BLUE DART
EXPRESS LIMITED

LRQA CERTIFIED ISO 9001 2015

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June 04, 2025

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 May 26, 2025, notifying on the schedule of 'Investors Call' organised through M/s. Motilal Oswal Financial Services Limited on May 29, 2025, to discuss the corporate performance for the quarter and year ended March 31, 2025 and audio recording of the same submitted on May 29, 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 JAYANT GUNDERIA

Digitally signed by TUSHAR JAYANT GUNDERIA
Date: 2025.06.04 15:20:20 +05'30'

Tushar Gunderia
Head (Legal & Compliance) &
Company Secretary

"Blue Dart Express Limited Q4 & FY25 Earnings Conference Call"

May 29, 2025

MANAGEMENT:	**MR. SAGAR PATIL – INTERIM CHIEF FINANCIAL OFFICER, BLUE DART EXPRESS LIMITED** **MR. TUSHAR GUNDERIA – HEAD OF LEGAL AND COMPLIANCE AND COMPANY SECRETARY, BLUE DART EXPRESS LIMITED**
MODERATOR:	**MR. ALOK DEORA – MOTILAL OSWAL FINANCIAL SERVICES**

Alok Deora: Good afternoon, everyone, and welcome to the interaction with the management of Blue Dart Express. So firstly, I would like to thank the Management for giving us the opportunity to host the call. So today we have with us Mr. Sagar Patil – Interim CFO; and Mr. Tushar Gunderia – Head (Legal & Compliance) & Company Secretary.

I would now hand over the call to the management team to provide some opening remarks on the performance, and then we can start with the Q&A session. Thank you, and over to you, sir.

Tushar Gunderia: Yes. Thank you, Alok. And good afternoon, everybody. A very warm welcome to all of you into this Q4 and year ending Financial Year '25 Earnings Call of Blue Dart Express Limited.

As you are all aware, the Board of Directors of the company approved the Financial Results for the 4th Quarter and year ended 31 March, '25, in its Board meeting held on 26 May 2025 and the Company declared its Financial Results for the Quarter and Year Ended December 31, '25, wherein the company posted revenue from operations of Rs. 57,202 million, and profit after tax of Rs. 2,446 million for the year ended 31 March, '25. Revenue from operations stood at Rs. 14,173 million, and profit after tax of Rs. 532 million for the quarter ended 31 March, '25.

In the fiscal year gone by, Blue Dart Express was recognized for its excellence across key areas including customer service, sustainability, compliance, and brand loyalty. The company continued to be recognized as a Great Place to Work for, and one of the best organizations for women employees.

Additionally, Blue Dart Express was awarded for its customer-centric approach and culture, operational excellence in logistics, and trusted brand reputation. It was also acknowledged for its strong legal compliance practices and sustainable business approach. The results have already been uploaded on the stock exchanges, and also posted on the website of the company.

I now hand over the call to Mr. Sagar Patil, – Interim CFO, for further proceedings. Thank you.

Sagar Patil: Thank you, Tushar. And good afternoon to all. Hello, Alok. So as Tushar mentioned, in this financial year, as well as in this quarter, in the turbulent times, the company has delivered a positive growth not only in terms of revenue absolute, but also in terms of volumes. And the significant investments that we have done in the last year has also been very well operationalized. It has come to its normal level of operations by the end of, rather previous quarter itself. So that being the case, we look forward as the economy grows further to improve the numbers both on top-line and bottom line.

Thank you. We can go to the Q&A session.

Alok Deora: Thank you so much, sir. So anyone has any questions can either raise their hands or post in the chat box below. Yes sir, so as questions come in there were some questions which had been posted in the Chat. One was on the volume data, if you can provide the data on the volume for this quarter.

Sagar Patil: Yes, sure. For the quarter, right?

Alok Deora: Yes.

Sagar Patil: So in terms of the shipments, we had 91.94 million shipments for the quarter, and the weight 3,31,101 tonnes.

Alok Deora: Sure. And also the margins have actually come off quite a bit in this quarter as compared to the third quarter, so any particular reason which you would like to highlight here?

Sagar Patil: Yes. So typically, as you know, the third quarter is characterized by the volumes on account of festive season. So we have good uptick on our volumes typically in the October to December. And then that to some extent, tapers down in the first quarter of the month. So that's the reason why, as compared to last quarter, there would be a lower revenue as well as margin. Even as compared to last quarter, typically, since we operationalize our aircrafts in the first quarter of the last year, that is towards the end of January '24. So there were no fixed costs related to those aircrafts in the full first or the last quarter of last year. Whereas, in this year that incremental cost of the aircraft is there, though it is completely operational, and at the normal capacity, but with the service improvement the typical unit cost per kg would be higher there. So that investment is playing its role in this quarter.

Alok Deora: We will take a question from the queue from Mr. Saurabh. Please go ahead.

Saurabh: Hello, sir. And congratulations for a good year. Sir, my question is; what would be the outlook for growth and EBITDA margin? And can you give some specific highlights that why the EBITDA margins were down, particularly 8.3%? You explained that the investments were coming, but the same EBITDA margins were 10.5% in whole fourth quarter of last financial year. And what will be the growth outlook for EBITDA margins for bottom line, top-line volumes? Thank you.

Sagar Patil: Yes. So as I said, the investment that we have done in last year comes at a cost. So while the volumes we are able to get, the pricing also we will develop as the customers also realize the better transit time that we offer. So, yes, as that plays its role, it will improve. In terms of what would be the expected EBITDA margin, that we would not like to comment. But yes, we will work towards improving it from this level.

Saurabh: All right, sir. Sir any guidance with regard to how much CAPEX will be undertaken? And how the new Guwahati hub will be used for our growth trajectory?

Sagar Patil: In terms of CAPEX, our CAPEX is largely into either replacement or upgradation or expansion of the capacities now that we are present all across the country. So there would be replacement in terms of servicing of the aircraft through the subsidiary Blue Dart division, or replacement with increased size. And as far as Guwahati is concerned, the loads going to Guwahati have always been there. So we are utilizing our aircraft mainly for that. And the volumes emanating from Northeast has also significantly improved, helping us to utilize the aircraft effectively. But having said that, in last call also we mentioned that it is just one of the legs. So the aircrafts that we added mainly take care of other metro or existing lanes that we used to otherwise carry through commercial airline. And utilizing the aircrafts for these existing lanes help us to control or have a better control on our loads as we carry them across the country.

Saurabh: Got it, sir. Got it. Thank you, sir. I will come back in the queue.

Sagar Patil: Thank you, Saurabh.

Alok Deora: We will take next question from Anshul Agrawal. Please go ahead.

Anshul Agrawal: Hi. Thank you for the opportunity. Great. A few questions on the new freighters, Sagar sir. I believe, please correct me if I am wrong, we had acquired these freighters in Q4 FY '23. They would have been operationalized fully by Q4 FY '24, right? So in the base quarter also, the cost to operationalize these aircrafts would have been present or am I missing something?

Sagar Patil: The cost was, yes, some part of cost did start. But then typically for aircraft, a good portion of depreciation is also based on their running hours, be it engine or the aircraft itself. And also, while the aircrafts were in place, we also had to comply with approvals for making them airworthy, starting the scheduled airline. So, again, the Guwahati facility came towards end of 2023. So effectively the full-fledged cost started when we started operating the aircraft as a scheduled or a daily flight, which was towards the end of January.

Anshul Agrawal: But these costs would be below the EBITDA line item, right? They wouldn't be impacting our gross cost, right? Our gross margins have contracted almost by 100 basis points in Q4. So, unclear about this whether this is the cost of sort of operating the aircraft or is this something else?

Sagar Patil: So if you look at the standalone, then since these aircrafts are operated by our subsidiary, the standalone will have EBITDA cost net of the depreciation because it's all inclusive cost, including depreciation that gets charged. If you look at our consolidated, then the margins would be higher by about I think 5% to 6%.

Anshul Agrawal: No, sir, if I am not mistaken, even in standalone numbers I think gross margins have gone down from 31% odd to 29% odd. And similarly for EBITDA, as the previous participant pointed out, EBITDA margins have gone down from 10.5% to 8.3%. Is it that because we are doing more surface this has happened? Or something that is a one-off in this quarter other than these aircraft points that you mentioned?

Sagar Patil: So main reason is the incremental cost of these aircrafts. Typically, when you move the loads on commercial versus the aircraft, the full-fledged cost of the aircraft would come in. So, in the first phase we have been able to, without diluting much on the yield, but we have been able to garner the weights. We have improved the transit times from 48 to 72 hours, to now 24 to 48 hours across from Guwahati, or towards the farthest part of Northeast.

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While we have taken some, we can say, the yield improvement for that lane, there is a better scope to realize the value otherwise what customers are getting. So to that extent, it will have some impact or it has some impact as of now. But then as we go along, we will be able to recover this cost more. There is no impact on account of the ground as far as profitability is concerned, because while the yield might be low, as far as margins are concerned, they would be comparable with the air from a percentage to the top-line point of view.

Anshul Agrawal: Okay. So if I got this correct, sir, surface margins are not dilutive in nature to our consol level, to our consol margins, did I get that correct?

Sagar Patil: Yes, yes.

Anshul Agrawal: Okay. And secondly sir if I may, our freighters are operating now at optimal utilizations, you believe? Or there's scope to grow these utilizations, which will also lead to margin benefits? Because I think we have been guiding that our freighters have reached optimal utilizations over the last one or two quarters, and hence margins were also stable. But just wanted to check on this point.

Sagar Patil: Yes. So the freighters are being utilized at the, now level at which the earlier six freighters were operating. In a network kind of organization you will always have some weak lanes, some closed lanes which are related to positioning. So that the new aircrafts have also come to the same level of utilization, as we mentioned earlier, between 85% to 90% as compared to the overall fleet that we have.

Anshul Agrawal: Got it, sir. And any signs of any weakness in surface growth, last quarter you gave us a breakup between your B2C and B2B volumes in terms of growth, would it be possible to share the same for this quarter or the full-year?

Sagar Patil: So as both the product lines are improving, the ratio would more or less remain the same. I would say the ground part, though we do not have segmented results as such, but generally what we see as in terms of or differentiate in terms of transit times and not the mode of transport, there would be increase of 2% in the share of the slower or the ground transit time is what I can say.

Anshul Agrawal: Got it. But the last quarter I think you had shared B2C volume growth numbers and B2B volume growth numbers. If that is handy that will be useful for us to note.

Sagar Patil: So in terms of B2C, if you say from a weight point of view, B2B growing at 10%, B2C growing at about 19% for the quarter.

Anshul Agrawal: Got it. Thank you. I will fall back in queue.

Sagar Patil: Thank you, Anshul.

Alok Deora: We will take next question from Mr. Mukesh. Please go ahead.

Mukesh: Yes. Thank you for the opportunity. My first question is again on the surface business, we are starting to see competitive intensity go up. Some of the other players have reported now strong volume growth, but some haven't. So, if you could kind of give us some sense on the competitive intensity on surface that you are seeing right now?

Sagar Patil: On surface, so surface both on B2B as well as the e-com part of it remain our drivers of growth, while we do hear that the e-com as an industry has slowed down a bit. But we are not a very big player here. We have a niche, and wherever we get good realization of our service quality, we do enter into those businesses. And we do see the growth remaining high for this segment.

Mukesh: And the pricing as well has kind of remained stable for you?

Sagar Patil: Yes. Now some amount of consolidation also probably is starting or happening. We do see a pricing position. We have taken successful price increases with both big and small players. So we do remain in a strong position there.

Mukesh: Okay. So the general price hike that you had announced in January, I think before that you had announced that any customers that sign up in October to December period will not be seeing that general price hike. And so now that we are in say May, now what kind of pricing have we been able to pass through to the customers? Any sense that you can give on that across both air and surface?

Sagar Patil: Difficult to quote a general or average price, but there is no differentiation in terms of even the size of the customer depending on how we see the profitability pans for individual lanes or the product portfolio that we get, we do offer or agree on that pricing accordingly. So even that can be a big customer -- Yes, Mukesh?

Mukesh: Sorry. Please go ahead.

Sagar Patil: Yes. And again the customers signed up in say October to November are not subjected to price increase, which also means that they would be offered price as per the new pricing guidelines that we have. So, they would not fall immediately due for price increase within six months of joining or signing up.

Mukesh: Right. Okay. So we do see that we can, I mean, the second half of this year we can still see some more price hikes with those customers?

Sagar Patil: No that's not what I said. I am saying October to December, the new signups would anyway come at a new pricing.

Mukesh: Okay. They would have come at a new pricing.

Sagar Patil: So they would not be due for price increase in the normal course.

Mukesh: Right, understood. And just lastly, back to that question on freighter utilization. I think past few quarters, I think three or four quarters we have kind of commented that we are yet to see the optimum utilization. If you could, I know you did allude to it now in one of the answers, but if you could kind of give us some sense on how much more time do you think we can take to achieve this, on both, inbound and outbound, the utilization rates?

Sagar Patil: So I mentioned the utilization has reached optimum level.

Mukesh: But this is on both sides, sir? Because I think you had mentioned earlier that on one of the sides we are seeing optimum, but not on the outbound especially, from say, Guwahati kind of.

Sagar Patil: Yes. So, so as far as Guwahati is concerned, even the outbound going from or originating from Guwahati station has gone to close to optimum levels now. But overall load is of course optimum as compared to the other freighters. But even the ex-Guwahati lane is something that we started at a very, very low level when we started the operations without diluting much on the rates. Otherwise load would have been available right from day one, but we are not let the price get diluted there and we have reached at a good level of utilization there.

Mukesh: Okay. Great sir. Thank you. I will fall back in queue.

Sagar Patil: Thank you Mukesh.

Alok Deora: We will take next question from Achal. Please go ahead.

Achal: Yes. Good afternoon, sir. Thank you for the opportunity. Sir, just on the volume growth. You mentioned about 4Q for B2C and B2B, if you could indicate for the FY '25 as well, what has been the growth trend there?

Sagar Patil: Sure. For B2B and B2C you mentioned, right?

Achal: Yes.

Sagar Patil: Yes. So for B2B, again, the growth has been at about 11% in weights, and B2C for the full year has been at about 11% again, same.

Achal: Okay. Understood. So, if I look at the gross margins, again, I am coming back to the question about what was asked earlier, if I look at 4Q FY '24 gross margin, 43.2%, I am talking from consolidated numbers, sir. And 4Q '25 is 41.4% despite the price increase. So, if you could help us understand what has driven this gross margin contraction at consol level.

And number two, in terms of, is there any mix related impact or commodity related impact? And how much of the customers are linked with the crude, given the crude has fallen? Ideally, the margin should have seen some improvement. So if you could elaborate a little bit on the same, sir.

Sagar Patil: Okay. So two questions. One, with respect to the structure. If you note our volumes, the growth in the kilos is higher than the growth in shipments. So that will have an impact in the construct of the margin for this quarter. Second was, sorry, I missed your second. What was the next point?

Achal: See, in terms of the pricing structure, how many customers have the pricing estimation or indexation with crude or ATF price?

Sagar Patil: Yes. So reduction in crude will not result in improvement in margin, because our prices do have fuel surcharge. So in case if there is a drop in the crude, our fuel surcharge also comes down. So, yes, there is auto mechanism over there. I mean, it helps us to protect from the price increases in the crude. But at the same time, we give up that, we do not also benefit significantly. There is no big difference with the crude going up or down.

Achal: And this would be largely for the air freight business, right, which would be 50%, 60% of our total revenue? Like, is it applicable for all customers, or is it only for the air cargo we are talking about, sir?

Sagar Patil: There are two mechanisms. So, as far as air is concerned, there is a Brent-based mechanism. As far as diesel is concerned, the ground product, there is a diesel-linked mechanism. Since there are no changes for last number of years on the local prices of diesel, there is no big impact there.

Achal: Understood. And sir, we have written in our press release with respect to continued investments, if you could elaborate a little bit in terms of what kind of investment are we looking at in terms of quantum or division or specific aspects?

Sagar Patil: So last year we did, I mean, last couple of years, aircraft of course was a big investment. We have also opened in the last I think first quarter of the Financial Year '24-'25, big integrated facility with autosorter near Delhi airport at Bijwasan. We also have similar, larger consolidated facilities to come up in the next few quarters in different parts of the country, including in West, in South. So, yes, and these will be largely the leased assets. So there will be some, of course, CAPEX, but the addition you will find more in the RoU assets. RoU, the right of use, yes, leased assets.

Achal: Right. Understood. So, would that help in terms of margin improvement or it is only to improve the competitiveness of business?

Sagar Patil: No, that is also expected to help in margin improvement because many of these will help on automation as well as consolidation of facilities. So, not expected to have a negative impact or significant impact, even for the quarterly results for that matter.

Achal: Understood. And just one more question, if I may sir, in terms of the industry growth for surface and for the air, how has been the industry growth? Is it in sync with this, or is it lower than that? Have you gained market share? Have you just maintained? Have you improved? If you could give some sense, how are you looking at your own market share from last full year perspective, FY '25?

Sagar Patil: So, as far as air is concerned, the market share, we are already at a very good market share over there, being probably the only express cargo. So, I am not aware of any very recent market study that our commercial would have done. But I think we are gaining the market share as far as surface is concerned, and also in the B2C e-tail business that is outsourced. Maybe it may not be very significant, we are still not a very big player there. But if you look at the growth in volumes, we should be gaining or keeping the market share stable.

Achal: Understood. And do we see that in terms of the mix changing in favor of surface, let's say over next three to four years, a meaningful shift or it will be broadly in sync with what happens with air cargo?

Sagar Patil: We see with the ground mode becoming more and more efficient, and also a variable model for us, we do not own assets over there in terms of the trucks. There is also a good variability or scalability there. We see probably the ground should increase in terms of share, not dramatically, but yes, there will be incremental 1%, 2% be getting added over as we go along.

Achal: Understood. I have more questions, but I will fall back in the queue, sir. So thank you so much.

Sagar Patil: Yes. Thanks.

Alok Deora: So we will take some questions from the Q&A section. So, one is on the ROCE. So ROCE is almost at a decadal low, excluding the COVID year. So how do we see this moving ahead in terms of, either we would see margins moving up or can you comment on the pricing power if, at the industry level, the pricing power is coming down, any comments on that?

Sagar Patil: To some extent, ROCE will have impact due to the owned assets that we have got in last few years. Also, you cannot compare with the last two, three years which were post-COVID years. So the differentiator versus pre-COVID years would be the incremental investment that we had in our own assets, whereas versus the post-COVID years there will be a post-COVID impact that will be there.

So after the post-COVID years, we are focused on improving our service efficiency, service quality, and also building up for the future, including the region like say Northeast, maybe a little ahead of the curve, which now we see as we go along improving our realization as well as the value the customers see. So, I mean, it would be forward-looking, but optimistic statement, it would sound like that, yes, from here on we should only improve our returns as well as the return on capital employed.

Alok Deora: Sir, one question is on the mix of B2B and B2C in the current revenue pie. What would be the current mix sir, if you could share that, in the fourth quarter and for the full-year?

Sagar Patil: For the full year, B2C is 27%, whereas B2B is 73%.

Alok Deora: In terms of revenue?

Sagar Patil: In terms of revenue, yes. And for the quarter, quarter is also similar number, 72.6% and 27%, so 73% and 27%. That's also because when we say the ground road network is the growth driver, it is in both ground B2B as well as B2C is where we are growing well. So the ratio in last I think number of quarters has always been like 70:30.

Alok Deora: Got it. Also if you could provide this mix in terms of air and surface?

Sagar Patil: Air and surface, I do not have available readily, because normally these are our modes or transit times, or not necessarily the modes as such. So now the mix would be more like 65:35, 65% would be air, and 35% would be surface with Dart Plus or the e-tail going faster on surface, which earlier used to be around 70:30 again there, and now it is more of 65:35.

Alok Deora: Got it. So, sir, I also just wanted to understand, I mean, if you look at the last few quarters, the margins were more than 9% on the standalone basis, and just this particular quarter it has come below 8.5%, right? So I mean, the investments and all those things which you have done was being done since almost seven, eight quarters now, and which already we had reached a 9.5% plus kind of margins. So just wanted to understand what really happened in this particular quarter, and is it more like a one-off or is this margin like a new normal with gradual improvement from here? Some color on that, because this quarter, particularly the margins have come off quite a lot.

Sagar Patil: Yes. All I can say that we will work towards improving this, otherwise it would be more of a forward-looking statement.

Alok Deora: No, no. So I was asking from this quarter perspective only, what actually happened in this particular quarter that the margins came down quite a lot as compared to 3Q or 2Q, or the previous two, three quarters?

Sagar Patil: To an extent, I mean, the number of business days this quarter were lower than as compared to the last year same quarter, with last year also being a leap year. So, while it may look like only one, this is more like a 1% impact on the business days while the cost remain for one quarter, where you have a though variable but for a month it becomes more like a fixed capacity. So that also has an impact to some extent on the numbers.

Achal: Sure. And just one last question in the question queue. I mean, just wanted to understand from the growth perspective now, so road logistics have been kind of weakish in the last few quarters where, I mean, we have still done better than many other players. So what is the growth outlook now on the volume side there, if we look at FY '26 and FY '27? Is it more like a market of a double-digit volume growth rate, or would it be more like a high single-digit growth rate environment with certain price increase which we generally take as a GPI? Yes, if you can just comment on that. Maybe, for the industry level you can comment, and yes, just some comment would be helpful here.

Sagar Patil: Yes. So for Blue Dart, irrespective of how the economy or the industry is going, we have seen consistent high single or low double-digit growth quarter-on-quarter or year-on-year, sorry, when I say quarter-on-quarter versus last year quarter, subject to the seasonalities that we have in the festive seasons or the sale, the quarter-end closures. So we expect it will remain consistent, with of course the focus on improving service quality at optimized cost and with a better utilization or realization of yields from the market.

Sagar Patil: We will take one question from Achal. Please go ahead.

Achal: Yes. Thank you once again, sir. In terms of the pricing scenario, if you could talk a little bit on the air cargo part, given we have seen the passenger lines actually, number of players reducing, and I would imagine even the capacity as well. So, how the pricing behavior has been by the competition? Have you seen some improvement there? And what is the price premium we enjoy versus our next competitor in air cargo and also in the surface?

Sagar Patil: Not very directly comparable at an overall level. When you say talk about air, we do have a very large number of documents that we have, both from BFSI as well as non-BFSI, not only documents but also small packages that we carry. And yes, Blue Dart is typically seen at a premium, but with respect to the type of network that we carry, a captive network, it calls for that kind of price increase.

The other side of the air is also, say, the parcel business which is B2B parcel, we see that remaining on a steady growth. So we do not see any impact of any ups and downs, we see that growth being steady. When it comes to e-tail, there is always pull and push between the ground speed, ground network and the air network because the difference in transit time is not more than, say, 24 hours to at the most 36 hours as such. So, again, it all depends on how the customer looks at the type of the commodity that he intends to ship through us.

So we do have both the options for the same set of customers, a customer may for some of his shipments prefer a ground network or air network. So, again, within the two products there is a competition within Blue Dart for these two sets of businesses as such.

So there is no direct data point, I am sorry. But as the ground network is becoming more and more efficient, I mean, right not only from the infra improvement point of view, also the GST, so the transit time on the road permit, etc. is not there anymore. We see on both sides, so there is at times stretch on the air price, but at the same time with the improved service quality of first-mile last-mile that we have, we are also able to fetch good price on the ground, so the yields also kind of compete with each other. So it depends on how customer sees. And given the large number of verticals of customers that we have, everybody has a different way of perceiving the value and paying for it.

Achal: Right. But is it fair to say sir, like you said, road is becoming more efficient. And with the GST, do you see basically shift from air to road? And that bringing down the pricing or the cost to the customer, and revenue for us, and hence the absolute margin? While the percentage margin may still be similar, the absolute margin per kg or per parcel is actually lower, is that a fair assessment?

Sagar Patil: It's both ways. So in spite of road becoming efficient, if the customer still has need to send something on air for those criticalities, then the customer also would be willing to pay more there. And it's not that we have increased or we are increasing capacity very significantly. Even when we bought the new freighters, it was not a fresh capacity created, but more like we replaced our variable capacity with passenger airlines with our own captive capacity as such.

So, while there may not be a very dramatic growth in air from volumes point of view, but at the same time the premium we are still able to generate on air. So, we do not see that kind of stretch, as you say, coming either on capacities. Even today, we do ship a good share of our air volumes on the commercial airlines, not only on the lanes where we are not present. I mean, we service only eight stations, but even for those air stations we do carry a lot on commercial airline load, which may not be good enough to fly our own aircraft. But then from a commercial airline load perspective, passenger airlines, we do have a significant amount of load there.

Achal: Okay. And one more question, if I may, sir. With respect to freighter specifically, like how do you make that judgment with respect to addition of freighter? What is the ROCE threshold you look at? Given you said it doesn't really change in terms of the pricing for us, but if I look at it actually brings down the ROCEs, given it sits as part of the capital base?

Sagar Patil: So the decision to put own freighter would require a consistent amount of load, not only on one or two lanes, but across the lanes where we are able to upgrade or introduce a new network. So, prior to inducting these two aircrafts, we saw a significant amount of loads going on passenger airlines within the metro stations, within the existing stations of Blue Dart. And among the non-Blue Dart stations, Guwahati was the biggest lane, the loads getting into Guwahati were very high.

So, primarily the new freighters service our existing lanes. Of course, when it replaces the passenger airline, the cost is higher initially. But then we also have added a small leg, I would say, in terms of Guwahati, so that we also garner or generate fresh loads over there. So, by the time customers realize and look at the value and then ultimately pay for that higher quality, there would be some gaps. So that's what we saw in the first couple of or three quarters of the last financial year. And as we go along, we will be able to get better realization on those lanes.

Achal: And any plans to add more freighters anytime soon, sir? Like how soon do we need to add, like is it in a year, two year, three year, five year?

Sagar Patil: We continuously keep on looking at those options. And yes, very difficult to forecast from that point of view as to not only the addition, but also changing of the network plan that we have for the existing freighter. So, yes, there is no such definite plan that we are zeroing on at this point of time.

Achal: Understood. And just a clarification on that, in terms of what is the CAPEX which goes into one freighter typically, and what ROCE typically it adds to? Like one of the question earlier was with respect to decline in the ROCE is what we have seen in last three years, right? So, if you could help us understand the economics of a freighter, what capacity, what revenue, and what ROCEs it typically generates on full utilizations?

Sagar Patil: So, very difficult to identify the ROCE from a freighter point of view because it only adds up into the existing network, it's just one block in the entire network. There is no economics related to a specific freighter. So, primarily the decision gets taken based on the service quality, if we are falling short of the capacity, and if you find more instances of our loads getting offloaded. And those getting offloaded are enough to also justify a full freighter, then so more on operational and service quality parameters is what the freighter gets decided. But when the freighter comes in, it supports the entire network, it doesn't flow only on the defined lanes, but it goes to different stations.

And at the same time, when the customer sign up, so if a customer signs me up, he would sign up for the all India loads, including even local loads for that matter. So, even if the loads may not go from say Delhi to Mumbai, but if the customer is giving loads because of that agreement from Delhi to Lucknow or Kanpur which might go actually on the road at times, it will be correct or incorrect to include that as a revenue accretion on account of freighter. So, it's the overall business network profitability that we look at. And freighter plays a role more as a capacity addition, and not as a fresh investment that gets the fresh revenue.

Achal: Understood. This is very helpful, sir. And in terms of, if I see the overall numbers, just to make an overall assessment, basically it's a business as usual, there is no one-off in terms of the cost, revenues, etc. And we are looking at a steady performance even in the coming quarters. In fact, margins could see further improvement with the operating leverage. Have I understood it right?

Sagar Patil: Yes, you can say that. Yes.

Achal: Perfect sir. This is very, very helpful, sir. Thank you so much.

Sagar Patil: Thank you.

Alok Deora: We will take next question from Rajashree. Please go ahead.

Rajashree: Yes, hello. Yes, thanks for the opportunity. So my question is regarding your air freight volume. So, let's say, if you move 100 tonnes in your freighter planes, how much is outsourced? So other than the 100 tonnes, let's say, that we move in your planes, how much is outsourced to these passenger carriers as belly cargo? What would be that number, on average?

Sagar Patil: I mean, depending on the periods, yes, it can move as much as between 20% to 40%. But yes.

Rajashree: 20% to 40%. Okay.

Sagar Patil: Yes.

Rajashree: Okay. That's helpful. Thank you.

Alok Deora: Thank you. Just the last couple of questions we will take from the chat box. Why has the volume growth not translated into revenue? So, basically on the net realization, is it like the price hikes have not been absorbed across the board or any other particular reason?

Sagar Patil: Yes. So as we mentioned, one is this year is impacted by the improvement in the utilization as we started the new routes with the new aircrafts. Yes, the price realization has started improving, and it is expected to improve further, continue to improve.

Alok Deora: Sure. So I think we are almost out of time now and we have closed with the questions also. So I will now hand over the call to the management for any closing comments.

Tushar Gunderia: So nothing specific, I mean unless you have, Alok, or any of the investors have.

Alok Deora: Sure. I think, yes, investor questions have been answered, so any follow-up questions we will directly connect with you, sir. Thank you so much for allowing us to host the call, and I look forward to host you again.

Tushar Gunderia: Thank you, Alok, for organizing. Thank you so much.

Sagar Patil: Thank you so much, Alok. Thank you all.

Tushar Gunderia: Thank you all. Thank you.

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