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July 29, 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 July 17, 2024, notifying on the schedule of 'Investors Call' organised through M/s. Elara Securities (India) Pvt. Ltd. on July 23, 2024, to discuss the corporate performance for the quarter ended June 30, 2024 and audio recording of the same submitted on July 23, 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 JAYANT GUNDERIA
Digitally signed by TUSHAR JAYANT GUNDERIA
Date: 2024.07.29 17:18:52 +05'30'

Tushar Gunderia
Head (Legal & Compliance) &
Company Secretary

"Blue Dart Express Limited

Q1 FY25 Earnings Conference Call"

July 23, 2024

MANAGEMENT: **MS. SUDHA PAI – CHIEF FINANCIAL OFFICER – BLUE DART EXPRESS LIMITED**
MR. SAGAR PATIL – HEAD, CORPORATE ACCOUNTS – BLUE DART EXPRESS LIMITED
MR. TUSHAR GUNDERIA – HEAD (LEGAL & COMPLIANCE) & COMPANY SECRETARY – BLUE DART EXPRESS LIMITED

MODERATOR: **MS. ANKITA SHAH – ELARA SECURITIES PVT. LTD.**

Moderator: Ladies and gentlemen, good day and welcome to the Blue Dart Express Q1 FY25 Conference Call hosted by Elara Securities Pvt Ltd. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ankita Shah from Elara Securities Pvt Ltd. Thank you and over to you, ma'am.

Ankita Shah: Yes, thank you. On behalf of Elara Securities Limited, we welcome you all to this 1Q FY25 Earnings Conference Call of Blue Dart Express. We will start with opening remarks by the management and followed by a Q&A. So, over to Tushar sir.

Tushar Gunderia: Yes, thank you, Ankita. Thank you, Elara, for organizing this Investors' Earnings Call for the quarter. Good afternoon, everybody. A very warm welcome to all of you into this 1Q FY25 Earnings Call of Blue Dart Express Ltd. As you are aware, the Board of Directors of the company approved the first quarter financial results in its Board meeting held recently on July 19, 2024, and the company declared its financial results for the quarter ended 30 June 2024, wherein the company posted profit after tax of INR 515 million for the quarter ended 30 June 2024.

Revenue from operations stood at INR 13,427 million. Blue Dart, known for its extensive network and cutting-edge technology, demonstrated consistent growth and remained on track with its expansion plans.

Further, for information of investors, Mr. Sharad Upasani, Chairman, retired as an Independent Director with close of business hours on 22 July 2024 on account of completion of his second term of the office as an Independent Director as per the provisions of law and consequently ceased to be the Chairman of the Board. Mr. Prakash Apte, Independent Director, has been appointed as Non-Executive Chairman of the Board with effect from July 23, 2024 that is, from today. The company successfully concluded its Annual General Meeting on July 19, 2024 wherein all the resolutions including appointment of Dr. Vandana Agarwal as an Independent Director of the company with effect from July 23, 2024 were passed. The results have been already been notified/ uploaded on the stock exchanges website. It has already been posted on the website of the company www.bluedart.com.

I now request and hand over the call to Ms. Sudha Pai, CFO and Mr. Sagar Patil, Head-Corporate Accounts, for further proceedings. Thank you all. Over to Sudha.

Sudha Pai: Just a few highlights on the quarter-on-quarter. Our revenue has grown by 8.5%, shipments by 7.4% and weight by 9.6%. It's an year of investment compared to previous quarter versus this quarter. We have invested in two new aircraft in this year which is where the effect of that would be a little bit of a cost and thus our PAT has come down accordingly on a quarter-v/s-quarter basis from INR801 million to INR693 million in this quarter. So, these are the key highlights of this particular quarter. I would like to go straightly into questions if any.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from Amit Dixit from ICICI Securities. Sir, you may go ahead.

Amit Dixit: Good afternoon, everyone. Thanks for the opportunity. I have a couple of questions. The first one, if you could give the volume numbers in tonnage and number of parcels and also split it between air and surface, that would be great?

Sudha Pai: We do not give bifurcation within our product as information, but overall, in terms of volumes, overall in terms of shipments, last quarter, it was 83.94 million shipments. This quarter, it is 90.15 million. In terms of weight, it is 285,643 tons in June 23 quarter. And it is 313,089 weight in tons in this particular quarter. That is on the overview at a company level.

Amit Dixit: Okay, fair enough. The second question is essentially on the utilization rate of the two freighters. If you could comment on that and the kind of contribution they had in Q1 of 2025.

Sudha Pai: So in the last quarter, this aircraft was capitalized just in the first month of the last quarter, which is in June 2023. That is the month it was capitalized. And in this particular quarter, it is a full-month effect. It is a full-quarter effect that has reflected in the P&L. And the impact of that is around INR115 million. Utilization, per se, we would say that it is still the new sector that has been introduced, which is the northeast Guwahati sector.

That is yet to be fully optimum utilized, which is where we face a challenge on getting the outbound. However, the inbound into Guwahati is around between 75% to 80% versus the benchmark of 85% to 90% being the optimum one.

Amit Dixit: Now, I just wanted to ask whether it has reached the break-even level of utilization or still we are below the breakeven?

Sudha Pai: Yet to breakeven.

Amit Dixit: And when do we expect to break-even?

Sudha Pai: We expect this somewhere with our festives getting kicked off somewhere from September onwards. We expect during our festives how you take the investments that have been done to be fully utilized.

Amit Dixit: Okay. Thank you so much and all the best.

Moderator: The next question is from Mayur Patel from 360 One AMC. Go ahead.

Mayur Patel: Hi, ma'am. Thanks for the opportunity. I just want to understand if I recall your commentary in the previous quarter, you were sounding really confident on the PBT margin expansion trajectory of 200 to 500 bps as utilization levels will inch up in the new aircrafts.

So given that background, we have seen a decent 9% growth in top line, but we have seen sequential decline in gross margin level also and also at the EBITDA margin levels, which is making the PBT margin looking like 5.5 closer to that as compared to the earlier trajectory of 7, 7.5 and where it was supposed to go up to around over a long term. But I just want to understand where are we in the journey of margin expansion?

Sudha Pai: Margin expansion is actually a factor of two initiatives. One is internal and another also being the external, which is the domestic demand. And while we are in this particular quarter, we had additional impact of the hubs that we have invested into the depreciation impact of those hubs that is being reflecting into the P&L.

That's our internal measures that we are taking as an investment strategy, which will take a bit of a toll on the overall profitability. And externally, overall, how does the domestic demand pan out? On the surface part, we are growing more on the surface and on the surface, we are facing a very tough competition. And those are our margins or the yield would accordingly be not as profitable as we were in the air space. So, that's the current story that is evolved in this particular concept.

Amit Dixit: So, going forward, if we maintain around closer to double-digit top line growth, when should we expect the -- 200 bps to 500 bps margin expansion story to begin?

Sudha Pai: Sorry, you said 200 to 300? .

Amit Dixit: In your previous commentary of the previous conference call, I think you mentioned about there is a headroom of 200 to 400 bps PBT margin expansion. That's what was the commentary of the previous quarter. Just want to understand if the growth remains steady at around 10% or higher, when should we see that improvement in margins kicking in?

Sudha Pai: As such, we don't give any forward-looking statement. However, with the margin of double-digit, which is like 10%, and considering the Blue Dart trend, year-on-year growth is almost between 10% to 15% minus the COVID period, which are an aberrant year to compare. But otherwise, 10% to 12% are the decent growth that we aim to look at. And with that perspective in our margins, we would like to, we still keep an outlook of decently between 7% to 8% margin percentage.

Amit Dixit: At the PBT level, ma'am, we were, if I, just referring to your commentary only in the previous, like you mentioned that as utilization levels in aircrafts will go up, you guys are looking at, very sharp improvement from the 7%, 8% margins at PBT level, margins to go up materially over next, whatever, 6 to 12 months, 18 months time. So I'm just finding it difficult to reconcile the commentary with the previous quarter?

Sudha Pai: We had said that, provided, we are able to generate that much level of, provided we go for an optimum utilization. I think that's the one. A is that, we do not make any forward-looking statement. B is, it also depends on, how the market has actually panned out, additional load.

Amit Dixit: Absolutely. I understand if, but I'm saying if the growth continues to be around 10% plus, that should lead to better utilization levels and hence lead to improvement in PBT margins to your previous peaks of around 10%, 12%. Is it fair to assume that trajectory, going forward if the growth remains around 10%?

Sudha Pai: See, the growth, being a festive, this thing, we expect the growth to be around that percentage. However, considering the investments that we would do, into hubs and facilities, considering the IT, initiatives that we would take, accordingly, the margins would fluctuate.

Moderator: The next question is from Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Hello. Good afternoon. So, just on the previous question only, so margins, this quarter has been lower if we see in the last four quarters and despite the revenue actually coming in the trajectory of INR1,300 crores, INR1,350 crores.

So, what has actually happened in this quarter that margins have come off by nearly 150, 200 basis points on a standard basis? And is it more like a quarter thing and could it recover in the, from second quarter onwards? Just some qualitative comments on that, please.

Sudha Pai: Yes. So, on the first question, see, we are facing a situation of growth more in the surface than in our air, in that domain, like, it's more growth on the ground versus there and that's where, like, the pressure on the yields would accordingly be there, like. As far as expense is concerned, A is that considering the merit increases and, the annual merit increases, that's the cause that has hit into this particular quarter.

In addition to the investments into the hubs and, the depreciation impact of that has, hit the P&L. That's the broad story for, the drop in the margin, coming from the top line where we do, we are growing, but the growth is more on the ground versus the air and B, the inflationary cost that has hit us, which has resulted into the drop of margin compared to the previous quarter.

Alok Deora: So, in the coming quarters, directionally, margin could improve or, because, the growth in surface will always be higher than in the air, right, because that's where the, at the industry level, the growth is coming. So, it will be very similar probably for Blue Dart as well. So, that is not something which could be more of a quarter thing, right, that in one quarter surface is better or air does better, right.

So, this margin trajectory, could we see a better margin ahead or this could be more of a structural thing and margins could remain at the current levels with, maybe some marginal improvement here and there?

Sudha Pai: So, we, as far as our budgets are concerned, it's a, it's a steady increase of 10% to 15% increase from one quarter to another, the future quarter. So, that way, we expect to perform in line with our budget and it actually depends on, how the domestic demand would also pan out, how much of the business we would do on the ground versus the air and ideally, the expectation is, the margins should improve by another 2% to 3%.

We don't look for an exceptionally high margin, but considering it's a festive season, considering the aggressive, the budgets that we are having, we expect the margins to improve by another, from the current level to another 2% to 3%. Sagar, please correct me if, if you please add anything if I'm missing.

Alok Deora: Sure. So, just a last question from my side. So, in this particular quarter, has there been any one-off cost which have been incurred which might not be kind of repetitive quarter onwards or it's been just a normalized quarter?

Sudha Pai: It's a normal quarter and we expect those, against those costs, the additional revenue or efficiencies to be generated. So, that's, we don't have any one-off cost, but we have a cost for which we expect in the upcoming quarters, either the revenue would improve or we would get the efficiencies or both.

Moderator: Thank you, sir. The next question is from Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Yes, ma'am. Between the two quarters, that is March quarter and the June quarter, and the analysis is there, where your volumes have gone up, your parcels have gone up, but your gross margins have shrunk. So, if you could clearly identify the reason for shrinkage in gross margin between the two quarters? And if you can directionally tell us the extent of mixed change between the two quarters, if any?

Sudha Pai: It's driven by largely by the product mix change, from one quarter to another. That's one of the key drivers, between the last quarter of March to June quarter. We are seeing more growth on the ground versus the air. And, the rest of the story remains the same that our yield and profitability on air is high versus the ground.

Pritesh Chheda: Okay. And to what extent the mix would have changed? For a 200 basis point Q-o-Q change in gross margin, to what extent the mix would have changed?

Sagar Patil: So, one example is that if you talk about Q-on-Q from JFM to AMJ. One significant cost that comes in the AMJ is the increment. So while we would have done most part of the GPS in the first quarter or calendar quarter of the calendar year what makes difference is typically April, May, June is a quarter immediately after the financial year end.

So, the volumes to some extent are softer as compared to the previous month which have not happened in this case because we have flight the new sector on air which is the Guwahati for the entire full quarter whereas in the previous quarter though it was started towards end of January the number of flights would be relatively less, it will not be a full for the entire quarter.

So incremental impact for this month versus last previous quarter Q-o-Q would be one the increment and the second would be the relative underutilization of that one sector where we have run a flight aircraft for the first full quarter.

Pritesh Chheda: Sir, the reason for underutilization of a particular sector cannot result in a gross margin exchange, right?

Sagar Patil: Yes. So, that is one reason. Major reason would be the increment.

Pritesh Chheda: Increment. So you are saying that if you have taken a price increase that was there a part in quarter 1, basically calendar year quarter one and not a part of it in quarter 2?

Sagar Patil: The cost has come in quarter 2.

Pritesh Chheda: Okay. You are saying cost has come in quarter 2 and all realization came in quarter 1, higher realization came in quarter 1?

Sagar Patil: Yes. So higher realization started from quarter 1. So, it is not a differentiator between as far as Q-o-Q is concerned, the same realization is there in Q2 as well, but from cost point of view this is the additional cost versus Q1 that has come in this quarter.

Pritesh Chheda: Okay. Is it possible to share the differential mix on ground versus air in between the two quarters?

Sudha Pai: No.

Pritesh Chheda: No problem ma'am. It's okay you don't share. And just trying to understand your commentaries between the two quarters. Last quarter it was very clear that you guys have unutilized capacity on your aircraft and that capacity was supposed to get built up by some outsourced volume which were otherwise outsourced. Now we will start because you had built up the sector long back. So those volumes will start coming on your fleet. Every quarter utilization improvement will bring in better margins without quantifying how much better, but directionally will bring in better margins?

Sudha Pai: Yes.

Pritesh Chheda: Now is it so between the two quarters and the first answer that you gave, is it that the air volume, shipment volumes between quarter 4 and quarter 1, quarter 1 volumes are lower than Q4 in air?

Sudha Pai: Just a moment.

Pritesh Chheda: Out of your overall volume is it that the air volumes are lower in quarter 2 basically, this June quarter versus the March quarter?

Sudha Pai: Give us a moment to check please.

Pritesh Chheda: We do not want absolute number. We just want the directionally?

Sudha Pai: Directionally that is the volume quarter-on-quarter. Just a moment March.

Pritesh Chheda: March air volumes and June air volumes?

Sudha Pai: Just a moment. Just give us a few moments.

Pritesh Chheda: No problem. Take your time.

Sudha Pai: Yes it is a trend between air versus ground that we are between March quarter to this quarter that we are looking in. And overall in terms of the volume, the shipment overall in terms of the weight we are better off in June quarter where the weight is 313089 tonnages and last quarter it was 296988 tonnages.

Pritesh Chheda: That number you gave. Will the air shipment be lower than air volume of quarter 2 will it be lower than quarter 1?

Sudha Pai: Yes, it is.

Pritesh Chheda: Okay. So, if it is then that brings you a case for operating negative leverage because your asset utilization will be lower in quarter 2 versus quarter 1?

Sudha Pai: Yes.

Pritesh Chheda: And is the profitability in surface intact or there is an erosion in profitability in surface?

Sudha Pai: We do not give too much of details into our product level.

Pritesh Chheda: I am not actually asking for the percentage. I am just saying were you making the same profitability margins or there is some pricing changes there in surface?

Sudha Pai: It depends on the OD pair views like it also goes on the OD pair. So we cannot really say that okay the yield has dropped because the prices have dropped. Also, the OD pair the short haul, long haul, those all my mixes come into the picture. So that's our overall comment on the yield.

Pritesh Chheda: No problem. So I am taking home a case where so what you mentioned in quarter 1 commentary and what we understand from your quarter 2 number, the case that there should be an improvement in margins as and when the fleet utilization improves that story remains in place?

Sudha Pai: Yes.

Pritesh Chheda: Without figuring out or asking you the quantum, but the direction is in place?

Sudha Pai: Yes.

Pritesh Chheda: Thank you.

Sudha Pai: Thank you.

Moderator: Thank you. The next question is from Anshul Agrawal from Emkay. Please go ahead.

Anshul Agrawal: Great. Ma'am I just wanted to ask a question on the capex the additional hubs that we have sort of commissioned, will they be part of our budgeted planning and are they included in our capex plans of about 250 odd crores that we will deploy in the current year?

Sudha Pai: Yes, it is part of the capex plan. It is part of the capex plan. It is part of the budget. However, we expected the cost we expected the efficiencies to come in whereas we are currently into a cost situation.

Anshul Agrawal: Sure. So, the question that I basically had was does our capex of 250, capex guidance of about INR250 odd crores for FY25 remain intact?

Sudha Pai: Yes it does include the expansion of the hub.

Anshul Agrawal: Okay. And these hubs would be on the surface business, majority of the capex would be on Surface now?

Sudha Pai: Both. We have both the blends, you know.

Anshul Agrawal: Okay. Considering the competition in Surface Express is very staunch currently, what I was trying to understand was, Blue Dart being a premium logistics operator, our pricing on Surface would also be slightly higher than competitors. In wake of this, how are we trying to win market share? How are we trying to gain volumes in the Surface Express business, ma'am?

Sudha Pai: So, see, our outlook is always is to increase the market share, definitely. To gain the market share, however, we also aim at profitable growth. And yes, in the markets where we are dominant and we are leading, the profitability would be the margins would be higher. But in the market that we are entering, we always aim for a decent profit. And yes, of course, depending on the outlook for the quarter and how does the overall business pan out. We do have some risk-taking situations. But largely, even we face a strong competition on the ground and yet we try to aim for the profitable growth in the business we conduct.

Anshul Agrawal: Got it, ma'am. From what I can infer, so tactically in areas where we are not dominant, in regions where we are not dominant, our pricing strategy would be to sort of match a dominant competitor wherever there are challenges. Do we have that leeway or do we play the premium pricing model throughout despite us being challengers or being dominant in a particular region?

Sudha Pai: It also depends on the customer base as well. If we see like a customer with a steady volume and our possibility to do a consolidation going forward may get improved. Considering those all factors, the pricing is accordingly offered which may not fit into our exactly profitable growth agenda. However, depending on the market that we are catering to, depending upon the customer base, we do consider a leeway in pricing. Sagar, would you want to add anything?

Sagar Patil: The term of premium pricing can be at times subjective if you look at it from a different parameter. It depends on what weight breaks the different players in the market are operating. So if a player who is at, say, 50 kgs per shipment versus somebody who is at, say, 120, 130 kgs per shipment, the 50 kg shipment becomes more of a service proposition than a freight proposition and the RPK doesn't really become comparable.

So, as we try to also benchmark at times ourselves in the market, we don't only look at the RPK. So if you look at RPK, one may say for that product is at a premium level, but that may not be the correct criteria. From a business strategy point of view, we don't really get into acquiring customer based on pricing as a sole criteria. So service quality is always the prime criteria.

Of course, wherever there are opportunities where there is a key customer and a long-term proposition, we may have a kind of special price or a teaser price for initial few months and after the customer realizes the value being delivered, then we -- next price increase cycles, we ask for the real benchmark price that is in line with the other customers. Tis happens more on a smaller scale will not make a very big difference in the yields or in the margins that we would typically draw from overall business or product perspective.

Anshul Agrawal: Got it. Thanks. Very useful, Sagar. Just last question. So, considering the volume numbers that you have given out, our blended realizations are down about by 4% on a Q-on-Q basis. While I understand you don't give the bifurcation between Surface and Air, from what I can understand our Surface business might have outgrown our Air business by roughly 4x considering that it contributes only about 30%-35% to our top line.

In that scenario, our air volumes would have not grown by much. So is the insourcing of cargo that we did in 4Q where we did not take up belly cargo space, commercial belly cargo space, that would have resumed in this quarter or the insourcing continues to remain at the same levels as it was in 4Q?

Sagar Patil: So, two questions. I think one from the Surface ground point of view. Yes, that has been the major, I would say, growth driver. So as we go along, you may see as if overall blended yield in terms of rupees per kilo may show a dilution, not really comparable number as such. From the point of view of belly cargo, yes, as we have run our new aircrafts for the entire quarter, the focus is always on ensuring for the Blue Dart sectors where our flight flies to minimize the commercial line haul and depend more on the in-source capacity as such. So, that will have some impact in the initial phase as we build the volumes in the new sectors there.

Sudha Pai: And also, what happens, you're right, the EBT cost, the commercial airline cost ideally should be controlled, but considering the SQs where this is the most biggest agenda or mission of this organization is to adhere to the SQ levels. So to meet the SQ levels, sometimes we do take a call on incurring the cost on commercial space just to give an overview on EBT costing.

Anshul Agrawal: Got it. Clear. Thank you so much. Thank you for your time.

Moderator: Thank you, sir. The next question is from Krupashankar N.J. from Avendus Spark. Please go ahead.

Krupashankar N.J.: Good evening and thank you for the opportunity. My first question is on pricing again. Sorry to harp on this point, but just wanted to understand individually between Air Express and Surface Express, in any of these segments, has there been a price decline sequentially because of various reasons, market reasons or weaker quarter? I understand that mix has played a role with respect to yield decline, but individually, has there been any decline on a Q-o-Q basis?

Sudha Pai: We do not comment on individual products sector as such, Mr. Krupashankar. Overall, at RPS, RPK level versus the previous year quarter, we are seeing a marginal growth on the RPS part and RPK slightly down. However, rate for shipment has increased by 2.1%, whereas RPK is 0.7% down. We give an outlook overall at the organization level.

Krupashankar N.J.: Understood. So is it fair to assume because you have incurred costs on expanding your hubs on the ground network as well as the Air network to boost utilization similar to what was done with respect to the Guwahati sector, wherein you had taken in low yield products just to boost the utilization levels? Is that something of a strategy which can be deployed in the Surface Express business as well, just to ensure that utilization levels improve so that you can cover up the cost? That is something which we are actively considering or is that something which we have implemented per se?

Sudha Pai: So you are saying on the Surface Express business, do we do a better utilization there? Do we do a proper utilization?

Krupashankar N.J.: Yes, is there a yield management perhaps just to boost the utilization of expanded hubs which have come through over the last one year or so?

Sudha Pai: From a ground product or surface product point of view, the major cost element is the vehicle hire and not as much hub. So, ideally, we would not and this is already a well-set network. The capacities are almost close to the optimum utilization levels from the volume point of view. So, we would not really prefer as a business to dilute or offer a lower price in order to utilize the hub capacity from the Real Estate point of view. So, the answer to your question is no, there would not be a dilution in the yield because of the expansion of hubs.

Krupashankar N.J.: And last point from my side, last question was more to do with the e-commerce business. Is there any further aggression with respect to pricing strategy over there, perhaps, because increasingly we have seen that the Blue Dart, we are hearing from market that the shipments of Blue Dart share in e-commerce has also increased. So, any change in strategy with respect to e-commerce?

Sudha Pai: No change in strategy. We do offer both our aircraft for a faster delivery as well as like what most of the competition does, we also move on ground on this speed network, so as to be on ground but a fast kind of network. We have started that with major focus since last few years, 2 years, 3 years, especially it has picked up more after COVID and we see that also growing well. So, it has been a continuation of the mode that we had. So, no major change in strategy over there.

Krupashankar N.J.: So, just perhaps a follow-up on that, is it fair to assume that during this quarter e-commerce or B2C in ground would have grown much faster than B2B ground surface or is that something which you can comment on?

Sudha Pai: We do not give product-wise within the product-wise information.

Krupashankar N.J.: Just directionally, directionally just asking that?

Sudha Pai: B2C is the smallest segment on the ground part for us.

Sagar Patil: So, on B2C, the ground, so we have that speed network which we call Dart Plus. So, that has been growing faster but it is still a smaller part of the business. But yes, that is growing. Not a very big growth driver but that is something that probably is the product that will continue to grow faster for a few years to come.

Krupashankar N.J.: Thank you for answering my questions. All the best.

Moderator: Thank you, sir. The next question is from Vipulkumar Anopchand Shah from sumangal investment. Please go ahead.

Vipulkumar Shah: Yes, my question has been answered. Thank you.

Moderator: Thank you. The next question is from Nemish Shah from Emkay Investment Managers Limited. Please go ahead.

Nemish Shah: So, I just had one question. If I compare the June quarter versus the March quarter, so the weight per shipment for us in the June quarter is almost substantially versus the March quarter. So, is it fair to assume that we would have seen decline in the document business sequentially? If you could give some sense directionally?

Sudha Pai: Weight per shipment? Sorry, I didn't get the initial sentence.

Nemish Shah: So, when I just compared the weight per shipment for June quarter and March quarter, so in the June quarter, it has gone up by about 6%. So, I'm just trying to infer that is this because of our documents business going down or sequentially?

Sudha Pai: Not going down, but the share can be the ground product being a faster growing product, the share would go down and hence it will have impact on the weight per shipment.

Nemish Shah: And just some sense in terms of how is the competition in the documents business?

Sudha Pai: Documents is largely our air business and it's known to be one of the largest market share business for Blue Dart. That's all we can say on the DP business. And that holds good even for this quarter.

Nemish Shah: Okay. Thank you.

Moderator: The next question is from Ankita Shah from Elara Securities. Please go ahead.

Ankita Shah: Yes. You've mentioned that we're doing a lot of investments on creating new hubs. So, what is the capex that you've done last year and what is the number of addition of hubs that you've done?

Sudha Pai: So, last year, we didn't have any big investment into this hub. And this year, these are the very largely high capex intensive hubs. And additionally, it would be another 2 to 3 or 3 to 4 depending upon the profitability, how we make our profits, and what would be the strategy for the next year. And considering that approximate another 2 to 3 is our current horizon. I hope that answers your question.

Ankita Shah: This means to say that last entire year, we've not added any hub…

Sudha Pai: Last quarter 2023…

Ankita Shah: No, entire financial year, because even your Annual Reports number is exactly the same. 2, 3, 4, 7 hubs is the same as what we had done last year, FY'23 and FY'24. There is no change. And every quarter press release mentions that we have been adding new hubs on the surface side. So, where are these hubs and where is the addition? We are not able to capture that?

Sudha Pai: So, if you can look at the EBITDA level where our depreciation has increased, depreciation and these increased from last quarter to current quarter. That's the one which explains the increase in the hubs that we are planning that has gone live.

Sudha Pai	And last financial year, we have not added any major hub. So, last couple of financial years has been more of addition of aircraft and conversion from lease to buy. There have been either replacements or expansions of the existing smaller facilities. This year and the year following, there we are not adding, you can say, but we are expanding existing hubs by replacing or within the same facility adding another piece of land.
Ankita Shah:	Yes. And you mentioned that we have not yet reached the optimum utilization level at the aircraft. So, what is the level right now? And at what level when we reach, we will achieve an optimal level according to you?
Sudha Pai:	Ideally, 90% of the actual weight that aircraft carries, considering the volumetric adding another dimension, it takes it up to between 95%, 98% and so on. But ideal actual weight, if it is somewhere between 85%, 90%, we say that it is an ideal optimized aircraft for us. Currently, it would range between 70%, 75%. So, again, there is a very subjective kind of interpretation of capacity. When we say there is underutilization, we only talk about the Guwahati sector, the same 737 that we are currently flying, it also touches Bangalore, Delhi, Bombay and then Guwahati. So, other than Guwahati sector, which is also from or ex-Guwahati to either Delhi or Calcutta, there is underutilization. However, all the rest of the sectors which are flying within the other metros and flying from Calcutta or into Guwahati, they are all full. So, when we say utilization of 85%-90%, it is more of in terms of pallets that we fill in. So, every time we fly the aircraft, we would not fly the aircraft unless there is a capacity projected or available optimum enough to fly the aircraft. The only sector where we are flying in anticipation of the buildup of volume in the months to come is the ex-Guwahati sector. So, in the overall scheme of things, it is not a very significant capacity that is going underutilized. Overall, all India capacity basis, it could be less than 5%.
Ankita Shah:	Okay. And we had also taken a price hike this year, which we take every first day of the year. Is there any impact? Have we been able to pass through that impact to the customers because we do not see any realization gain in the revenues?
Sudha Pai:	Something of these orders.
Ankita Shah:	Yes.
Sudha Pai:	Something of this out.
Ankita Shah:	Yes. I am saying we generally take a general price increase in the first day of the year, but we do not see any kind of realization improvement in our numbers. So, have we been able to pass on that price hike to the customers or the entire revenue growth is coming only from volumes?
Sudha Pai:	No. I think we have also made it clear in our press release. We have had our general price increases. Of course, it is not to the expected budgeted level what we had, but roughly between 3.9% to 4% is the additional revenue that comes from GPI.
Ankita Shah:	So, in this 9% revenue growth, you are saying around 3% is contributed by the GPI?

Sudha Pai: Yes. You can say that 3.9% roughly coming from GPI.

Ankita Shah: And this you take both for air and surface business both or only in a particular segment?

Sudha Pai: No, it depends. It depends for certain customers, the contractual terms that we have, the period that we have started the contract and so on. It spans across all of the products.

Ankita Shah: Okay. So, it is not across the board. It is selectively passed on?

Sudha Pai: Yes, it depends upon various factors like what we try to do across all the products.

Ankita Shah: Got it. And you mentioned about the price hike that was given to employees, which has led to increase in expenses and hence lower gross market. What is the amount of increment or hike that is given, which has impacted the margins?

Sudha Pai: So, normal merit increase roughly would be, we will have to, you know, it is roughly, you know, 4% Y-o-Y, you know, quarter-on-quarter increase, ma'am.

Ankita Shah: 4% Y-o-Y and Q-o-Q?

Sudha Pai: Q-o-Q, I would say that, you know, last quarter versus this particular quarter.

Ankita Shah: And what would be the Y-o-Y impact?

Sudha Pai: , Y-o-Y is around, you know, roughly 4%. Yes. And even on quarter-on-quarter, considering the similar trend, it's roughly between, you know, 4.5%, 4.6%.

Ankita Shah: Okay. Thank you.

Moderator: Thank you. The next question is from individual investor, Rajakumar Vaidyanathan. Please go ahead.

Rajakumar Vaidyanathan: Yes. Thanks for the opportunity. So, my question is on the margin leavers. I heard that, yes, apart from this better aircraft utilization, I just wonder what are the other margin leavers available to the company? And how does that, what do you think will play out in the next two, three quarters?

Sagar patil: From quarter-on-quarter point of view, there is normally a volume upsurge in the festive month. So, that is one lever we have during year. So, not every quarter is the same. There is some element of seasonality. And yes, improving the service quality levels and thereby looking for a better price increases or realization while attracting the new customers. So, it's one So, these are typically the levers for the business.

For a given, you know, we have a stable product mix, stable customer mix and the network. So, the idea is always to improve the quality parameters and thereby try and get more customers and get more premium from the customer in terms of price realization.

Rajakumar Vaidyanathan: Okay. So, basically, you're saying only from Q3 onwards, we can see any uplift in margin, right?

Sagar patil: Typically, it would be forward looking, but yes, I mean, the second half is always a good month for the industry or economy in general, where we operate in.

Rajakumar Vaidyanathan: Okay. And generally, if you can also give some color on the demand outlook, do you, do you expect, do you think the demand is better? Or do you see any kind of, you know, slowdown?

Sagar patil: We are optimistic. We see as the GDP growth rates improve, the e-commerce, the infrastructure improves, we see healthy prospects, both for the air mode for the critical and faster delivery is required as well as relatively less fast, but the ones which go on ground. So, we see in general, our customers growing. So, yes, we have a positive outlook.

Rajakumar Vaidyanathan: Okay. So, just last one question. So, I just want to, what is the sensitivity the fuel cost has to the cost line? How sensitive?

Sagar patil: So, it is an important part of our cost, but by design, it is neutralized by way of having a variable surcharge that we have. So, typically, our customers, our customer contracts have a fuel surcharge clause, which percentage increases or decreases based on the global Brent oil prices. So, to that extent, we have neutralized the impact of fuel cost variations in our realization of margins.

Rajakumar Vaidyanathan: Okay. Got it, sir. Thanks a lot.

Sagar patil: Yes. Thank you.

Moderator: Thank you, sir. Since we have no further questions, ladies and gentlemen, I now hand the conference over to Mr. Tushar Gunderia for closing comments.

Tushar Gunderia: Yes. Thank you, Elara. Thank you, Ankita. And thank you all investors. So, if you do not have any questions, we can close this investor's call. Yes. Thank you. Thank you all.

Moderator: Thank you. On behalf of Elara Securities Private Limited, that concludes the conference call. Thank you for joining us and you may now disconnect your lines.