



Twenty-Fourth Annual Report 2014-15



I ❤️ MY BLUE DART

***Yogesh Dhingra, CFO & COO
awarded the CFO League of Excellence***



(L-R) Yogesh Dhingra, CFO & COO, Blue Dart Express, Upendra Kumar Sinha, Chairman, SEBI & Amry Junaideen, National Leader, Enterprise Risk and Audit Advisory, Deloitte India

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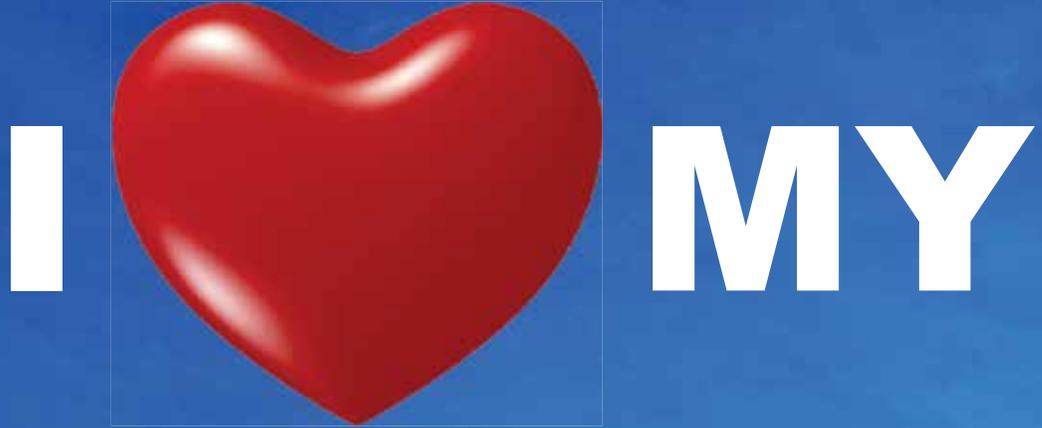
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Our Vision

To be the best and set the pace in the express air and integrated transportation and distribution industry, with a business and human conscience.

We commit to develop, reward and recognise our people who, through high quality and professional service, and use of sophisticated technology, will meet and exceed customer and stakeholder expectations profitably.



BLUE DART

Our Guiding Principles

We will:

- Treat each other fairly and with respect and dignity.
- Encourage freedom in communication of thoughts and ideas in all our interactions.
- Value integrity and be uncompromising in upholding it at all times.
- Give due importance to the health, safety and well-being of our people.
- Ensure that our 'People First' philosophy serves as a driving force behind the success of our organisation.
- Encourage and inculcate in all a winning attitude.
- Encourage learning, self-development and building effective leadership.
- Expect our people to be accountable for all their actions related to the company.
- Provide a workplace where each and every employee is nurtured and who, in turn, will nurture the organisation, thereby creating wealth for stakeholders.
- Drive the 'First Time Right' concept to achieve 100% Quality and Customer Satisfaction.
- Encourage passion and enthusiasm for Work, Service Quality and Customer Care.
- Project a positive, caring and professional image of ourselves and our service at all times.
- Avoid waste by being conscious of the impact of all our actions on the environment.
- Continue to be a law-abiding, apolitical and secular company.

Board of Directors



Sharad Upasani
Chairman



Anil Khanna
Managing Director



Malcolm Monteiro
Director



Thomas Kipp
Director



Clyde Cooper
Director



Suresh Sheth
Director



Narendra Sarda
Director



Bettina Staffa
Director

Key Managerial Personnel



Yogesh Dhingra
Chief Financial Officer &
Chief Operating Officer



Tushar Gunderia
Company Secretary &
Head - Legal & Compliance

Executive Management



Aneel Gambhir
Head - Internal Audit



Barttanu Kumar Das
Head - Human Resources



V. N. Iyer
Head - Corporate Accounting



Ketan Kulkarni
Head - Marketing, Corporate
Communications & Sustainability



M. D. Basappa
Corporate Controller
All India



Michael Pereira
Head - Air Operations



Vikash Mohan
Head - Ground Operations



Gopinath Menon
Head - South 2 Region



Balfour Manuel
Head - West 1 Region



K. Gopa Kumar
Head - South 1 Region



Sukhwinder Singh
Head - North Region



Samir Shah
Head - West 2 Region



Samik Banerjee
Head - East Region



Chairman's Statement



Dear Stakeholders,

Globally, the year in review, was marginally better for the industry compared to the previous couple of years. Back home, the macroeconomic situation in the last 2-3 years has not been encouraging to support growth pushing economic performance below its potential.

Your company is pinning hopes on the plans chalked out by the government to bring a revival in the economy with the mandate of less government and more governance. We are awaiting the implementation of Goods & Service Tax (GST) which will bring about uniformity in the complex tax structures and see a shift in the trend of movement of goods.

This year, the Government took some initiatives to bring cheer to this neglected sector, prominent ones being release of the draft Civil Aviation Policy, rationalising the cost of ATF, development of Air Freight Stations (AFS), developing 6 metropolitan airports etc. We hope this momentum continues.

The year also saw the government undertake more reform oriented measures. Certain sectors especially e-commerce attracted big-ticket investments and registered good growth numbers. All these worked positively for the logistics industry as it is directly linked to the country's economic performance.

With the revival in GDP, likely implementation of industry-friendly legislations such as GST, the boom in e-commerce and the government's 'Make in India' thrust, we expect to see a strong growth in the logistics industry in the time to come.

Sustaining our Performance

Your company posted profit after tax of ₹ 12,684 lacs for the year ended March 31, 2015 as compared to ₹ 12,440 lacs for the year ended March 31, 2014. Income from operations for the year ended March 31, 2015 was ₹ 226,850 lacs as compared to ₹ 193,415 for the year ended March 31, 2014. The Board of Directors of your Company has recommended a dividend of ₹ 20/- per equity share of ₹ 10/- each subject to necessary approval by the shareholders.

In 2014-15, your company has been able to deliver a reasonable performance, aided by our clear focus on the growing e-commerce vertical and our core air and ground express service offerings. We are well aware that the financial year 2015-16 is likely to pose

several challenges on account of continued weak consumer demand and increased competitive spending. We have carved out a growth strategy for ourselves which makes us confident of delivering even in an adverse economic scenario.

Blue Dart is the undisputed market leader in organised air express and a leading player in organised ground express. Our investments and growth in the e-commerce business have been strong, making us a preferred service provider in this emerging segment. Going forward, we will continue our focus on staying dedicated to 'being the best and setting the pace' and delivering growth for Indian businesses.

Your company continues to provide an unmatched customer satisfaction record driven by a motivated and passionate team, the testimony for which rests in the numerous awards for the brand, service quality and employee focus bestowed on the company over the years. As a responsible corporate entity, Blue Dart continues to pay close attention to its environmental and social responsibilities.

With a fleet of 5 Boeing 757 freighters, your company offers a payload of over 385 tonnes per night; while a strong network of 8,185 vehicles meet delivery schedules. Blue Dart boasts of 477 facilities including 79 express hubs and over 9,969 committed and talented Blue Darters, driven by a unified passion for delivering quality service, excellence and value.

Based on the experience and expertise of our highly skilled, able and exceptionally talented management team, we will continue to deliver in Blue Dart Country.

Strengthening inroads into smaller towns

With the proliferation of internet-enabled devices and 3G penetration and the expected 4G on the rise, e-commerce is growing in popularity in tier II, III and IV towns. This increased reach has led to a large number of first time buyers from smaller towns shopping online. This inclusive growth is likely to continue going ahead. However, this strength of Indian e-commerce penetration comes with a constraint where reaching out to these customers in smaller towns or remote areas still remains a challenge.

However, with the market leadership that it enjoys, your company has helped its e-commerce customers to reach out to larger number of online shoppers, beyond metros into Tier II, III and IV towns, thereby giving e-commerce customers high brand equity and a competitive edge in the industry. During the year, your company focused on establishing its direct presence in such locations which offer high potential and opportunities for growth. Over the next 2-3 years, your company will continue to make in-roads into smaller towns to give access to more Indians to participate in the nation's growth story.

E-commerce Thrust

Blue Dart has always been a first mover in the express logistics industry in India. The company recognized the potential of e-commerce way before it witnessed a boom and has accordingly invested heavily in technology infrastructure to create differentiated delivery capabilities, quality services and customized solutions for clients.

Your company will continue to focus on the e-commerce sector which is projected to grow from € 1.9 bn in 2014 to € 22.3 bn by 2020*, providing customised technology solutions, extensive reach, fulfilment services, fastest transit times, flexible delivery schedules, hyper local deliveries etc.

Blue Dart has been the pioneer for introducing 'Cash on Delivery' (COD) system for the e-commerce industry. Though the collection, remittance etc. from far flung locations to the e-commerce company has had its own challenges, COD still accounts for 60-70% of all shipments that move. COD has been a major enabler for e-commerce penetration into tier II, III & IV markets and Blue Dart has been the facilitator. Your company has continued to invest in technology to enable superior customer experience with the usage of mobile hand-held devices (OTM).

Since 2014, as part of Deutsche Post DHL (DPDHL) group's Post - eCommerce - Parcel (PeP) division, your company has further tapped on the strong growth momentum seen in the dynamic e-commerce market in India. This alignment reflects both the Group's focus and Blue Dart's focus on the e-commerce industry, its potential and its capacity to grow in the future, especially in emerging markets. In order that there is a strategic focus, there is precise execution and growth for our customers businesses, this alignment is and will be a vital cog.

eFulfillment

Blue Dart has been servicing the e-commerce industry ever since its emergence in India. Over the years, your company has serviced all leading e-commerce players through its best-in-class, highly differentiated, last-mile delivery offering and value-added services.

As the industry evolves, customers are now looking for alternatives that can help them further by integrating the value chain through eFulfillment. As a customer centric company, Blue Dart was quick to enter into eFulfillment and offer its services to its e-commerce customers.

Your company has also invested in building central processing units (CPUs) in Delhi NCR, Mumbai, Bhiwandi, Panipat, Jaipur, Gurgaon, Faridabad and Bengaluru to facilitate smooth delivery of e-commerce shipments. The first and last mile has been strengthened through a dedicated team of trained pickup and delivery staff further enabling us to handle growing volumes and maintain service quality.

In 2015, Blue Dart commenced operations at its eFulfillment centre in Delhi NCR specifically for the e-commerce industry. The solution will help Indian businesses and entrepreneurs connect to a global market by reducing complexities in domestic and international shipping while offering customers a holistic online shopping experience.

The Industry Leader

Blue Dart brought in early professionalism and integrity to the industry and furrowed its way through all challenges and reached where it is today. As new players entered the market, your company pioneered to set the pace, bring in advanced technology, develop first-class services, establish a forceful network and create strategic alliances to

improve delivery to its clients.

Amongst all that Blue Dart has to offer, seven factors which make it a compelling force are:

- Strong Brand
- Information technology
- Vast Scale of Operations
- Dedicated Air and Ground Infrastructure
- Passionate and Committed Workforce
- Superior Transit Time
- Service Excellence

Industry Specific Solutions

Blue Dart is the market leading premium express player in India with the widest range of services including e-commerce specific solutions. Your company offers services in air, ground and multi modes in day definite and time definite delivery schedules. The key market-defining domestic express offerings include Time Definite Solutions (Domestic Priority 1030, Domestic Priority 1200, Dart Apex 1200) and Day Definite Solutions (Domestic Priority, Dart Apex, Dart Surfceline). Packaging Solutions include Express Pallet (Air and Ground) and Smart Box (Air and Ground). The Company also offers Cargo Solutions like Airport to Airport, Interline and Charters besides offering Festive and Student Solutions like Rakhi Express, Mango Express, Student Express etc.

Your company's global presence, to over 220 countries and territories worldwide, is enabled through DHL Document Express (DOX), DHL Worldwide Package Express (WPX) and a wide range of packaging solutions. DHL Import Express is a unique single-window importing service that takes care of all importing needs by offering door-to-door convenience. Duties & Taxes Paid (DTP), Express Pallet, Shipper Interest Insurance (SII) and Express Easy-Student are some of the other offerings.

Your company offers industry specific solutions like Temperature Controlled Logistics (TCL), Dart Surfceline Plus (DSP), Point to Point (P2P) and a host of value added services like Demand Draft on Delivery (DOD), Freight on Delivery (FOD), Freight on Value (FOV), and Cash on Delivery (COD) etc.

Critical Express caters to the huge domestic need for safe movement of items like passports, tenders and other securitised items.

Technology Focus

Blue Dart's technological innovations have played a key role in our premium positioning and in bringing global standards to the Indian customers' doorstep. Your company has introduced Weight Dimension Labeling (WDL) machines in several locations which help us capture accurate shipment dimensions and weight, these have improved billing accuracy, automated processes, enabled speedy operations and have integrated operations with ERP systems.

* KPMG e-fulfillment study

Your company has also enhanced Mobile Point of Sales (MPOS) devices for the e-commerce industry that are a step-up from the MPOS service launched in 2013. The new devices facilitate debit/credit card payments. Besides, your company has focused on delivering several other technological solutions like Smart Trucks, hand held devices (OTM) that capture delivery information in real-time and shipping API integration with its e-commerce customers' websites to enable them to track and trace and monitor each shipment on a real time basis.

Corporate Governance

Blue Dart places a premium on and remains committed to good Corporate Governance, aligned to the best corporate practices. Strong Corporate Governance has always been an integral part of the Company's business philosophy. Your Company continues to deliver value to stakeholders through its People Philosophy and Corporate Governance, based on distinctive customer service, business ethics, accountability and profitability.

With the enforcement of the Companies Act, 2013, as a good corporate citizen, your company adhered to the provisions of this new Act, in spirit.

Corporate Social Responsibility

Responsible business practice is the foundation of our long-term success at Blue Dart and is a core element of our strategy. As a socially responsible corporate, our commitment towards the community has been unwavering since our inception in 1983. Our goal is to remain a Provider, Employer and Investment of Choice through responsible business practice and a balanced approach to pursuing economic, social and environmental interests.

We take our responsibility to society, to the communities in which we operate, to our employees and to the environment seriously. We want to make a positive contribution to our world by using our knowledge and domestic / global presence in ways that benefit people and the environment.

Under the motto "Living Responsibility", Blue Dart (along with DPDHL) focuses its corporate responsibility on protecting the environment (GoGreen), delivering help (GoHelp) and championing education (GoTeach). These are supported and complemented by regional community initiatives, which demonstrate the voluntary commitment, special abilities and enthusiasm of employees from across Blue Dart Country.

In September 2014, over 7,419 employees of Blue Dart and DHL participated in the Global Volunteer Day 2014 where employees, partners and customers were encouraged to give back to society in wide ranging programs.

As a socially responsible corporate, your company presented the 4th Blue Dart World CSR Day and Global CSR Excellence & Leadership Awards to recognise global corporate social responsibility and sustainability champions across various industries.

During the year, your Company has spent more than statutory required amount specified in the Companies Act, 2013 towards CSR activities. The Company has got third party validation done by EY confirming that CSR activities carried out by the Company are in line with Schedule VII of the Companies Act, 2013.

Leading by Example

Blue Dart is associated with international standards, reliability, trustworthiness, hi-technology, strong corporate social responsibility and customer centricity. Your company stands for value, quality, speed, efficiency, responsiveness and service experience. Blue Dart's service culture is further bolstered through the quality program – First Choice and initiatives such as Net Promoter Score and Key Account Management programs which serve as means of listening closely to the voice of the customer, and acting on it to deliver delight in a process driven manner.

Your company's achievements have resulted in the organisation being benchmarked amongst the best companies in the world and continues to be one of the most admired and awarded companies in India.

Blue Dart was listed as one of the Top 11 Best Employers in India – 2015 by AON Hewitt. The company was also honoured with the Readers' Digest Trusted Brand Gold Award 2014; voted amongst Top 50 'India's Best Companies to Work For 2014' by the Great Place to Work Institute, India for the fifth consecutive year; voted a Superbrand for the seventh year in a row and was recently featured in the Fortune 500 list of India's Largest Corporations.

I conclude here, with a special vote of thanks to each one of you, stakeholders who have placed your faith in Blue Dart and assure you of our very best efforts, always.

Warm regards,

Mumbai
June 15, 2015

Sharad Upasani
Chairman