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May 09, 2022

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 03, 2022, about schedule of 'Investors Call' organised through M/s. Motilal Oswal Financial Services Limited on May 06, 2022, to discuss Corporate Performance for the quarter and financial year ended March 31, 2022. The audio recording of the same was submitted on May 07, 2022.

Please find enclosed transcript of '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 Q4 and FY22 Earnings
Conference Call.”**

May 6, 2022



**MANAGEMENT: MR. ANEEL GAMBHIR - CHIEF FINANCIAL OFFICER,
BLUE DART EXPRESS LIMITED**

Moderator: Good evening, everyone and thank you for joining us on the Blue Dart Express Limited Q4 and FY22 Earnings Conference Call. So, we have with us today Mr. Aneel Gambhir, the CFO of the company. So, we will begin the call with the opening remarks from the manager and followed by a Q&A session. Thank you, and over to you Aneel sir?

Aneel Gambhir: Is it okay if I keep my video off so that, you know there is no concern on the audio so I will switch off my video. Good evening to all of you. Hope all of you are doing well. I welcome you to this call, which is an Investor/Analyst call which is open call for everybody and here we will be talking about quarter and the year performance of the company Blue Dart Express Limited and consol numbers of Blue Dart group. So, as you know, I'm sure most of you would have seen the result.

Let me start from the top line. From top line perspective, there is a good growth on a top line, which is in high double digit, which is about 20%-21% growth on the top line for stand alone, which is coming with a healthy mix of volume and realization improvement. Though we know that there is a difficult situation be it geopolitical scenario and still this pandemic is not over. We are hearing here and there and especially outside India again where covid has been you know making noise especially in our neighboring countries, but then we hope with the vaccination, which India had probably will give us protection. So, going forward also, we will probably not see impact as much as other countries are seeing.

Coming back to the quarterly performance on bottom line side:

EBITDA performance has been quite good, healthy margin, which is about over 25% growth over last year, same quarter y-o-y with the 226 crore of EBITDA and margin also improved at 19.4% versus last year of 18.6%. If you talk about full year performance standalone I think, we have first time record that we crossed 4000 crores, so currently 4409 crore top line growth, which is what 34% growth for previous year and similarly on we are being a fixed cost company and having an operating leverage. So, obviously, we have seen good amount of EBITDA, which is about 696 crore EBITDA, which is 92% growth over previous year, PAT stood at Rs. 376 crore which is again almost four times of previous year which was Rs. 96 crore. So, this year has been quite good not only from the perspective of healthy demand in the market, and since, economic indicators have been good so far, and they look positive when going forward. So, as a result, we had to put a volume growth coupled with the better realization has helped us in you know, high growth in a top line and point to be noted here is that even last year, we had a very good growth in this quarter and with a higher base quarter again this year, the performance has been quite good.

Coming to consol number, I think consol number also has been quite reflecting the same sentiment, what we spoke about on a standalone basis. So, on consol though on the face of it, you might see slight drop in quarter for the margin and that is actually not a drop in margin is because of interest costs being lower.

As you know that we had undertaken financial reengineering as a result our borrowing had gone down and since we have Blue Dart Aviation as a wholly owned subsidiary company and we operate through a ACMI agreement under which all the costs cost plus markup is borne by Blue Dart Express. So, that is where since interest costs is lower. So, since EBITDA in consolidation interest cost goes down, down the line and since that interest is lower. So, obviously, in the consolidation that technical shows lower margin, but if you look at PBT and PAT number both are showing healthy growth over previous year, as that's what I say that it is because of the technical reason of lower interest cost being there because borrowing have reduced and also we had them interested rate reregulation because interest costs have gone down.

On consol basis full year if you look at it, we have improved EBITDA margin from 20.7% to 22.6% and similarly, our margin on a patch level also has increased from 3.1% to 8.7% on consol basis because of this good performance, our EPS has improved from Rs. 40 odd rupees to almost Rs. 160, on a standalone basis was 158.65 and that's when we have the board of directors have proposed a high dividend, we paid interim dividend of Rs. 25 in between and another Rs. 35 proposed final dividend for the year, which will take dividend to be Rs. 60 or we can say 600%.

This year enduring pandemic we had started charter operations, which are international charters. This year also that has continued and supported us in generating revenues, we have seen very encouraging results, yes, the portion wise is a very small portion but probably if this trend continues in this it could be promising for us, but at this point of time it is a very-very small proportion which you have on the charter side.

Due to improved profitability and improved receivable management, we had a good amount of cash flow. So, we paid off all the borrowings with the bank. As we speak, this nil borrowing from any of the banks in Blue Dart Express actually Blue Dart Express becomes a debt free and Blue Dart Aviation also technically debt free, because they have 200 crore loan from Group company, but more than that, we are holding cash in the balance sheet. So, obviously, from that point of view, that is also debt free.

Then I'll move on to what we think from future perspective, I think, barring the risk of wav 4, and also maybe the inflationary risk, which we see because of geopolitical situation, crude prices going up, even metal prices going up, that could have some impact on the production on the manufacturing industry. As a result, there could be some impact to us. But otherwise, if you keep for the time being, if you discount them, then otherwise, all economic indicators, including government plans of improving infrastructure, improving efficiency, making India all this, put together holds good promise for logistic industry and that's where we are cautiously optimistic about future as we move into new financial year.

With that, I will take a pause and we will start question answer session. Over to you Alok?

Moderator:

Thank you so much for the opening remarks. So, we will start the Q&A session. So, anyone having questions can please raise their hand or post the question in the chat box below? So, sir, we will get started. So, first question, sir, we take from Mr. Pulkit Patni. Please go ahead.

Pulkit Patni

Sir very good numbers. I just wanted to understand the realization bit. So, if I look at the last three to four years, we were at about on if I just divide the revenue by the number of parcels, we were at about Rs. 135 to 140 per parcel kind of a revenue realization. In the last two years with the pandemic, we have hit that number to about Rs. 170. Now, I understand it includes some bit of you know, these charters and some special business. Can you give us a sense of how this number should trend going forward if we assume a normalization in a post COVID world, how should that realization number look, going forward?

Aneel Gambhir:

Pulkit, I think let me give you a little more clarity on the realization part, which you just mentioned. So, as far as the realization is concerned, as you know that every year we have been announcing GPI that is to cover inflationary costs and because we know that in India inflation continues to be in 5 to 6% range. So, to offset that impact, we do take a GPI every year which becomes a structured exercise for last 3-4 years, but when you calculate in relation per shipment on a macro level, because of our product portfolio, which are different kinds of offerings are there probably may not give you the right picture while there could be realization increase, but if there is no lightweight shipment specially documents if that increases, you know probably not give right featured documents or even retail shipments. So, macrolevel calculation of realization per shipment may not be the right way of looking at this, it is functional for various combinations of shipment which are carried from light to bulk and when I say bulk is like it could be a one ton 5-ton shipment and if you have since it will be counted as one shipment. So, revenue of 5-ton shipment if you take it will distort the picture. So, my suggestion would be rather than looking at this way of realization, which may not give you the right picture need to look at overall profitability point of view because currently, for each of the offerings like ground e-commerce, or air, there's no such information which is in public domain, which could be used to calculate realization per shipment and this is a unique position for Blue Dart, unlike if you talk about e-commerce companies, they have same kind of shipment, same profile or shipment and if you talk about the bulk carriers on ground, they have one offering but since Blue Dart is in unique position and have all the offerings, so here ground and e-commerce, probably this may not give you the right picture.

Pulkit Patni:

Fair points, I completely understand. Let me just rephrase that parts. What I am trying to understand from here on is that we had some bit of cargo that came to us because we were in a unique environment of COVID, right, where courts were closed, and a lot of lawyers were getting files through Blue Dart and you know, these examples, which going forward now, some bit of it reverses as we are looking at pretty much everything being reopened. So, I am just trying to understand from that standpoint, did that element have anything to do with your realization number? That's what I am trying to understand. I completely understand we are a company where there are multiple products, multiple weights. So, it is difficult to pinpoint, but because the jump that I see from 140 to 170 happened in two years, I just want to understand where does that trajectory hide head from here on?

Aneel Gambhir:

I think that is coming more from the product mix and the thing which you spoke about file moving, I think those are now behind us because we are now in an almost normal situation where everything has opened up. More so when you talk about courts not working at that time people

getting files from court, I do not think so many files we moved from that perspective. But having said that, now, document business in normal way, because now offices have opened up. So, it is on a growth trajectory and we are seeing a healthy growth on that side and with the travel opening up passports moving. So, travel logistics also is coming back in the way it was pre pandemic, it used to happen. So, I think we are in a normal situation currently for last four or five months. and that's what has shown instability in our numbers both on the product side as well as on the on the margin side.

Pulkit Patni: Fair point sir understood. So, my second question is, is on when do we expect another plane to be added to the fleet? I am guessing with the kind of volumes you are seeing we would be operating at almost full capacity at this stage.

Aneel Gambhir: Very good question Pulkit I think, yes, we are operating at very high capacity of aircraft utilization. In fact, for charters we have been leveraging same asset for international charter during daytime and in light we have been using for our network and soon you will get to hear about we are currently working on this and that is what mentioned we made in press release that we need to expand our air and ground capacities which currently we are working on and soon we will get to hear about it.

Pulkit Patni: Great, sir. Good to know that and good luck for the future.

Moderator: Sir, we take our next question from Mr. Aditya Shirgaonkar. Please go ahead.

Aditya Shirgaonkar: So, excellent numbers this quarter sir. Congratulations for that. I have a question based on some research reports that I have read. Now to my mind it looks like as the economy improves further from here. I would suspect there will be more operating leverage play out and help the numbers for Blue Dart, however, I saw some research reports mentioning that these current margins are not sustainable and hence they are building in a margin decline in F24, in spite of revenue increasing in F23 and 24. So, is it a realistic scenario? Is it possible that economy improves, revenues increase, but negative operating leverage plays out for Blue Dart and margins decrease? I mean, I find it a bit difficult. But what is your view on this thought that has been floated in some research reports?

Aneel Gambhir: Yes, so you are absolutely right Aditya. In fact, I, this morning, I read one report. However, they do talk about increase in revenue, but there is no reason given that why the margin will go down, in fact there has been no discussion or no such interaction with us to understand or to get a perspective as to why this margin will go down. While we have been saying that rationalization initiatives, which we have been working on for last two years, have started yielding results and that is why we are seeing margin getting improved quarter after quarter. Having said that, yes, even less agree to the practical fact that operating leverage is available basis of fixed costs, and you can leverage that fixed cost up to certain level and then you need to invest in further capacities to improve capacities as just now Pulkit was talking about, so if we need to add capacity and capacity you need to add for a longer term, and that's what initially cost it happens, but over a period of time it started keeps providing leverage, because of that fixed costs being

sitting in the base. So, I guess, after particular level operating leverage probably goes down because of investment in capacity building and once the capacity is built, and that sits in the base, again, you start getting operating leverage. So, those kind of scenarios would exist and has to exist because you cannot keep getting leverage out of fees cost indefinitely, because at certain point of time, your capacities would be full and that is what is happening currently on the aircraft side, and we are talking about air and ground capacities to be built up. There could be short term impact of those capacity built up, but long-term story remains intact.

Aditya Shirgaonkar: Perfect, perfect. Just one more thought. So, some reports also talk about how competition will build up especially from the Belly cargo space from commercial airlines, but I thought you had mentioned early earlier in one of the previous con-calls that commercial airline, Belly Cargo and your operations they find it very difficult to compete straightaway because they are more the passenger ferry. So, do you think is belly cargo from commercial aircraft is a real competitive threat going forward?

Aneel Gambhir: In fact, you are absolutely right I have been maintaining and I will continue to maintain that belly cargo is a completely different ballgame versus, cargo flying and door-to-door time definite deliveries and the belly cargo thing is not scalable and is cost prohibitive for smaller capacities yes, one can use it, but when it needs to be scaled up then obviously, it does not work, the commercials or practical operational does not work on you know, belly space. So, that is where otherwise we would not have been adding aircrafts and carrying so much of load in cargo aircrafts. So, for a smaller load, yes, it may be there, but that's not a competition because it cannot be scaled up. As we have been mentioning in the past, we continue to maintain for feature. For a bigger business, you need to have a dedicated capacity with the reliability and that can only be offered by cargo aircrafts and not by belly space and that is why we do not take that as a part of our competition.

Moderator: Sir, before we take the next question, we had one question in the chat as well, how much would be the E-commerce portion in terms of revenue for this quarter and year.

Aneel Gambhir: So, e-commerce portion is one of the important vertical for us which has been contributing to the top line. So, though this information not in public domain, but it is one of the key vertical for us to grow right now, we are not providing that information on the how much percentage per se, but on a rough scale basis, one can say roughly about you know, in the range of I would say one fourth or so it contributes that much.

Moderator: Sure, in terms of revenue as well as parcel size as well.

Aneel Gambhir: In revenue terms sure.

Moderator: And in terms of volume, So, if any color on that.

Aneel Gambhir: I would not be able to provide that, because that is not in public domain.

Moderator: Sure, sir no problem. We will now take the next question from Ankita. Please go ahead.

Ankita: So, I wanted to understand what is your demand outflow for B2B and B2C because in anticipation of strong demand is what is driving the, CAPEX plan and higher capacity addition in the air and ground Express. So, your outlook on the B2B and B2C industry and growth going forward?

Aneel Gambhir: So, very good question Ankita, thank you for it. If you look back on last 5 to 6 quarters, barring the quarter, when we had we have to impact, I think there has been a strong demand basis which we have been growing our top line and going forward also going by the economic indicators be it a forecast from various agencies and also government plans on improving infrastructure. So, like, we know that government has been heavily investing in infrastructure, and there is a multiplier impact of that from the private sector. So, if all of that has to happen, coupled with the PM Gati Shakti Plan, where there is a lot more the platform being created for coordinated efforts to improve infrastructure in the country, be it air, ground or road or even railways and also the kind of investments being spoken about in logistic parks to facilitate and to improve efficiency coupled with what we are talking about is making India or China plus or Atmanirbhar Bharat, all of this sounds well sounds good, as far as logistic is concerned and as I have been mentioning, in the past, it has a double impact on us, because one on supply side, one on the consumption side when finished product is made. So, that holds good promise for logistic company. Apart from this, what we have been talking about a GST benefit due to centralization of distribution, which has not happened. So, I think if you take that also, if not now, maybe year two year down the line that has to happen, because by the time positions taken by people will get settled. So, if all of those efficiency needs to come to the books, as government has been talking about 13-14%, cost of logistics will come down to 5-6% or if not 5-6, at least 7-8%, then all these efficiency measures coupled with the scalability of infrastructure, and also, the manufacturing sector, which government is doing goose including the PLI, incentives for people to produce in India, all of that holds good promise and that is why we feel that probably going forward demand is going to be strong, barring if there are some temporary impact of inflation or maybe geopolitical situation could derail. If you discount these two, I think going forward demand would be good and that is where probably we need to get up to handle high demand and bring capacity not only on air, but also have a capacity for handling packages on the ground.

Ankita: Okay on which segment are you more positive B2B or B2C?

Aneel Gambhir: Both hold good promise for us because B2C also is essentially we are talking about e-commerce, there is a lot of headroom available from retail spending about 15% or so in developed countries. In India still is close to 4%. So, there is a lot of headroom available on a retail side and similarly, on the B2B side also all this manufacturing if these more into India holds good promise. So, I think both sector would be having good growth opportunities.

Ankita: And one last from I said, what has been the impact of ATF price increase on the financials?

Aneel Gambhir: So, very good question again. Ankita. The fuel has been quite volatile for last quite a few months and we all know that geopolitical situation has been impacting the fuel and handling fuel volatility is not new to us. We have been handling it for almost two decades now. That's why we

have had a fuel surcharge mechanism in place. So, we have seen in the past all volatility including fuel prices going up \$140 and right now also it is so close to \$110 or so, so it has effectively provided us hedge against such volatility and which is well settled and well appreciated by customers and we believe going forward also that will continue to provide us natural hedge by parcels. So, it will not have much impact on our bottom line, because that's a complete pass on by mechanism.

Ankita: So, you mean to say there is no material impact of increase in ATF price on the quarter and for the full year.

Aneel Gambhir: For the quarter of the full year because we have a fuel surcharge mechanism which provides us a natural hedge,

Ankita: But it's with a lag.

Aneel Gambhir: Yes, there is one month lag only.

Moderator: We take next question from call Mr. Kripashankar. Please go ahead.

Kripashankar: Great margins are, just a couple of questions sir. First, on the employee costs, I can see that there is a sharp decline sequentially. So, just wanted to understand, is there any one offs or any specific reason why it is relatively lower?

Aneel Gambhir: Okay, yes, for the quarter, I think there is a slight, lower employee cost as compared to the previous quarters, previous quarter actually was a festive quarter. That's where we do a lot of time hiring and that is why it impacts the wage bill and this quarter being not a festive quarter. That is why there is some amount of improvement in efficiency. At the same time, there is a small reversal of the previous quarter. That's where because at the month end when you make a provision, and then sometimes you find that probably it was little conservative, and that's where small reversal happens and that's why for the quarter, you're seeing a slightly lower number, but on a year to year basis, I think there's a quite an increase of over 23 crore, which is what generally we pay out is a per annum kind of cost for inflation.

Kripashankar: Sir what would be the quantum of that provision reversal, which was adjusted in the fourth quarter?

Aneel Gambhir: So, roughly our wage bill for the quarter is generally in the range of about Rs. 135 crores or so.

Kripashankar: Still, if I look at it on 135 crores, the first and the second quarter also had a fairly higher number. So, I guess provision was higher during those.

Aneel Gambhir: No, there was one of bonus, which was COVID bonus, which was there in quarter 2 and quarter 3 was festive season. That's where we do a lot of temporary hiring. That's why it was on a higher side on that.

Kripashankar: Understood and the second question also was on specific events happening in the market. So, we came across multiple media articles stating that there were some integration challenges with respect to delivery and spot on due to which, a lot of the other surface express providers like gained share . just wanted to get your take as to was Blue Dart able to benefit out of this integration challenges of competition.

Aneel Gambhir: So, I think, that integration challenge, I'm sure any such event would have that challenge, and what we understand that is often late scenario, and not as much as in the quarter which you were discussing correctly on the results side because this was more towards in April, also, the reports started appearing, right.

Kripashankar: Right. But yes, I just wanted to get a direct actual sense as to whether are you seeing any benefits because of the signs and the volumes have remained strong that's something which I wanted to just get your sense on.

Aneel Gambhir: I think the scenario which you are talking about is in current scenario, so I may not be able to comment on this at this point of time. I am really sorry for that, my apologies.

Kripashankar: Right. No worries sir. Just one more question I wanted to ask also was on the, the overall gains what you have seen in the E-commerce space, while what you are seeing is that probably volume standpoint, e-commerce, especially Omnichannel has done quite well and Blue Dart's presence in the Omnichannel that's quite strong. Just wanted a pick a sense as to in the E-commerce what would be a proportion of Omnichannel or social form vis-à-vis the marketplace and how are you placing yourself for a strong growth going ahead with respect to infrastructure as well as any other capabilities which we want to add or something?

Aneel Gambhir: So, as far as Omnichannel is concerned, you are absolutely right, we have very strong presence, because that is a value add situation in which, customers believe that Blue Dart is better prepared to handle and provide that value and also enhance customer experience. So, from that perspective, I think customers have been proofing Blue Dart and as some of this information is in public domain already, so all of them have been very firmly tied up and dealing with Blue Dart. As we have been also having new wings also in that space, but since they are not in public domain, I am not able to quote their names, but then, yes, we are progressing well in that space and going forward also, we are focusing more on that one that it regimens well with Blue Dart, value added and better customer experience philosophy and also provides customers, Omni Channel owners a good sense of value addition to the loyal customers. So, I think it is a win-win scenario for all the three parties in this and that is where focus continues to remain on growing that space. At this point of time, it is still not a very significant part in the overall pie. But we expect in times to come become a significant part in the overall e-commerce space.

Kripashankar: Sir but the reason why I was asking this question is that given that growth prospects in the E-commerce space is substantially higher and one can perhaps see that B2B may not follow the same trajectory. With this has, sort of the event happens a mix would be further increasing towards e-commerce, if at all, that's the case, then, given that the E-commerce logistics is an

extremely competitive space vis-à-vis, a B2B side, do you see that the mix itself can have an optical challenge on the margin side, is that is that something which is likely?

Aneel Gambhir: In fact, Blue Dart philosophy has been on this file, to do business only with the profit, so we will pick up a shipment with a profitable growth and not compete on pricing and that is what we have been doing and we follow that and we will continue to follow that. Having said that, I'm sure you will, if you are monitoring media reports, recently, some of the players who were earlier selling cheap or selling lower than the cost, they have also increased prices because they are at the end of it sometimes they need to have accountability of doing business sustainably or show profitability at least to the investors. So, taking that clue, and also going by our philosophy of doing business profitably, I don't see much challenge on margin coming from this front because we will pick up and more so when you are talking about Omnichannel growth, which will be much faster and much higher. That is what more of value addition is there, which happens on the premium pricing. So, I do not see challenge coming from this sector or this section on the margin side. We do not have any material impact.

Moderator: So, sir we will just take one question, which had come in the chat. So, just wanted the broad split of air and ground express in the current quarter.

Aneel Gambhir: So, almost 1/3th would come from the ground.

Moderator: Sure, and how do we see this changing for the next two to three years?

Aneel Gambhir: Meaning going forward, you are talking about.

Moderator: Yes.

Aneel Gambhir: So, going forward, it will be very difficult to comment at this point of time, but then, yes, ground is growing faster than air. So, obviously, there will be some skew towards ground as you move ahead. Now, it depends how the situation pans out. Accordingly, I will not be able to give you the numbers as to what mix we are looking at, but definitely there will be a skew towards ground.

Moderator: Sure, and just one last question in the same chat. So, what growth rate could be expected sir for both these verticals air and ground?

Aneel Gambhir: So, in groundside, you can comfortably going by the current, indicators a high double digit kind of growth and on air side you can take high single digit kind of a growth.

Moderator: So, we will take our next question from the panel. So, we will take a question from Mr. Alok Deshpande. Please go ahead.

Alok Deshpande: First of all, congratulations on a great set of numbers to the entire team and a great year also, sir, two questions. One, I think in one of the responses to the earlier participants, you mentioned that there was a small reversal in the employee cost. I think, even if you were to adjust for that, I

think your margins would be 18% plus, I am talking about the EBITDA margins. Would you say that that is the new normal? I mean, that that becomes your base case, in a way.

Aneel Gambhir: So, current quarter if you talk over. Okay, you are saying you're just and after adjusting, you're calculating the margin.

Alok Deshpande: Yeah, I mean, even if you even if you add back that whatever Rs. 8-10 crores to the employee cost, I think still, your margins would be almost close to 18%, or even slightly higher than that. vis-à-vis, maybe 16 and a half or something like that in Q3. What I wanted to know was, is this 18% odd becomes your new normal, given the cost cutting measures that we have been taking for the last few quarters?

Aneel Gambhir: So, very good question here, though, 18% looks quite high in given the current competitive scenario. But then, what I just mentioned about adding capacity, and also ensuring that we continue to maintain our customer experience, because all decisions we should take keeping customer in the forefront. So, from that perspective, there could be some investments or some operating costs, which could get added on automation, visualization, etc. So, I am sure if not the similar range, around same range, we would, or maybe slightly, 100 or 200 basis point one can assume even if it gets impacted, on a conservative side, I think that's the kind of, trajectory going forward we will try and maintain.

Alok Deshpande: Fair point, fair point and sir you also mentioned, Road Express being part of being 1/3th of this, this is you are talking about the revenue share here.

Aneel Gambhir: Yeah, I'm talking about range of revenue share.

Alok Deshpande: Okay and sir this is and the way this is defined as if any parcel goes from destination A to B completely through ground then only that comes under this 1/3th.

Aneel Gambhir: That is Right.

Alok Deshpande: And sir just one last bit. this e-commerce, I think you I do not want to ask the revenue share, but is it fair to assume that the growth that you would be building in for the next couple of years or even after that, in the growth delta, the share of e-commerce would be fairly high? Right. I mean.

Aneel Gambhir: Absolutely. Right.

Moderator: Thanks so much. Pleasure talking to you. Sir we take our next question from Mr. Sandeep Bansal? Please go ahead.

Sandeep Bansal: Yes, thank you so much for your time. Sir my first question is that did I understand you correctly when you said that there is not going to be much impact on margins from a change in mix if it happens? So, are we saying that road margins and air margins are roughly similar?

- Aneel Gambhir:** Yes, so what we do is in our pricing strategy, currently margin, we maintained at the same level almost with a very marginal difference. So, if you know ground grows faster, still, it may not impact margin as much is general perception is. You are absolutely right.
- Sandeep Bansal:** Sure and sir would it be fair to say that the bulk of the gains from cost rationalization measures are already reflected in the numbers, though, obviously, it is an ongoing exercise but the bulk of it is already realized.
- Aneel Gambhir:** Yes, you are absolutely right. We are in the journey of excellence and whatever we are all on the plate, a lot of it has already been actioned and that is why we are seeing the benefit of that. However, having said that, we continue to explore newer areas and if you find this opportunity, we definitely work on that so that we further improve our efficiency .
- Sandeep Bansal:** And sir large lastly, just to clarify, to your previous questions response, you had said that margins could at worst have a downside of 100 to 200 basis points. That was from Q4 levels of four from an entire financial year perspective.
- Aneel Gambhir:** So, since the reference was for the Q4, so the response was in response to the Q4 numbers,
- Sandeep Bansal:** Sure but applicable for the whole year.
- Aneel Gambhir:** Absolutely.
- Moderator:** Sir. We take our next question from Mr. Sanjay Sethupathi. Please go ahead.
- Sanjay Sethupathi** Sir two quick questions. Number one is that your revenue declined a bit sequentially. Is it because of omicron wave or this is a typical seasonality of your business?
- Aneel Gambhir:** I have not seen the revenue number declining.
- Sanjay Sethupathi:** Compared to your December quarter.
- Aneel Gambhir:** December quarter, definitely, because that's the festive quarter, generally you will have a high revenue. So, it's more of a seasonality. So, typically, for us, the highest revenue would be in December quarter. And followed by September quarter, followed by March quarter, and the lowest quarter generally used to be our June quarter and that is how the scenario looks like if you go look in the past.
- Sanjay Sethupathi:** And there is no impact of Omicron wave per se.
- Aneel Gambhir:** Per se in last quarter. No.
- Sanjay Sethupathi:** Okay. Okay and sir my other question is that, as you say that December is your biggest quarter, but then even if I do all kinds of adjustment, still, your margin in December quarter was little lower than March quarter. Is it because of the business mix that is in the festive season, your mix

is more towards E-commerce, which is lower margin and does that explain this margin volatility, then.

Aneel Gambhir:

I think there are two three factors which probably need to be taken into account. As I mentioned, on the cost efficiency side, we have been working on the new by the time you realize full potential, of initiatives, obviously, that has a sequencing impact. So, that's one. Secondly, what happens during festive period, we build up additional capacities. So, sometimes if all the capacities are not fully utilized, and then that obviously has impact on the bottom line. So, and this is what exactly happened in the December quarter we have build up higher capacity but utilization was not as expected, because of lower level of shipping, especially on the E-commerce side during that period and that's why in that period, there was some impact to margin.

Sanjay Sethupathi:

Wonderful sir, lastly if you can just explain that you were saying that you are already operating at full capacity and that's why you will be adding some flight simulator to your fleet. Fleet, you will go through fleet expansion and that may have some kind of margin pesos. So, when is that likely to happen like it is? It has been proposed for the current financial year or a little farther away.

Aneel Gambhir:

I think on this front, we will come back to you soon as to what is our plan, right now plans are not final. So, that is why I am not able to comment on that.

Sanjay Sethupathi:

But what you would rather say that basically there could be some amount of cost dislocation because of that. But that's something.

Aneel Gambhir:

That will be for temporary period, you will not be for longer term, it may be a quarter or two at the most.

Sanjay Sethupathi:

Understood, So, are you kind of clarify that you are anyway, looking to sustain a quarter 4 margin with a plus minus 100 odd basis point.

Aneel Gambhir:

Yes, that's what is our thought and plan and that too, with a decent growth outlook for the coming year. That's it.

Moderator:

So, we take next question from Namish Rao. Please go ahead.

Namish Rao:

Sir I just wanted one clarification. So, this we have seen a sequential decline in the depreciation number. So, is this because of the aircraft that we purchased and should we see this as a number going forward to sustain?

Aneel Gambhir:

So, now depreciation number has two things and primarily for that responsibility comes from the I16-accounting standard. So, if you sign new leases, suddenly this number goes up and if you have new facilities if you do not add new facilities obviously sequentially, the depreciation number will keep going down. That is point number one and second impact you rightly identified because we purchased three aircrafts. So, earlier those were appearing as a part of ROU asset, which now generally will be depreciated over a longer term, earlier that gets depreciated over a

period of lease term, now, instead of that it becomes depreciation is over the period of life of aircraft and also, if you recall, two quarters back, we did have some upgrade of the old systems old systems will return of.

Namish Rao: And sir, can we expect the interest cost also go down accordingly going forward?

Aneel Gambhir: Yes, so, interest costs going forward on consol basis would be very low, because now since we have become debt free, all the debts have been paid off. So, if at all interest costs will be within company and that in consol will get nullified. So, it will be only the impact of 116 which features is a part of finance costs otherwise, there will not be any interest costs unless we start boring again.

Namish Rao: Sir, just again on this capacity investment front and sir did I hear you correct that you may have to invest in your to increase your ground capacities as well.

Aneel Gambhir: Yes, so, we need to upgrade our hub facilities to handle larger volume. So, as we are talking about double digit growth in surface, so, obviously, if surface is growing that much, we need to have capacity building in our hubs for transshipment of those shipments. So, it will require bigger space. So, we may have to go for a bigger space for building that capacity of getting larger tonnage.

Namish Rao: So, and if you can share how much in terms of square feet any ballpark number that you can share that how much either you manage if you can share.

Aneel Gambhir: So, currently about more than 3 million kind of a space, which we have, and for going forward, what we are going to do, you will get to hear in some time.

Namish Rao: And these 3 million will be for entire operations.

Aneel Gambhir: Yes.

Moderator: Sir we take next question from Ishpreet Kaur from Motilal AMC, please go ahead.

Ishpreet Kaur: Just wanted to check with you what would be the share of the documents in this quarter?

Aneel Gambhir: So, as far as document is concerned, it continues to similar range what we have seen earlier pre pandemic, which is close to about in the range of about 1/4 kind of number.

Ishpreet Kaur: Okay, so we are back to the pre-pandemic. Okay, and just wanted to understand, like you were saying that the ATA prices are a complete past to where the lack of say a month or so max, the realizations for us will move in line with it, right? So, what is the kind of realization growth that we could see and also if you could throw some kind of light on the volume growth, because our base of volume growth is very strong in FY22. So, how do we look at volume growth in FY23?

Aneel Gambhir: So, as far as volume growth is concerned, firstly, let me comment on you are right we were talking about fuels such as mechanism which is passed through and provides a hedge. As far as volume is concerned, I think we have been having high double digit volume growth and that is why we, in fact, started giving numbers about the number of shipments and tonnage carried. But then on absolute number are already there in press release, which you mentioned the number of shipment, which you carried. Overall, it talks about roughly 30% or so volume growth and roughly about close to 4% kind of a relation growth, correct?

Ishpreet Kaur: Yes right? So, how do we look at it for FY23 as the basis so strong?

Aneel Gambhir: I will not be able to comment on that part because future guide is probably we are not giving but the sense is we will continue to have a high double-digit growth. That is what our current sense is from the economic activities.

Ishpreet Kaur: Okay and utilization growth may also be higher because of the ATF crisis,

Aneel Gambhir: A similar range or maybe slightly higher than that.

Ishpreet Kaur: Similar range in the sense of 4 to 5% seen this year, and also the hike that we take off 8 to 9%. That was again to be taken in the Jan of this year as well. Does that start reflecting in overall say at some point of time at 8 to 9%.

Aneel Gambhir: You know, actually the 9.6%, we announced is kind of a benchmark rate, but the effective realization because some customers have, depending on volume, they do negotiate and not fully in that range. So, Average comes in between 4 to 5% kind of realization every year for last 3-4 years, which is seen. So, we expect the similar scenario to happen in this year and some part of it is already reflected in the current quarters number and that's why we mentioned realization growth coupled with the volume and the healthy volume growth has helped to in terms of the double digit for 21%, top line growth, which you have.

Ishpreet Kaur: Got it and again, like you were just saying, you still see a high double-digit growth with 4 or 5% price hike, see and sir how much could be the CAPEX like you were mentioning that we may do some investments, so ballpark, what could be the CAPEX that we can take?

Aneel Gambhir: So, right now, since are on drying board to finalize our plan, I am not able to comment how much additional will be there, but if you go by the historical number and the earlier plan, it was roughly in the range of 150 crore to 200 crore, but then if this increase will come back, about it some time.

Moderator: Thank you so much. Sir, we take our next question from Mr. Shivaji Mehta. Please go ahead.

Shivaji Mehta: Sir I had a question on the service transport business wherein one of our competitors namely Gati. They have been talking about a 3x growth in their top line in the next three years, wherein the industry is just going to grow at a CAGR of 12 to 15%. They are kind of targeting a 3x growth, which will mainly come from them taking away a chunk of the market share from the

existing competitors. So, just what are your thoughts on this? Do you see this as a threat and how confident are you about holding on to your market share?

Aneel Gambhir:

So, I am not able to comment on what Gati has made a statement on, because I am sure they will have their strategy, how they want to do it. As far as Blue Dart is concerned, we always welcome competition, because that helps us improving our offering to customers, as I mentioned earlier, that our focus continues to be on customer requirements and making sure that whatever decision we take, we keep customer in mind, and keep meeting the customer requirement, and always have a happy customer. So, if you have a happy customer I am sure, customer is going to continue to deal with you as a service provider and that's what we are focusing on. Having said that, because Gati has been in business for so many number of years, right and the fact that we were the last entrant in this field in 2008, in the premium segment, and we have been growing our market share year after year, despite of presence of Gati and Safexpress. So, I am sure customers are seeing value in our offering and that is why they feel comfortable and they continue to appreciate our service and there is no reason for us to believe that going forward that we lose value. So, I am not as much worried about what Gati is making a claim, as much worried about that how do we further keep improving our service quality to customers, so that customer continues to deal with us. So, we will rather focus our all energies in improving customer experience. So, that customer remains happy and continues to deal with us with safety and reliability USP, which we have for so many years.

Shivaji Mehta:

Right sir make sense. Sir, just one last question again at the surface transport business if you can give some color on the margins, how it kind of differs from say one end user industry to the other. So, say for example, an e-com versus pharma versus FMCG how different could the margins be and also say B2B versus B2C? How different are the margins there?

Aneel Gambhir:

So, since our offering is slightly different we are not differentiating on the industry type. For us, it is a package which we deliver. So, our pricing strategy, be it pharma, be it or any other industry, the pricing strategy remains the same. So, we do not differentiate basis the industry which you deal with, rather we differentiate on the service and reliability and the safety of the package. So, for us pricing strategy remains the same.

Moderator:

So, Sir we take next question from Mr. Vipul Shah, please go ahead.

Vipul Shah:

My question is what is the market sharing ecommerce segment and at what rate we are growing in that particular segment?

Aneel Gambhir:

Sir. So, right now, market share study has not been conducted because of a pandemic and now markets are stabilizing. So, people are now talking about conducting a survey. As we know, earlier, we had a market share about 18%. That's a pre pandemic we are talking about, but there is a lot of change in customer buying habits and also, growth has been quite high for us as well, especially on the number of shipments we could pick up or even on the top line side. So, right now, I am not able to comment because credible numbers are not available. Once study is conducted by the market research agency, maybe I will be able to share with you. As far as our

growth is concerned, I think we have very healthy double-digit growth on the E-commerce shipments side.

Vipul Shah: And directionally, can you comment on the margin in e-commerce segment vis-à-vis other segments? I do not want the exact number just direction.

Aneel Gambhir: Yes, so as earlier I mentioned that Blue Dart believes in doing business profitably, and we will continue to do that and I am sure competition will follow now, the same strategy, because of the media reports suggest that now they are also in the coming in the same league. So, if they come and compete on a same level playing field, I think Blue Dart would continue to do business profitability and also gain market share because of, better service delivery and better customer experience because right now, it was unfair competition, so to say, in inverted commas, because of the funding, they have been undercutting, selling lower than the cost, and that's why they have been getting the shipments or the volume. So, once they do business sustainably, I am sure Blue Dart will gain out of it including the margin.

Moderator: So, we take the last question from Mr. Pulkit Singal, please go ahead.

Pulkit Singal: Just wanted to get some clarity based on your response to some of the questions. You talked about high double digit volume growth and 4% to 5% pricing growth, which seems to suggest almost a 20% plus kind of revenue growth and I am not able to tie it up with what you said on the ground and air space, how do you get this kind of revenue growth without air going in double digits, because you mentioned that air will grow only at high single digits, whereas ground is just 1/3th of your business. So, for you to achieve an overall 20% plus would mean grounds to add 50% Plus, I mean, so, please help me understand the math I mean, does this take into account that air will grow at double digit, so what is the understanding?

Aneel Gambhir: So, firstly, Pulkit I did not say that we will grow to 20% I said, growth maybe double digit and also will have 4% to 5% kind of a relation gain, which you do get in as we have been getting in the past not to two years. Having said that if one goes by indicators, and you know, growth on ground is a high double digit, could be anywhere between 15 to any number one can talk about 20-30 one can look at it that way. That's point number one. Second, yes, from long term perspective it could be high single digit, but short-term perspective, it could be double digit as well. But then that's what we are talking about how do we see future. Future could be single digit number on a CAGR basis and that's what that is what my answer was.

Pulkit Singal: You mean for air single digit CAGR, but it could be yes, double digit.

Aneel Gambhir: For short term yes.

Pulkit Singal: Okay and does this take into account your capacity expansion plans or is this even before that?

Aneel Gambhir: So, capacity expansion will be based on the volume growth which will take so right now we are talking about volume growth and even current capacity is not being sufficient and that is why we are leveraging our assets during day operation. So, when we expand capacity, obviously that

will help us in one timely delivery and second to cater to the capacity requirement, which will be basis, the volume growth.

Pulkit Singal: Understood and sir lastly, in on the margin rate, if I look at the consolidated EBITDA margins for the last three quarters, and I am saying last 3 quarters, because obviously first quarter was impacted by COVID, so just close to 24% odd right and when you are talking about a business like yours, that revenue level, and you have, the kind of revenue growth, you are predicting, which is a healthy double digit revenue growth and you are also starting to talking about competition being lower, they also focusing on profitability and the business has high operating leverage as well. So, why should margins contract at all, I understand you would look to invest a bit, but would it this mean that from your 24% levels, it should only grow higher? I am just confused why it should contract?

Aneel Gambhir: No, I think the earlier discussion was from a standalone basis, and now you are comparing that with a consol basis.

Pulkit Singal: Okay, so yes, I am curious to understand the trajectory of this 24% average EBITDA margin for the next couple of years.

Aneel Gambhir: That could only have some impact be, as I mentioned, because of investment requirements for building up capacity and what could be short term, and thereafter, it will start giving leverage the way currently we are seeing leverage of earlier investments.

Pulkit Singal: Right, but your competition intensity and higher revenue growth, does it not offset the impact of this investment?

Aneel Gambhir: Maybe partially, it could offset. We are being slightly on the conservative side. Because right now, when we presume that probably competition in price will give us some benefit, but what if it does not come?

Moderator: So, thanks. I think we are run out of time now. So, thank you so much, everyone, for joining in and thank you, Aneel sir, for giving us the opportunity to host this call.

Aneel Gambhir: Thank you, pleasure talking to you, interacting with you, and looking forward to having your feedback. If you have any feedback you can always share with us. So, maybe through Alok and otherwise also, most welcome. Thank you.