

February 04, 2025

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

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

Dear Sir/ Madam,

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

We refer to our intimation dated January 22, 2025, notifying schedule of 'Investors Call' organised through M/s. Motilal Oswal Financial Services Ltd. on January 31, 2025, to discuss corporate performance for the quarter and nine months ended December 31, 2024. The audio recording of the same was submitted on January 31, 2025.

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



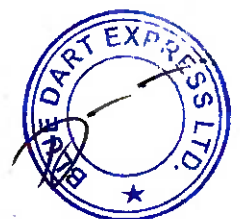
“Blue Dart Express Limited Q3 FY25 Earnings Conference Call”

February 01, 2025



MANAGEMENT: **Ms. SUDHA PAI - CFO, BLUE DART EXPRESS LIMITED**
MR. TUSHAR GUNDERIA - HEAD - (LEGAL & COMPLIANCE) & COMPANY SECRETARY, BLUE DART EXPRESS LIMITED
MR. SAGAR PATIL - HEAD (CORPORATE ACCOUNTS), BLUE DART EXPRESS LIMITED

MODERATOR: **MR. ALOK DEORA – SENIOR VICE PRESIDENT, INSTITUTIONAL EQUITIES - MOTILAL OSWAL FINANCIAL SERVICES LIMITED**



Alok Deora: Good afternoon everyone and welcome to the interaction with the Management of Blue Dart Express.

Firstly, I would like to thank the Management for giving us the opportunity to host the call. So today we have with us Ms. Sudha Pai – CFO of Blue Dart Express, Mr. Tushar Gunderia – Head (Legal & Compliance) & Company Secretary, Blue Dart Express, and Mr. Sagar Patil – Head (Corporate Accounts), Blue Dart Express.

I would now hand over the call to the Management Team to provide some “Opening Remarks” on the Performance and then we can start the Q&A session. Thank you and over to you, sir.

Tushar Gunderia: Thank you Alok and good afternoon, everybody. A warm welcome to all of you for the Quarter 3 Financial Year 2024-25 earnings call of Blue Dart Express Limited. As you are aware, the Board of Directors of the Company approved the 3rd Quarter Financial Results in its Meeting held on 29th January 2025 and the company declared its financial results for the quarter and nine months ended 31st December '24.

The company posted profit after tax of Rs.791 million for the quarter ended December 31st 2024. Revenue from operations for the quarter stood at Rs.15,117 million. Blue Dart known for its exceptional service quality strengthened by advanced automation and technology, remains a cornerstone for its operations, providing customers with a seamless, one-stop solution for all their logistics needs.

The results are already uploaded on the stock exchanges in compliance of the provisions of the SEBI Listing Regulations and are also posted on the website of the Company. I now hand over the call to Sudha Pai, CFO and to Mr. Sagar Patil, Head (Corporate Accounts) for further proceedings. Thank you.

Sudha Pai: Just to give a synopsis of Q3 as Tushar mentioned. Our revenue has grown by 9.3% and is at 15,117 million and our profit before tax profit is at Rs. 1064 million versus Rs. 1050 million last quarter. So with this, we are now open for questions.

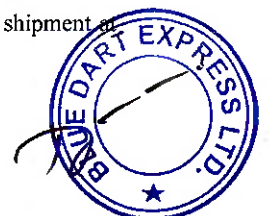
Alok Deora: Thank you so much. So anyone having questions can please raise their hands or post the question in the chat box below. We will take the first question from Mr. Kripa Sanker. Please go ahead.

Kripa Sanker: Hi, thank you for the opportunity. Am I audible?

Sudha Pai: Yes.

Kripa Sanker: So first I just wanted to get a sense of what would be the tonnage for the quarter as well as the number of shipments carried?

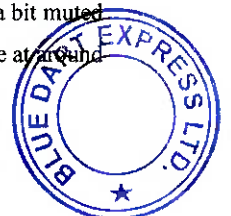
Sudha Pai: In terms of tonnage growth, we have grown by 12% and shipments have grown by 7.2%. In terms of absolute tonnages, absolute tonnages for the quarter is 351873 tons and shipment at 98.59 million shipments.



- Kripa Sanker:** Just wanted to get a sense on the profitability improvement. While we have seen that during this quarter, despite challenging environment, the revenue growth has been quite good, around 9%. Your thoughts around the further scale up of the two new fleet, any updates on that and how that underutilizes, if there is any underutilization on the lanes, which we had highlighted in the previous calls, how is it progressing? Can you throw some light on that?
- Sudha Pai:** So on the underutilization, the good news in this particular quarter is that we have reached at the optimum level of utilization. Yes, we do have a challenge on few of the lanes, on this new phase. However, it is better than the previous quarter.
- Kripa Sanker:** Understood. So in this quarter, are you also seeing benefits of the ATF price correction reflecting in your margins? Is that a booster or is it more of a passthrough which is already reflecting in your numbers?
- Sudha Pai:** Sorry, which?
- Kripa Sanker:** ATF price.
- Sudha Pai:** Yes, I mean, it's not a pure passthrough. We have our mechanism to address this price increase. And it gives a little bit of a margin as well. So it's not a beyond passthrough for our ATF prices.
- Kripa Sanker:** Got it. Secondly, on the recently commenced hub, and congrats on that, I think globally the DHL team also commented about the aspiration to expand its India operations. Anything further you would like to add on that particular investments towards new capacities and what are your thoughts around both B2C and B2B?
- Sudha Pai:** So, we are optimistic about improving our infrastructure on ground. Ground is where most of the growth happens. As I said, again we are witnessing the ground more in both surface B2B as well as in the B2C segment. And the investment would continue to be there. That's the outlook as far as our investment is concerned.
- Kripa Sanker:** So while you highlighted that there were specific targets stated that e-commerce, you're targeting about 25% market share. So just something more on what are the steps taken towards achieving this market share target? Anything which you can highlight at the moment?
- Sudha Pai:** So our aim is to have a structured investment which takes care of our profitable growth. For us, definitely increasing our market share, those are aspects that are equally important. But we have a profitable growth. So that continues to be our outlook as the statement that we have given in each of the calls.
- Kripa Sanker:** So any number, perhaps on what you would be spending on infrastructure going ahead? Any outlines?
- Sudha Pai:** We personally do not give any forward-looking statement. Our internal Budget targets would give an outlook about what we intend to spend over the next year.



- Kripa Sanker:** Alright, thank you. I'll get back in the queue.
- Sudha Pai:** Thank you.
- Alok Deora:** Thank you. We'll take our next question from Mr. Ahmed. Please go ahead.
- Ahmed:** Hi, good evening everyone and thanks for the opportunity. Just a couple of questions from my side. Sorry, I joined the call late, so maybe, it might be a repetition. Just wanted to understand the price absorption part. Last time, you indicated that we have announced the hike of 9% to 12% from January 25. So just wanted to understand how do you see these hikes getting absorbed in the market since January month has already passed?
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- Sudha Pai:** So, about the price hikes which are already in pipeline, you would get to know the concrete numbers around it, most probably by the next quarter results which would be Q4 results that we would be publishing. But yes, we are intending that our GPS has been effectively taken by the customers.
- Ahmed:** Okay, ma'am also we saw that EBITDA margin was possibly the highest in this year so far, I mean, the three quarters. So just wanted to understand the key drivers of EBITDA margin in this quarter. Was it mixed or was it anything to do with lesser competitive intensity or optimal utilization of fleet as you mentioned? What were the key drivers of it and whether these will be sustainable going back?
- Sudha Pai:** So key driver was a) it's a festive quarter. That was the most key thing that happened to us in Q3 and that normally happens in most of the Q3s. Apart from that, our fleet utilization got improved. This again, we are very optimal in terms of our cost. These are the factors which led to a better quarter this year in terms of EBITDA.
- Ahmed:** One last one, if I may. What would the CAPEX in nine months, FY25 on a consol basis and what is the target for the year?
- Sudha Pai:** I think, when we released, we spent around 622 million. 622 million is the CAPEX that we have spent up to January to December or the calendar year, up to January to December, that's been our spent so far. The budget being 1274, we have spent only 50% of the CAPEX that we had budgeted and largely into the infrastructure. The spend is largely into the infrastructure.
- Ahmed:** So that's a considerable shortfall. Was it by design or it just happened that you didn't see new opportunities? Or can you throw some more light on this, please?
- Sudha Pai:** It's a combination of internal and external factors. Yes, we do ensure that we review our profitability and the future outlook and then spend it accordingly. And also externally, it depends on finalization of deals, which place, which territory we want to invest into. Those are the external factors, as well as these internal factors are the ones which lead to slightly behind I would say that in terms of CAPEX. See also if you look at the GDP per se, like it's a bit muted for the next quarter and even compared to the last year it is from 8.2, it is somewhere at around



6.2%. So that way we are very precarious in terms of consuming the entire index and we look into ensuring that we have a profitable growth. And we already invested into two aircrafts, then one another the major hub that recently was made public. So that way, we are very cautious in terms of our investments, CAPEX investments. Sagar, anything to add?

Sagar Patil:

No.

Ahmed:

And as of now, do we have a target for CY25 that you can share?

Sudha Pai:

We will be releasing our annual budgets very soon, likely. So the targets on the CAPEX and even on the topline at EBIT would be soon published before the next month.

Ahmed:

Great, ma'am. Thank you so much and all the best.

Sagar Patil:

Budget will be our internal target.

Ahmed:

Sure. Got it.

Alok Deora:

Thank you. Anyone having questions can please raise their hand or post in the chat box below. We'll take next question from Mr. Lokesh Maru. Please go ahead.

Lokesh Maru:

Hi, thanks, Alok. So ma'am from our recent knowledge of different D2C brands and channels, they suggest that Blue Dart has become more competitive when it comes to ecommerce pricing. So is there any change in our approach or the way we are looking at ecommerce at this point, is it driving volumes or just some color on how we are looking at it? And what has the change been for us?

Tushar Gunderia:

Be little louder, Lokesh.

Lokesh Maru:

Yes. So my point was in discussions with different D2C brands and just basic channels, they suggest that Blue Dart has become more competitive when it comes to pricing e-commerce deliveries. So I just wanted some color on it, just wanted to confirm first of all, if there has been any change in approach or aggression in pricing, and the way we are looking at this segment?

Tushar Gunderia:

You mean in terms of being more competitive...

Lokesh Maru:

In e-commerce.

Sudha Pai:

Yes, in e-commerce it's not in terms of any dilution in the yields. What we covered in earlier quarters as well, we are now, in the last few years rather last 2 or 3 years, we have been absolutely focusing on increasing the scale on the ground e-commerce. So that many times, the customer may look for 1 or 2 days of dilution in the transit time and with us operating the Dart Plus product which goes on a speed truck, the gap between Air and Dart Plus in terms of service, the transit times, we could be 1-1.5 day. But in terms of the prices, it becomes very significant. So we do have a more complete bouquet to offer to the customers where based on their requirements, they



can either choose to go for an Air mode or for a Dart Plus mode. Both the products are, with our focus, continued on the profitability, remain competitive but at the same time, also remain very well profitable helping both demand for ensuring share of wallet as well as customers who ask for their requirement to choose from the two products.

Lokesh Maru:

Understood. So Dart Plus is something you're seeing has been a game changer for us in last 2-3 years. So sir, could you help understand like some color on how has growth been just for e-commerce in last 2-3 years? Asking this question, because when we look at just the large two platforms like Amazon and Flipkart, their growth has been high single digit. But since we at Blue Dart deal with a wider bouquet of customers here, right, including D2C brands. So if you would help understand two things, one is growth in this segment that we have witnessed and another, what is our value? How does our pricing or value proposition differ from, maybe, the second largest player or maybe from the market leader in this space?

Tushar Gunderia:

So in terms of the growth, the B2C as well as B2B products both air as well as ground are quite integrated in operations, we do not publish segmented results. However, we have been sharing that it is the B2C and within that also B2C on ground that has been a growth driver for last few quarters itself. And our dependence is not on very few customers. We have a good customer base. So only where it makes sense for the customers, possibly without diluting on our required profitability, we are able to provide to a wider range of customers, not only for select few. From that point of view, we have been witnessing consistent growth in the ground based e-com products and we have not seen great dilution in the growth rate so far. We are not a very big player, maybe in the overall scenario within that segment there are either captive or dedicated players for that. But, for us, we look at the very niche customer requirements over there. We continue to provide consistent rates there.

Lokesh Maru:

Sorry, last question. Just from the value proposition side, I mean, what kind of premium do we charge if we compare to the second guy on pricing in the market?

Sudha Pai:

What we call it as premium because, it is the differentiation in the service that the customers who pay a different price. So we may not be comparing like-to-like in terms of service if we do look at only from a pricing perspective. So it may seem to be higher but then so are our service quality standards that we maintain, we have certain internal KPIs that makes us kind of standing out. So we are not from that perspective premium priced as such.

Lokesh Maru:

Okay, understood. Thank you.

Alok Deora:

Thank you. We'll take the next question from Mr. Anshul Agrawal. Please go ahead.

Anshul Agrawal:

Hi, thank you, Alok, for the opportunity. Couple of questions from my end. First, can you provide us some color about the growth that we have witnessed in volumes? Would this be primarily driven by surface versus air?

Sudha Pai:

Yes, primarily surface.



Anshul Agrawal: Perfect. And secondly, if that is the case, on our margins, is surface particularly dilutive on our consol margins? Are our margins significantly different in surface and air is what I'm trying to understand?

Sudha Pai: In terms of percentage, it won't be that very significant. But here the base price would be different for an air and for a surface product. Again, as I said, we do have a common first mile, last mile and sometimes middle mile between B2B and B2C. So when you talk about margins, it becomes a word allocation criteria to apply. But then overall, we see consistent margins across. While we may differentiate internally, different allocation criteria to drive different products, but surface is not the reason for dilution. It has been last few quarters because of certain investments which have started materializing now with good capacity utilization. So surface is not the reason for any dilution in the markets.

Anshul Agrawal: Great. That helps. Just one last follow up on this. So our internal targets or the targets that we had sort of given to the street around our PBIT margins being around 8% to 9%, that will not be sort of diluted if we expand further in surface, right? If we see surface growing faster than air or our ground surface or our e-commerce surface product growing faster than the other products. Is my understanding correct?

Sudha Pai: Yes, we would like to work towards that, though it is not a guidance or any forward thing that we have taken.

Anshul Agrawal: Great, many thanks. Very useful. Thank you.

Alok Deora: Anyone having question can please raise your hand or post in the chat box. So we will take couple of questions from the chat, sir. One is what was the proportion of ground versus air in this particular quarter?

Sudha Pai: We per se do not release in public, the ground v/s. air data in terms of shipment rate or profitability.

Alok Deora: Any mix on B2B and B2C in this quarter if you can share that?

Sudha Pai: B2B, we have witnessed a growth of 6.8% versus the previous quarter and B2C is 15.6% in terms of revenue versus the previous quarter. Likewise, in terms of weight, it's 11.1% increase in the weight in B2B and 16.9% increase in B2C.

Alok Deora: And also since this quarter the margins have improved on a QoQ basis, so now that the price hike impact will also start coming in the fourth quarter, would directionally margins look up further in coming quarters?

Sudha Pai: That's the intent we have. Last quarter, when you look, Q3 was a festive quarter. We had certain festive, we had peak season surcharge there was there during the festival quarter which helped us to improve our Q3 topline as well as the margin. And in the Q4, it's the GPI that should help us to retain the margins.



- Alok Deora:** We'll take the next question from Mr. Achal. Please go ahead.
- Achal:** Good evening, sir. Thank you for the opportunity. Ma'am, if I were to ask you, in terms of the surface versus air mix, is it fair to say that the mix shift in last 3-4 years could have been 10% to 15% point or not really? That may not be the right understanding.
- Sudha Pai:** We can say that, that would be the safe assumption. Achal.
- Achal:** That's a fair assumption, right?
- Sudha Pai:** Yes.
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- Achal:** And do you see the same continuing like you can expect a 10%, 15% point shift over next say 3 to 4 years? Could that be the possibility basis of the kind of investments?
- Sudha Pai:** While we do not make a much of a forward looking statement, but our outlook is that the ground will grow in a double digit versus air.
- Achal:** Okay. And in terms of the investments what you've made, is it possible to get some sense out of our total asset, how much would be for air specifically? Like what kind of asset turns are you seeing in case of air versus surface? So even if the margins could be slightly different for surface, the ROCEs are even superior or similar?
- Sudha Pai:** One of the major investments was into aircraft. That's this thing. The second investment we did was in IT and that's across the product. That's an enhancement to our software to improve the transparency. That's across the product. And the last one is the Brijwasan Hub was a mega one. Obviously we are talking mega one, is on the Brijwasan Hub, which takes care of air as well as the ground product, ground speed product as well. So it's a mix impacting, the last one is mix impacting, ground and air.
- Achal:** Ma'am, is it possible to get a sense in terms of the number of hubs or number of branches what we have, what kind of expansion we have seen in the last 4-5 years, and if possible, even any sense about the direction from here on?
- Sudha Pai:** We don't have the data readily as of now. But we'll check with the legal team if we can make it available for the public for this thing. And we'll get back here.
- Achal:** Sure. Just last question if I may ma'am. If we look at like you mentioned 3Q had a benefit of the festive, the premium, but if we look at the gross margin, they are actually lower but I presume it's a function of the mix as well. So in terms of the focus, is it fair to say that we will try to maintain margin and get more and more growth or we want to kind of focus more on the growth even if the margins could get somewhat impacted in the near term?
- Sudha Pai:** So margins also got impacted this particular quarter and compared to previous quarter driven by the investments, driven by the three major investments which we normally keep on talking about



in at least from the past three quarters and I hope it will increase in the upcoming quarters. So with the investment that we would do, certainly it may take a little bit of a toll on the margins, but it will help us to structure ourselves well for the upcoming growth that we envisaged there.

Achal: Right. Is it possible to get some sense about the capacity utilization, ma'am, for air and surface?

Sudha Pai: For surface, we use trucks and those are like very well utilized. There is no utilization challenge as such. We faced of extra bit of a challenge in terms of having optimum utilization in the last quarter of the last year and beginning two quarters. As of now, we are comfortable to say that our fleet utilization is at an optimum level. Yes, there are certain where we need to work upon, but at this point in time for this particular quarter, it's reasonable to say that we are optimum utilized.

Achal: And with the 5% let's say for the sake of argument, the 5% kind of a growth in the air cargo, how soon would you require to add another aircraft?

Sudha Pai: Depends. Depends but no comments on that aspect as of yet.

Achal: Understood. And just ma'am, last question, sorry, if I may, with respect to the industry mix, is it possible to get some sense, in terms of the total revenue, how the different industries like pharma, industrial or consumer or B2C, if you could give some sense, what is the mix, maybe of FY24 would also do, just to understand the composition of revenue for different sectors?

Sudha Pai: Sector, we don't have.

Tushar Gunderia: And it would be a business sensitive information.

Sagar Patil: We don't put it in the public.

Sudha Pai: So your question, Achal on that 5% one, when you say that the 5% increase in air, would we add a new aircraft? I think it also depends on which sector and which lanes this growth happens, or which geography this growth happens. But as of now, for this level of growth, I think our current leads are quite well enough to take care of these growth rates.

Participant: Understood. Ma'am, would it be possible to tell us...?

Alok Deora: Sorry, question now. We will take next question from Mr. Gaurav. Please go ahead.

Gaurav: Thank you for taking my question. I just have one clarification question. In all the management guidance, when we talk about margins, can you clarify which margin do you talk about? Is it a standalone or consolidated? Is it EBITDA, EBIT or PBT? I just needed a clarification on this.

Sudha Pai: EBIT, earnings before interest and taxes. That's the margin.

Gaurav: Standalone margin or the consol margin?



Sudha Pai: It's a consol margin.

Tushar Gunderia: Gap between the two. Normally we talked about the consolidated.

Gaurav: Okay, understood. Thank you. That was my only question.

Alok Deora: Thank you. We'll take some questions from the chat. So what was the peak season surcharge during the 3rd Quarter?

Sudha Pai: Peak season surcharge, you mean in terms of understanding, what it is for?

Alok Deora: Yes, basically the festive season surcharge or some premium which you charge will lead to the higher margin in 3rd Quarter?

Sudha Pai: It's a bit price sensitive information and all we can provide is an outlook that it's a festive-related phenomena which we carry during festive season and once festive seasons are done, you know these are rolled back.

Alok Deora: Sure. And also one further question is on the growth outlook, while not really on the number side. But directionally, what is the growth outlook shaping up for FY26 and 27? Because it's been a pretty, last few quarters have been pretty muted in terms of growth for the industry. So how are things looking up because some players have also been vocal about that it is very difficult to even take a price hike in the current scenario. So just your thoughts on what lies ahead for FY26 in terms of volume growth as well as pricing growth?

Sudha Pai: Per se, we don't give any forward-looking statements, Gauravji.

Alok Deora: Yes, so actually it was, as I mentioned, it was not about numbers, but how do we see the growth shaping up in terms of whether price or in price increase would go through and how the volumes could come up. That was basically the question.

Sudha Pai: Yes. So, actually it depends on multiple factors. One of the crucial being the domestic demand and our GDP growth and also then depending on the segments B2B, B2C or Air versus Ground and so on, but overall like our outlook remains to be to grow profitably. We do not have an ambitious growth or targets of growing in a double digit or 25% and so on, like we want to keep it to have a very consistent growth year-on-year as has been the Blue Dart stand from past several years and would like to grow into a similar run rate.

Alok Deora: I think there's just one more question in the chat box and I think if there are no further questions after that we can close the call. The last question is on the competitive intensity which has been there in the market, if you want to highlight on that because the volumes have been pretty low at the industry level. So the competition is also pretty high. So the question was regarding what could be the impact of that and how do you see the competitive intensity shaping ahead?



- Sudha Pai:** We do face a competition particularly on the ground, where we have competitors like Delivery, Safe Express and those competing with us on the ground part. On the air, with the growing, how to say that, with the availability of the commercial airline space and so on, we do face a constraint there, but then ultimately for us, it's the service quality. It's our service quality that helps us to be a very differentiating factor. Perhaps that's the reason why we are still able to post stable growth as well as profitable growth versus any of our competitor there.
- Alok Deora:** I think we have completely run out of time now and there are no further questions. Just I think one last question we'll take and then we can close the call. Please go ahead.
- Rajashree:** Rajashree here. So I joined the call a little late. Just wanted to know the volume number in tonnage and in shipments, if you could mention that please?
- Sudha Pai:** You are talking about for the April to December, April to December, right?
- Rajashree:** I'm talking about the 3rd Quarter, this quarter.
- Sudha Pai:** 3rd Quarter.
- Tushar Gunderia:** So we are at 98.59 million shipments and 351,873 tons.
- Rajashree:** Thank you.
- Alok Deora:** So that's the end of the call now. So I'll transfer the call to the management for any closing comments.
- Tushar Gunderia:** Well, management comments, we are looking forward to improved performance. Management is here to do whatever the best measures are required for improved performance. And it all depends on the economic outlook going forward.
- Alok Deora:** Thank you. Thanks everyone for joining in.
- Tushar Gunderia:** Thank you so much for organizing.

