N. Iyer, Group CFO to brief the investors about our recent quarterly results. Thank you.

Sudha Pai: Good afternoon everyone, rather good evening everyone. Regarding our Q3 results, as is being published even on the website, we have done better in terms of revenue on a quarter-on-quarter basis which is Q2 v/s. Q3 and that's by 4% and even in terms of profit before taxes compared to the previous quarter of 2022. We are 4% up in terms of the total income and in terms of profit before taxes, slightly lower compared to the previous quarter by 12% because we had an extraordinary income in the previous quarter.

But overall, on a Q2 v/s. Q3, I would say that our shipments have grown by 6.3% and overall volumes have increased versus the previous quarter by another 4.6%, both put together in B2B and B2C. V.N, would you like to add anything more?

Vaidhyanathan Iyer: Then we'll take the questions from somebody. Any questions we can take for the participants?

Moderator: Sure, sir. So anyone having questions can please raise their hands or post their questions in the chat box below. So first question we'll take from the question queue. Yes, please go ahead. The first question is from Unique PMS. Please go ahead.

Nirali: Yes, hi, this is Nirali here. Thank you for the opportunity. So, sir, if you can just briefly talk about the utilization level after the two new aircrafts have been on-boarded. Overall, how do we see them? Is it as per our plan or just brief if you can talk about that?

Sudha Pai: So as I mentioned, our volume compared to the December quarter last year versus this year, we have grown in the air business overall by, between 2% to 5%. And this is being in the very first year where the aircraft has been deployed. We are more or less in plan, as per the plan, as far as, utilization of this aircraft is concerned. V.N, would you like to add anything?

Vaidhyanathan Iyer: Yes, further to what Sudha mentioned, as we had in the earlier quarter, we need the loads before the aircraft comes in, so that when the aircraft comes in, at least some portion of the capacity is utilized straight away by the ones which are going by commercial and gets into this. And then we build up, use it for the low premium, replace it by the higher premium over time. That's been the strategy and we continue with that.

Nirali: And in our experience, when should we reach this optimum utilization of replacing the cargo also with a higher premium cargo?



- Sudha Pai:** It depends on the market dynamics. So, A, is that our intention is to ensure maximum optimization of the aircraft, plus the profitable growth. That's always the business aims to, but you also have to take into consideration what's the situation outside like, what's the market outlook as of like?
- So, depending upon, how the market develops, we continuously aim to ensure that we have a good strategy to have a profitable growth on a month-on-month basis. Like that's always a part of our mechanisms.
- Nirali:** While you are on that, if you can talk about the market outlook, what kind of competition you are seeing? Because in the last call, we were of the view that Q3 being the festive season should show some good growth. I'm sure you meant something more than 2% or 4%. So, what really changed and why couldn't we deliver a higher growth in this quarter, but it being a festive season?
- Sudha Pai:** It was just the previous quarter, which is between September 2, Q2 versus Q3. I think we have delivered at least 5% plus in terms of our volume and that's mainly because it was a festive season. As you rightly said, it was a festive season and we could cash in on the festive occasion.
- Vaidhyanathan Iyer:** Also, one needs to keep in mind this time Diwali happened to be in October. So, the shipping started in September itself. So, the volumes actually got split into two quarters. The previous quarter, that is up to September, we had good loads and then carried forward into the current quarter also.
- Sudha Pai:** Our September, PBT was INR 952 million and for the month of -- for the quarter ended December 2023, it's at INR1,050 million respectively. So, that way, you can see a third in the income driven by this festive occasion. I hope this answers your query.
- Nirali:** Yes. So, but in that some other contribution is from other income also, right, which you said was extraordinary, a part of it.
- Sudha Pai:** That was compared to the last year's quarter, last previous years. If I'm comparing December 2022 versus December 2023, there again, there is an increase in the revenue from operations. From INR13,370 million INR to INR13,829 in December, there is an increase of around 3.43% and of that in December 2022, there was a, one of it, which has not happened in this particular year.
- Nirali:** Yes, fine. That's it from my side. Thank you.
- Moderator:** Thank you. So, we take the next question from Mr. Pritesh. Please go ahead.
- Pritesh:** Can you listen to me?
- Moderator:** Yes, please. Okay.
- Pritesh:** Ma'am, just a couple of questions. One, we are still not clear why we are not growing on volumes now for the last nine months, where any other indicator with respect to the economy or logistics

or freight or anything that we track hints at a higher single digit or a double-digit number. And yet for us, forget this quarter, but yet for us, the volume growth rate number this year has been fairly low? That's my first question.

And I have one more question with respect to margins. We have been continuously taking price hike. We have yet again announced a price hike to be effective January. But when it comes to the net realizations, it's not flowing. And when we look specifically at this quarter, where a lot of your direct costs have come down, but we don't still see the expansion in margins. So, is it that we have taken a round off or we have given...

Sudha Pai: So, I would like to answer your first question where you said on a nine monthly basis, our volumes have not grown, like I have in front of me April 2022 to December 2022 v/s. April 2023 to December 2023. And in terms of shipments growth, it's the 9% growth in terms of the overall shipments. And I feel that 9% is a decent percentage in terms of the overall volume for any particular business.

Pritesh: And ma'am, in tons? Yes. In tons, ma'am, in tons?

Sudha Pai: In terms of tonnages, it is 3.1% increase.

Pritesh: Exactly, ma'am. So, that number is fairly smaller number versus any other indexes?

Vaidhyanathan Iyer: What you have to keep in mind was the previous year, still had a COVID impact where we did a lot of international charters, which adds to the weight of the previous year. So, one has to do a like-to-like comparison by moving that tonnage out. And if you keep that tonnage out, then as Sudha says, our growth has been fairly in line with what our expectations would have been.

Sudha Pai: And also, you must say that it's the lightweight shipments that we are carrying, which is where, helps us also to improve our profitability.

Pritesh: Okay. On the second question on the margin side, the realization side?

Sudha Pai: So, margins, if you look at, from, if you look at December '22 quarter versus December '23 quarter, we are from 8.8% to 7.47%. As I mentioned, in December 2022, there was international charter element. And accordingly, the margins consider without that, it would be in the same range or perhaps a lower range.

From September 23 quarter, from Q2 versus Q3, the margins have increased from 7.11% to 7.47%. There is an increase in the margins on a quarter-on-quarter basis. And it also depends on the product mix as well, right? How the product has fared in ground and so on, like, so...

Pritesh: Which margins are you referring to, ma'am? I think you are not referring to operating margins, right?

Sudha Pai: I'm referring to the margin percentages. At the PBT level.



Pritesh: Yes, ma'am, but generally at the operating level, that's how we tend to look at the operations and defer. The question was, we -- there is a tailwind in cost. We were all expecting some margin expansion to flow in. It is not flowing. So is there something that we have to understand, number one? And number two, from a peak margin of whatever number 15%, 16%, 17% number on a standalone basis, we are at about 9% or 10%, 10%, 11% margin number.

So where do we see the operating margins of your company? That question may also help us to understand? Or want to answer the other way why is it that the costs have come down and margins are not expanding, whichever way you want to answer?

Vaidhyathan Iyer: If you remember the last time also, we said that we have inducted the two new aircrafts into the system. And there would be a certain time of two quarters till the time it, it gets into an optimization. So that time one has to, so when you induct capacity, it can't be that you continuously improve the others.

The initial, this would be our focus would be that the aircraft gets fully utilized with, capacity lodging being fairly large. So with lower premium products and as we keep addressing the mixed part of it, the margins will come back to the earlier levels, which has been stated this and I think that, it would continue to be in which we can move.

Pritesh: Lastly, any changes in the supply in the air cargo side, supply in the industry, any major changes that you want to highlight?

Vaidhyathan Iyer: See, we are the only cargo airline. So if you look at the passenger airline, they would be keeping on adding the capacity, but that will never be a compete for us because it's barely spaced with 1.5 tons, 2 tons for being fought between multiple players. So from the cargo -- express cargo side, I don't think anything has changed other than reintroducing additional capacity into the market.

Pritesh: Okay. Thank you very much.

Moderator: Thank you. Any other question can please raise their hand. So we take the next question from Mr. Pulkit. Please go ahead.

Pulkit: Can you hear me, sir?

Moderator: Yes.

Pulkit: Okay, great. So I think I'll come back to pretty much the same question. The previous two participants are because it seems you have added capacity. And despite that, your revenue has not grown.

And it seems that, the management think that this is a decent growth. So just trying to understand that what was the rationale of adding capacity when this growth of, low single digit is something that as a company, we think is a decent performance. That would be my question. Number one.



Sudha Pai: See, for any business, there are certain months or certain years where you have to take a risk. And that's the call, this was taken where we inducted two aircraft. Once you take an inducted two new aircraft, it's not just one like, it's two new aircraft.

Then the gestation period to ensure that it's optimum, it gives the right amount of revenue and profits and so on. If you look at it, there is a volume. However, may not be reflecting so much in terms of margin, but there is an intention to build the capacity to utilize the capacity.

And then eventually, as we also mentioned, then look at how to make it at a profitable growth. So this, when this entire mega change happens, it will take some time, like, and I think by, from a quarter-on-quarter result. It's been a very fair progress is the, is the view like we and the.

Vaidhyanathan Iyer: Yes. Also, when you are with the problem is a comparison of the previous year versus this year. The previous year had a lot of international charters for the COVID. So the revenue base is higher. That is why you are not seeing the, muted growth or growth, which is lower. So it was an abnormal time and you can't equalize that and say that.

But under normal market scenario, we are, the study from a third party also indicates that a market share is increasing on all the products. So that way, be assured that, volumes are growing, the revenue is growing. We are on track.

Pulkit: Sure, Sir. So and on that journey, which you said that two planes have been inducted and it will take time for the ramp up and, premiumize that. Where are we on that journey in terms of when will it start reflecting into better margins for us as a company?

Vaidhyanathan Iyer: The definition of a better margin in your mind and my mind would be, different. But what we would say is that whatever we were in a normalized scenario before COVID, whatever margin levels were there, that being a normal margin, we should be, at a similar level. May be give a quarter-to-quarter year on that.

Pulkit: Absolutely.

Sudha Pai: One thing at a time we are trying to focus on is to avoid ideal capacity to a second is to ensure, to have a very, profitable growth and trying to just, balance this out.

Pulkit: Sure. And may be one last question. I mean, we've been seeing a lot of uptakes in terms of, electronic manufacturing in India. Companies like Apple are talking about big numbers when it comes to export and already shown in the last two years. Can you just talk about how you are looking at all this, manufacturing optimism that's going around in the country? Are you seeing that in terms of volumes or maybe at this stage in terms of inquiry so that we get a sense of how the next few years could look for us as a company?

Sudha Pai: So, for Blue Dart per se, it's the domestic demand that matters a lot. It's the domestic movement, intracity, interstate are the ones, which are the real trigger. But as you rightly said, with the increasing thrust in the exports and increasing thrust in the trade, we expect that, the overall domestic demand in the B2B segment as well as in the B2C segment would continue to, would continue to remain at an all-time high.



There is a high level of optimism and B2 B aspire for better numbers on a quarter on quarter, although Tushar has told us that, there should not be any forward-looking statement.

Pulkit: No, I mean, we are not asking for forward looking numbers, but at least, since you are in the hot seat to give a sense of, how you are seeing demand sort of built up for the future, that would be very helpful for us as analysts to understand.

Vaidhyanathan Iyer: Obviously, so many things, as you mentioned, the government is taking all those initiatives from the organization also from that perspective, we are focusing on Tier 2, Tier 3 cities where, interiors, there would be a lot of movements happening. So, we are focusing on that, we are focusing on certain specific sectors, which could be, a boom, we are focusing on channels for us to ensure that, if the volumes would take a little time to grow, we don't input in infrastructure and start eating up the cost, but on a variable model, we try and start servicing and as the volumes go up, we start, putting in our own infrastructure.

So, those plans are all there and we would play into the government, into the way in which the government's policies would and the manufacturing and other industries would progress, we would, we are certainly playing into it and seeing how we can benefit from that.

Pulkit: Sure, thank you so much. That would be from my side.

Moderator: Thank you so much. Sir, we'll take the next question from Mr. [Chirag Setalwar]. Please go ahead.

Vaidhyanathan Iyer: You are on mute, so if you can unmute.

Chirag Setalwar: Can you hear me?

Vaidhyanathan Iyer: Yes.

Chirag Setalwar: Great. So, thank you very much. A few questions from my side. The first is, what is the current utilization on the new aircraft added?

Sudha Pai: Like we said, we don't publish as such, the utilization percentage. However, we had a festive quarter, in Q3 and that's where, we optimized all our investment that we had done into this, the two airplanes.

Chirag Setalwar: So, ma'am, let me ask the question a little bit differently. How long will it take for you to get to the optimal level of utilization, even at an adverse mix? So, of course, you will improve the mix going forward, but just to get to the utilization, mix will keep improving, but just to get to that utilization, which you think is appropriate, how many quarters do you, how far away are you from that?

Vaidhyanathan Iyer: Yes, if you take the revenue or the yield mix aside and you're only looking at the pure utilization of the aircraft, what happens is in bulk of the sectors where the movements are fairly good, we would be at a closer to optimum utilization, which could be 80%, 85% kind of a thing. But when it comes to the last sectors where there could be, a one-way movement into a consumption center,



but not the reverse because it's not a production center, those places, there will always be a challenge of in those sectors, the utilization may be a little, which we call as weak sectors. It's a weak sector for us as well as any other player would operate into that sector.

So if you leave those aside, otherwise we are, on capacity utilization, we are fairly good right from, right from the initial stage itself.

Chirag Setalwar: So the second question I have is, you spoke about getting back in a couple of quarters to normal levels of profitability, which you exhibited pre-COVID. And of course, we've seen some variability even pre-COVID. So wanted to get this right in terms of what is, as you see it, the normal level of profitability?

Vaidhyanathan Iyer: See, you could take a three-year kind of an average of pre-COVID and say that could be a benchmark level. Hello? Can't hear you.

Moderator: Yes, I hear you sir.

Chirag Setalwar: Please go ahead.

Vaidhyanathan Iyer: Sorry, possibly you were not able to hear me. If you look at pre-COVID, keep the COVID aside and average of three to five years to take an average and that could be, it'll even out the ups and downs and that could be the level which would be a normalized level.

Chirag Setalwar: Sure. Okay, great. Thank you.

Moderator: Thank you. So we take next question from Mr. Harish Biyani. Please go ahead.

Harish Biyani: Hello. Yes, I just had a follow up to Chirag's question on the margin part. So you alluded that you want to do a five, three- or five-years average of last five years or pre-COVID numbers. But that's that is all over the place and look fairly low. In the context that you set up, you said, taking additional capacities in place, right?

There's always a variable between opex and capex. Done some capex and you underutilized today, you have better utilization, you'll have better mix coming in place. So I'm like, we can't fathom what's going on here?

So would love to appreciate if you can kind of call out again, we're not looking at two quarters, three quarters. But is there an aspiration that the management has to achieve a certain level of margin, certain level of growth? We all kind of struggling to get this answer.

So would appreciate that when you internally within the board, or within the management committee, what the kind of growth that you're looking at? What the kind of margin that you're talking about? Maybe a range and not necessarily a particular number. It's all over the conversation that just happened over the last half an hour. I couldn't understand where we are heading to.



- Vaidhyanathan Iyer:** See this is the same questions which gets asked like quarter-on-quarter. And I think in the past quarters also we have mentioned that, then you're looking at an operating margin. It would be at a -- certainly a double-digit -- a lower double-digit kind of a margin this's what we would be -- which we would call as a normalized margin. That's been -- and that's what we will be aspiring and if things work out better, great for us.
- Harish Biyani:** So lower double-digit, in the context that where you are today, what we should assume is that this will even come down further from here on.
- Vaidhyanathan Iyer:** Means? Sorry?
- Harish Biyani:** The reported margins in this particular quarter, and the aspiration of a lower double-digit, lower double-digit means 11%, 12% right?
- Vaidhyanathan Iyer:** See we wouldn't want to...
- Harish Biyani:** I'm like struggling Mr. Iyer to understand...
- Vaidhyanathan Iyer:** That is why we are not whether you call a 20% high or a 14% low...
- Harish Biyani:** We will look at the benchmark, today's benchmark and the pre-COVID benchmark as you pointed out. And we're trying to understand versus the pre-COVID benchmark, which you pointed, where are we heading? Are we moving upwards or we are moving downwards or it's static?
- Vaidhyanathan Iyer:** Certainly we can't move downwards. We would always want to move upwards and that's the direction we are moving.
- Harish Biyani:** And to reach an upward number, what is the growth that we should achieve to reach an upward number from here on? Is that going to be a 10% plus or a 15% plus to reach a number? Obviously, there will be a mixed impact, there will be some other impacts. But what is the number that at least we are targeting?
- And there'll always be every year, there will be some one-offs like last year you called out for certain one-offs. There'll always be certain one-offs in a particular year. Right? So it's frankly, I'm like trying to grapple with where we are heading both in terms of growth and margins.
- Sudha Pai:** So it's also -- the increase would also be aimed to have it from our GPI by having more volumes. And, as VN mentioned, it's by turning around -- the turning around towards the most profitable growth. So that's a continuous discussion that we are having at this point in time. And certainly it should get better and better from quarter-to-quarter.
- Vaidhyanathan Iyer:** Yes, Harish, one more point. When you are talking of year-over-year, you will have abnormalities. Certainly there would be, but those are normalized years. We are looking -- we are comparing a COVID year with a normalized year. And that is why that abnormality takes impact. Otherwise in a normalized year, it will not be mentioned as an abnormality. It is business as usual.



Harish Biyani: Understood, sir. Thank you for answering all my questions patiently. Thanks.

Vaidhyanathan Iyer: Thanks.

Moderator: So we will take the next question from [Mr. Saurabh Patwa]. Please go ahead.

Saurabh Patwa: Good afternoon, sir. Hope, I am audible.

Vaidhyanathan Iyer: Yes, you are.

Saurabh Patwa: Sir, we've been attending this call from quite some time. And thanks for having these calls every quarter. Sir, just two, three questions. One is like, even in the previous interactions, there have always been confusion when we talk about margins. See, when you talk about pre-COVID margins, I think there is one big difference which has changed -- which is, if you look at pre-COVID EBITDA margins, which I'm not sure whether you are referring to pre-COVID GDP margins or pre-COVID EBITDA margins, that is one.

And secondly, if it is EBITDA margin, there has been an in-depth impact there then versus when we compare now. So how do we remove that anomaly? Because we don't know what would have been the normalized margins of current numbers. So, and I think that is what is creating confusion among many analysts over the last two quarters. That is one.

And second, because of the fall in -- see, I think when you say you are having a volume growth, at the same time, there is also an impact of realization because of the oil price which has fallen down, which you would have passed on. So how much of this is impacting your operating de-leverage?

So if you can just shed some light on these two parts.

Vaidhyanathan Iyer: I'll possibly attempt to remove the confusion which is there. See, it all depends on whether you are looking at the operating or the PBT margin. When you are looking at the operating of the PBT level, yes, certainly the accounting standard change has an impact on the year-over-year comparison because some of them before the accounting standard changed.

So you have an impact of that depreciation and all that coming in. Lease versus depreciation and all that. But that's the reality. We can't -- in the published numbers, that is there. But as an organization, when we are looking at it, we are looking at a like-to-like comparison. We are not saying the benefit should, because of the accounting standard change happening, is benefiting the figures.

It is more mathematical than business driven. So we are looking at how in a like-to-like scenario, our margins can keep improving by utilizing our assets better and better. That's one. Second is when you're talking about the realization, the published results have a mix of all the products put together. And when ground is growing faster than air because of the infrastructure improvements and others, the overall yield would go down.

Doesn't mean that it impacts profitability because for servicing the ground, the cost of servicing also goes -- is lower, okay? So there is very little relationship between the revenue increase and the profitability because it depends on what product increases -- which of the segment is increasing. And is that corresponding cost moving in a direction which shows efficiencies coming in.

In the earlier interaction also, we have been saying that the company will not go for volumes at the cost of profitability, that is being in the volume game, trying to get market share from the competition. We are always looking at profitable growth. Keeping that in mind, it will always, whether the top line shows a negative growth because the product mix has changed and in each of the segments is growing and growing, but the overall is growing lesser because ground was growing higher does not mean that it impacts the profitability because the cost of servicing will also be proportionately lower. Hope that clarifies.

Saurabh Patwa:

It does, sir. Still, I am just a bit confused when you say about operating margins. I understand that when you look at, you have the live numbers and you have the numbers, adjusted numbers, and that's why when you see that, you can see that they are improving. But when we are looking, we go by the reported numbers. So, for us, what is the right comparison metric?

When you say we should look at three years average of pre-COVID, we should look at PBIT margins or we should look at operating EBIT margins? That's the precise question, sir.

Vaidhyanathan Iyer:

See as an analyst, what you look at and what makes sense is entirely driven by how you are seeing it. But as a business, for us, PBIT becomes important because that is, whether it is a leased option or an asset addition, translating to depreciation, all that gets equalized at the PBIT level.

Saurabh Patwa:

Fair enough, sir. So, does that mean, sir, when you say low debit legit margins, you are referring to PBT margins? Is this a fair assumption?

Vaidhyanathan Iyer:

We refer to operating margin because every time when we were looking at PBT, the analysts were coming that we are looking at operating margins. So, that is why we are saying at the operating margin level.

Saurabh Patwa:

So, your EBITDA margins or EBIT margins, when you are saying low double digit, is it EBIT or EBITDA or PBT?

Vaidhyanathan Iyer:

EBITDA.

Saurabh Patwa:

Okay, sir. Thanks a lot. Thanks. Thanks for the clarification.

Moderator:

Sir, we will take the next question from Mr. Mukesh.

Mukesh:

Yes, sir. Good evening and thank you for the opportunity. My first question is on the two new aircrafts. Could you give a sense if we have already broken even on the two new aircrafts there or is there some more time left for breaking them?



Sudha Pai: As we said, he is asking if we have done a break even on the aircraft. And as we said, in our earlier listening that we have started the optimum utilization of the aircraft because of the festive quarter that we had in Q3. And hope that momentum in terms of volume continues to remain so that we can break even in our investment.

Mukesh: So, on the daily operations as such, we are breaking even given that our utilization rates are the same for these two new aircrafts.

Vaidhyanathan Iyer: Sorry. Your voice was not clear.

Mukesh: So, what I was asking, sir, is for these two new aircrafts, you're saying that the utilization rates are now at optimal levels. And so, we are breaking even there in our regular daily operations.

Vaidhyanathan Iyer: See Mukesh, you need to understand there are a profitability of two aircrafts separately cannot be -- because it's a network. There are a lot of loads interchanging in that. So, if you don't add capacity, the whole premise of giving service quality to the customers gets questioned or gets, it becomes counterproductive. So these investments are required to keep the service quality at the level.

And when you look at the cross utilization, so long as your overall utilization is in the desired level of whether it is 80% or 85%, it is serving the purpose. Then the question is, as we said earlier, that how you can maximize the yield of goods moving into that. So, it's a little tricky thing. And obviously, as a businessperson, we wouldn't want investments to drain on the existing, be a drain on the existing business, which is making profits.

So, it will always be a timeframe of two quarters, three quarters till the new investment comes in. Imagine if you don't do this investment, then customers will say, what is the difference between you and any other competition? Why should I pay you that kind of yield which I'm paying? And it will be actually getting into an overtime, getting into a larger problem for us than continuing the investment.

Mukesh: Got that. Absolutely understood that. Could you give some sense on the timelines it can take, say, can it take a year or so to kind of move to higher yielding cargo? I mean, typically, does it take a year or is it more than that?

Sudha Pai: I think we already answered that somewhere, in the next one or two quarters, we should be, although we are not supposed to make any forward-looking statements. But I think that's what...

Mukesh: Sure. Understood. And again, a question on this with what we are seeing from the other commercial airlines. So there seems to be a concern of a larger grounding there, given they have some issues with patentability, etc. Do you think that can benefit Blue Dart given that cargo space might be lesser, say, in the coming year or so?

Vaidhyanathan Iyer: If you look at our business, don't drive on others getting into problems for us, concentrating on our business.

Mukesh: No, I'm not saying others getting into problems. There'll just be a capacity constraint.



- Vaidhyanathan Iyer:** There are these top advantages you get. So if it comes, it comes.
- Mukesh:** Yes. And on the pricing itself, I mean, the 10% price hike that we are taking, how much do you think we should expect will actually flow through to the revenue? Because it would not be a blanket kind of a 10%. What kind of a realization increase do you think can actually flow through?
- Sudha Pai:** We are aspiring to have the best of the realization. It could range between 5% to 6%, depending upon the past trend that we have seen. That's the opinion we have currently on the GPI.
- Mukesh:** All right. And lastly, the growth rates of Surface and Air, any kind of sense you can give us, say, first nine months or this quarter, how the growth rates have been different between the Surface business and the Air business?
- Sudha Pai:** I would say that Surface is extremely competitive versus the Air, where we have our dominance. And accordingly we are taking a call-in term of how we want to position ourselves in the Surface business, which is why, even if there is a volume growth there, you could see lesser profitability overall coming into the P&L versus any content that you would compare to last year and so on. So that's the scenario that we are witnessing as of now. VN, would you like to add anything?
- Vaidhyanathan Iyer:** Okay. The only, this is that you have in the ground also, we have a variation of the ground, which is a speed ground, which is there. That is growing at a much, much, because it's got a lower base that is more to cater to the B2C customers. It's got a lower base and it's growing pretty nicely. So overall, I think what Sudha said is fair.
- Mukesh:** So there is a, there is some kind of a constraint on the pricing there, is what basically I'm reading into it, that competition, etcetera is leading to some kind of a pricing constraint for us on the Surface business.
- Vaidhyanathan Iyer:** Not really. As we said, we have stated this is that we don't go on volume games to, so, so long as it's a profitable business, we will continue to be in that. So even if it's at the cost of a lesser, at a lower growth, we would, we wouldn't want growth to be a reason for impacting profitability.
- Moderator:** We'll take next question from Mr. Kashyap Zaveri. Please go ahead.
- Kashyap Zaveri:** Hello. Yes. Just one clarification. You said that you are aspiring to have operating margins, which is, EBITDA earnings before depreciation, amortization, interest and tax, and low double-digit number. If I look at particularly this quarter, our EBITDA margins, which is, again, earnings before depreciation, amortization, interest tax is already about 15%. So, am I, did I get anything wrong over here? Are we looking at that 15% going down to a low double-digit number?
- Vaidhyanathan Iyer:** No, we would not look at 15% going to a low double digit. What we see as a management, we are looking at always looking at the PBT as an analyst, when you're looking at, operating margin, because you all have models to extrapolate and all that. They're saying that it will be in that range, that will not be rating whether it's 15, 16, 14, it will be in that range.



Kashyap Zaveri: So that, when in the opening remarks or in respect to one of the questions, I think Pritesh had asked this question, when you mentioned that, we are already seeing an uptick in margin from 7.4% to 7.8%. We aspire that 7.8% or 8% to go up to a low double-digit margin. Have I then understood this correctly?

Vaidhyanathan Iyer: No. See, what happens when you're looking at an operating margin, for us, you have to understand our model. When you look at a surface product or something, it is on a high variable model. So more, all the expenses are coming on the operating cost. When you're looking at the air process, a lot of it comes at the depreciation level because your investment in the aircraft, is translating to a depreciation.

So this industry is a little, specific, unique compared to any other, because we have a high fixed cost in the investments, when you're looking at the aircraft into consideration, take into consideration. So it will get a little distorted, whether you're talking 14% or 16% or 17%, depending on which product is, going at what level and whether we are, invested in aircraft in the United States, all those things. So don't get into too much of analytics on to that. So long as we are, able to deliver a good PBT level, because it is only a classification between operating and depreciation kind of.

Kashyap Zaveri: Right. Understood. So, not to -- hold on to that now, that number of low double digits, but when I look at operating margins per se, without keeping that, whatever 11%, 12%, 13%, let's leave that aside for the time being. But for the operating number, any amortization of right to use assets is something that we need to take into account.

Vaidhyanathan Iyer: Yes. Yes, always there. You're on mute.

Moderator: Yes, I think it's dropped off. So, sir, there's a similar question in the chat box. So when you are referring to the lower double-digit margins ahead, are you referring to the standalone EBITDA margins or consolidated EBITDA margins?

Vaidhyanathan Iyer: See, the consolidated really does not distort because of the subsidiary's margin is very minimal. So if you look at the standalone versus the consolidated, the addition of the subsidiary's margin really does not, at the PBT level, if you're talking about the operating level, yes, they have a high depreciation, all that, all that matters. Yes.

Moderator: No, actually, the question is that when you're saying that the margins will be at the standalone level that you're referring to EBITDA margins at the standalone level?

Vaidhyanathan Iyer: Standalone level.

Moderator: Okay. Okay. Because I think there was some sort of confusion that whether it's consolidated margins or standalone, you are referring to.

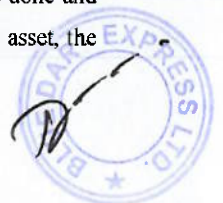
Vaidhyanathan Iyer: That is why I clarified that, when you looked at aviation, because of the high investments on the aircraft, the depreciation being high, you have this product growth is that, decides the split between operating versus the PBT.



- Moderator:** Sure. So the 9.5%, 9.7% margin, which is there, that is the number which you're looking to bring it to close to lower double-digit margin by in the next couple of years?
- Vaidhyanathan Iyer:** No, if you're talking about 9, the PBT, it would not be in the.
- Moderator:** No, it's only about standalone EBITDA, which we are talking about.
- Vaidhyanathan Iyer:** Yes, that's right. That's right. Then it is fair.
- Moderator:** Got it, sir. So we'll take another question from Mr. Vikash Khatri. Please go ahead.
- Vaidhyanathan Iyer:** You're on mute, Vikash.
- Vikash Khatri:** Am I audible?
- Vaidhyanathan Iyer:** Yes, yes.
- Vikash Khatri:** Yes, good evening. So my question is, every year we take GPI. Last year, definitely we must have taken GPI, which would have given 4% to 5% increase in net realization. Why if I see Q3, my tonnage has increased by 3 point something percent, revenue by 4% and shipment by 6%. In spite of GPI, does it mean my actual realization per kg or per piece has gone down or my product mix has changed drastically between air, e-commerce, and surface? What's driving this? 6% is a substantial hike in shipment.
- Sudha Pai:** Our GPI starts from January 2024. So effectively, you would see the impact of GPI in the last quarter of 23 to 24 years life.
- Vikash Khatri:** No, every year we take GPI.
- Sudha Pai:** Correct.
- Vikash Khatri:** Last year as on as last to last year. So when I'm comparing Q-o-Q for Q3, definitely last year to this year, there is an impact of GPI of 4% to 5%.
- Vaidhyanathan Iyer:** The product mix certainly has a major impact because if the ground is growing at a very high pace, that yields are lower than. So even if you are effectively getting good GPI product-wise, when your weightage of the surface is higher, your overall – it may not take -- you won't be able to see that in the overall yield. Since you don't have visibility of the breakup between air and ground.
- Vikash Khatri:** Is it ground only or e-commerce is growing?
- Vaidhyanathan Iyer:** If it is e-commerce, if it is air, then it will be having yield similar to your B2B product.
- Vikash Khatri:** Okay, another one more question regarding this new aircraft. We were already serving 8 airports with major old aircraft. New aircrafts have been deployed on which routes?
- Sudha Pai:** These are the core business information.



- Vaidhyanathan Iyer:** Earlier we were operating on 7 stations. Due to aircrafts, we will service some of the existing stations, but we are adding Goa-T to the network. So what would happen is loads from all the stations into Goa-T and from Goa-T into all the stations will get capacity. And that's the main achievement from adding these two aircrafts, giving capacity to Northeast. Sure.
- Vikash Khatri:** Thank you.
- Moderator:** Thank you. So due to time constraints, we will just take two more questions. So one we take from Mr. Ishaan Bhargav, please go ahead.
- Ishaan Bhargav:** Thanks for the opportunity. So given the freighter addition recently, when I look at the net block from March '23 to September '23, it went up by 70%. However, the depreciation has increased merely by 10% to 11% this quarter. So could you just help me understand why exactly is this happening and what would the depreciation trend look like existing for this?
- Vaidhyanathan Iyer:** Could you repeat the question? Sure.
- Ishaan Bhargav:** So when I look at March '23 to September '23, I see that my net block has gone up by 70%, but the depreciation has gone up only by 10% to 11%. So why is this the case?
- Vaidhyanathan Iyer:** The comparing December '23 with which period you said?
- Ishaan Bhargav:** March '23.
- Sudha Pai:** March '23.
- Vaidhyanathan Iyer:** See, the aircraft addition at the console level or the stand-alone level?
- Ishaan Bhargav:** Console.
- Vaidhyanathan Iyer:** So the aircraft addition which has gone into the block is the large portion.
- Ishaan Bhargav:** Right. But why isn't the depreciation following suit with the net block?
- Vaidhyanathan Iyer:** Why isn't the depreciation following suit? It will always depend on what is the life of the aircraft which we are taking as against the other assets. Aircraft has a much larger life, so your depreciation spread is for the utilization of the aircraft for a long period. So the depreciation will not be, the hit of the depreciation will not happen like in your technology or any other, those kinds of assets where it gets in five years, get depreciated. This is a longer period depreciation. So the benefit of it is, and the life of the asset is a very fairly long.
- Ishaan Bhargav:** Sure. So, but assuming your straight-line depreciation method, wouldn't it, wouldn't the depreciation as a percentage of gross block, wouldn't, shouldn't that increase that has actually gone down? So that is my question over here.
- Vaidhyanathan Iyer:** In depreciation what happens is if some of the asset block is already fully depreciated, it will move out of the block. So all those dynamics, if you want a specific analysis to be done and drilling down, we can always do that. But, generally in this block, what happens is asset, the



depreciated assets would always be there, which will move out. So, and the new investments would come in. So we could always, if you are very keen on finding that specific reason, we can, on a one-to-one basis, give you that response.

Ishaan Bhargav: Sure. Thank you, sir. Thanks for taking my question.

Moderator: Thank you. So I will take just one last question from Mr. Vipul Shah. Please go ahead.

Vaidhyanathan Iyer: Yes, Vipul, you are on mute.

Vipul Shah: Sir, between road, air, and e-commerce and what was the same corresponding period, same quarter last year?

Sudha Pai: Your voice is very...

Vaidhyanathan Iyer: Not clear, not clear.

Sudha Pai: Yes.

Vaidhyanathan Iyer: Could you repeat?

Vipul Shah: What is the mix of e-commerce, road, and air? And what was the same, the same period last year?

Vaidhyanathan Iyer: What was the mix? Product mix?

Sudha Pai: Product mix.

Vipul Shah: Yes. Yes, sir.

Vaidhyanathan Iyer: Yes, sir. See, the product mix, we have a mix of air, ground, B2B, B2C kind of a classification. The year when you compare year-over-year, your air lightweight shipments, which is the documents, are growing about 7% to 8%. The larger growth is happening on the speed, the ground product, which is lower, a base, which is because it has got, it's an evolving, this year over year growth is high.

So as time goes by, the mix will keep changing where the ground will have a larger share of the overall, this one overall mix. The B2C is also growing. B2C air is expected to grow. So it depends on how, what percentage that is growing, that will tilt again to some extent on the air side. So it's a little dynamic, so not sure whether what answer you're looking for, you have gotten.

Vipul Shah: I was asking about current mix.

Vaidhyanathan Iyer: The current mix. So you're saying what percentage of each is in the current mix?

Vipul Shah: Yes, sir. In this word.

Vaidhyanathan Iyer: Okay. So that, I think we have clarified last time also, you have ground us about, 25% to 30% percent of the overall business. Is that what you're looking for?



- Vipul Shah:** Yes, ground, but what about the rest of the segment air and ground?
- Sudha Pai:** So, so like, we had mentioned on a quarter-on-quarter basis, it's grown around.
- Vaidhyanathan Iyer:** So you stop looking at the growth. He's saying what is the percentage of each to the total? That's, that's your question. So, the air is, 70, 75, ground is 20, 25, 30.
- Vipul Shah:** Thank you.
- Vaidhyanathan Iyer:** Okay.
- Moderator:** Thank you so much. So we have completely run out of time now. Thanks so much, everyone, for joining in. So I'll just hand over the call to the management for any closing comments.
- Vaidhyanathan Iyer:** No, I think we have clarified. Tushar, you want...?
- Tushar Gunderia:** Yes, I mean, nothing for the queries, right? I mean, Alok?
- Moderator:** Yes. Thank you so much. Thank you so much. Thanks, everyone, for joining. Thank you.
- Vaidhyanathan Iyer:** Thank you.

