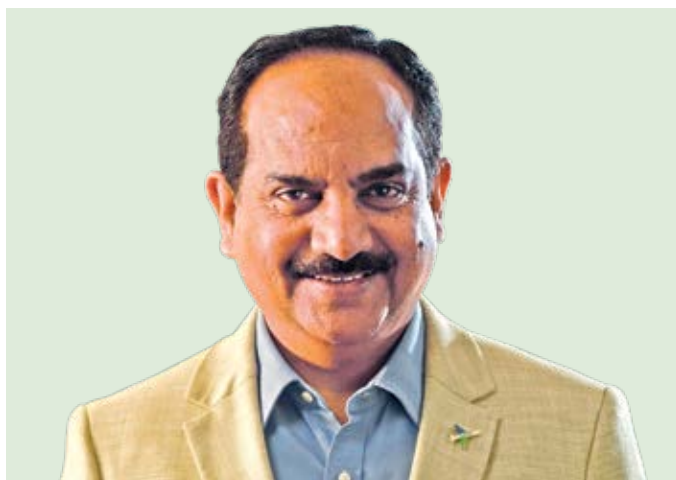


MANAGEMENT DISCUSSION AND ANALYSIS



"We expect India's express logistics sector to grow steadily. With urbanisation and growing demand across the nation and from the manufacturing, organised retail, banking, eCommerce, consumer products, automotive, pharmaceutical & various other sectors, our increased/enhanced capacity and our focused digitalisation will enhance our service capabilities. We continue our efforts to strengthen our position and become a world-class express logistics service provider for Blue Dart country by providing excellent door to door air express services for documents & packages, ground express distribution & transportation for packages & also cargo/freight across Indian airports."

**Balfour Manuel, Managing Director,
Blue Dart Express Limited**

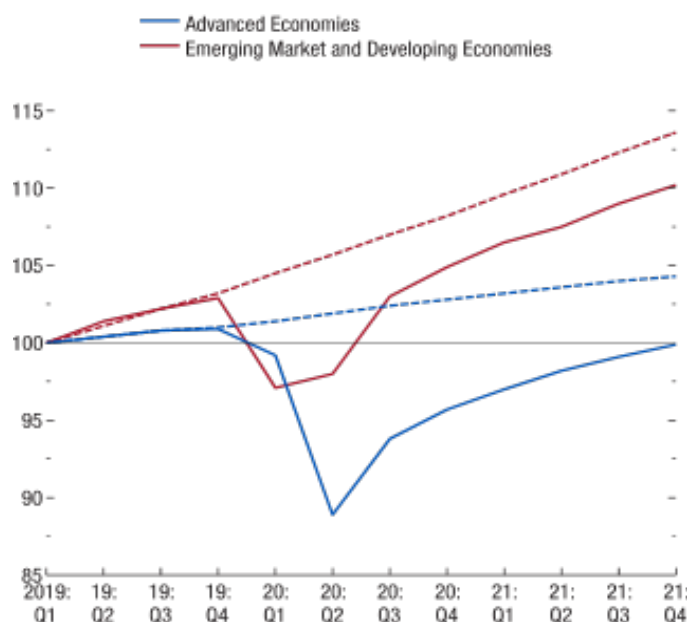
GLOBAL ECONOMIC OVERVIEW

Following a broad-based upswing in cyclical growth that lasted nearly two years, the global economic expansion decelerated in the second half of 2018. Activity softened amidst an increase in trade tensions and tariff hikes between the United States and China, a decline in business confidence, a tightening of financial conditions, and higher policy uncertainty across many economies. These uncertainties weighed on consumer confidence and business sentiments. Against this global backdrop, a combination of country and sector specific factors further reduced momentum. After peaking at close to 4 percent in 2017, global growth remained strong, at 3.8 percent in the first half of 2018, but dropped to 3.2 percent in the second half of the year 2018¹ and further dropped to 2.9% during 2019¹. More recently, the COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by 3 percent in 2020, much worse than during the 2008–09 financial crisis¹. In a baseline scenario which assumes that the

pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support².

Figure 1.6. Quarterly World GDP

(2019:Q1 = 100; dashed lines indicate estimates from January 2020 World Economic Outlook Update)



Source: IMF staff estimates.

INDIAN ECONOMIC OVERVIEW

As per the RBI Monetary Policy Report of October 2019, Real GDP growth was expected to recover in H2:2019-20, facilitated by favourable base effects and transmission of past monetary policy actions. The measures announced by the government in August-September to boost growth – such as release of funds for recapitalisation of public sector banks, merger of public sector banks, reforms in the FDI regime, initiatives for exports and the real estate sector, reduction in the corporate income tax rate – and faster resolution of stressed assets could push growth above the baseline path.

As articulated in the Director's report, the Indian economy had begun to regain momentum with clear signs of uptick in consumption and investment towards the end of Q3: 2019-20, only to be halted by COVID-19 which made the government enforce a country-wide lockdown in late March 2020. The economy is likely to contract sharply in Q1 FY 2020-21. Economic data paints a grim picture. The private sector PMI slumped in April to the lowest reading since current records began in December 2005, while industrial production plunged year-on-year in March at the fastest pace since at least April 2006. Exacerbating matters, Cyclone Amphan caused

¹ IMF World Economic Outlook April 2019 & IMF Data

² IMF World Economic Outlook April 2020

³ Economic.com

MANAGEMENT DISCUSSION AND ANALYSIS

severe damage to life and infrastructure in the north east in late May. Meanwhile, Prime Minister Narendra Modi announced on May 12, 2020 that the total fiscal and monetary policy stimulus now amounts to 10% of the GDP which is INR 20 lakh crore³.

As per RBI, the GDP growth in 2020-21 is expected to remain in the negative territory with some pick up in the second half. The economy will suffer in FY 2020-21 due to containment measures and weaker external demand. A major downside risk is a significant prolongation of the national lockdown. More positively, fiscal stimulus should support activity, as should flexible monetary policy, although the fiscal deficit will spike in tandem. Moody's had predicted 2.5% growth for India in FY 2021 in March 2020 and later on May 8, 2020 revised it to zero. The rating company expects a bounce back to 6.6% growth in FY 2022, assuming a gradual pick-up in economic activity and demand in the second half⁴.

GLOBAL LOGISTICS INDUSTRY

Logistics industry majors across the value chain are expected to prioritize operational efficiencies, with investments in technology adoption. Slowdown in world trade is expected to hit the air cargo market's volume growth and yield performance, as freight capacity growth is expected to outstrip demand due to weakened consumer confidence.

Post COVID-19, the global logistics market size is projected to grow from USD 2,734 billion in 2020 to USD 3,215 billion by 2021, at a Y-O-Y of 17.6%⁵. The major drivers of this market are increasing their focus on the continued supply of essential commodities, creation of a supply chain stabilization task force to fight COVID-19, as well as on the growing demand and distribution of personal protective equipment. The factors that restrain the market are labour shortage and a shortage of COVID-19 testing kits. The projection for 2021 is estimated to be down by over 10-15% as compared to the pre-COVID-19 estimation⁵.

FMCG and healthcare are among the major industries facing prominent logistics challenges. Most consumers are experiencing the fear of limited availability of fast-moving consumer goods as well as healthcare goods such as disinfectants. Most countries are experiencing supply pressure due to panic buying by consumers due to COVID-19 impact. As a result, FMCG companies are continuously tracking the current situation and are coming up with new strategies to ensure continued supply.

The agriculture sector has been exempted from the restrictions laid down by nations. This has ensured sufficient supplies of food and other daily needs products. E-groceries continue to meet the increasing demand for daily supplies required by consumers.

Roadways are relatively less affected by the COVID-19's impact on the logistics sector when compared with airways and waterways. Trucking is seen as a critical mode of transport amid the pandemic.

However, the primary concern faced by the road transport segment is driver shortage and ensuring the health and safety of the available drivers as well as their infrastructure. Being the preferred mode of transport for essential goods, road transport is relied upon heavily for the continued supply of food, medicine, and other essential products.

Asia Pacific is expected to have the largest market size for the logistics industry as the region has taken stringent and early measures to contain the pandemic outbreak. China has started to recover from the COVID-19 pandemic faster than any other country. Only some provinces of the entire country are in lockdown after the second wave of COVID-19. The World Health Organization has also appreciated India's control over the spread of the pandemic. This has allowed the logistics and supply chain companies to meet consumer demands during the pandemic situation.

LOGISTICS INDUSTRY IN INDIA

The logistics industry in India is highly fragmented with a large number of unorganized players. While there is a need for the highly fragmented Indian logistics market to get more organised, there is also a need to reduce logistics cost to 10 per cent by 2022 from about 14 per cent now. Only 10-15 per cent of the \$215-billion Indian logistics market is owned by organised players⁶.

Blue Dart operates in the express logistics industry which, caters to multiple sectors as well as individual customers by providing time definite services. Express delivery services are used for various products such as securitised documents, electronic products, automotive components, temperature controlled shipments, trade samples, lifesaving drugs, mobile phones, etc. The Indian logistics industry has been gaining traction in the last few years and plays a very important role in facilitating trade and thereby propelling the growth of the Indian economy. Several factors such as - improving infrastructure nationwide, opportunities in emerging markets and channel alliances, urbanisation, faster adoption of newer technologies and digitalization, increased consumer preference for the reduced delivery time, and deployment of innovative techniques for a fast delivery of products are all playing the role of a catalyst in fuelling the growth of the logistics industry in India. The logistics industry, considered to be the lifeline of the country, holds unprecedented importance as it connects various markets, suppliers and customers dotted across the country, and has now been firmly embedded as an integral part of the national GDP value chain.

The deeper penetration into Bharat (Tier II, III & IV towns), economy enhancing initiatives, GST implementation and other initiatives such as Make in India, Digital India and soon to be released National Logistics Policy, all hold a promise for an efficient and integrated logistics industry in the days ahead. Despite the enhancement in the logistics performance index from the 54th Rank in 2016 to the

⁴ Moody's

⁵ Research and Markets

⁶ CII Institute of Logistics

MANAGEMENT DISCUSSION AND ANALYSIS

35th rank in 2018, India has substantial potential for improvement. The Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10 % decrease in indirect logistics cost leading to the growth of 5 to 8% in exports⁷. The growth in logistics sector is expected to be driven by increasing penetration of products into more cities and towns, as well as the growth of economic activity and manufacturing moving to these towns. In addition, the demand for value-added services from consumers provides opportunities for the industry players to elevate themselves from an operational role to a more strategic one. The logistics industry is highly fragmented and consists of over 1,000 active players which include large scale domestic players, leading entities of global players, the express arm of the government postal service and emerging start-ups specialising in e-commerce deliveries. Infrastructure readiness and technology are expected to be the key drivers of growth for the Indian logistics industry. However, a significant economic fallout due to the novel coronavirus will result in slowing down the growth across the country's highly fragmented and unorganised logistics landscape.

GOVERNMENT POLICY

Government policies and initiatives will play a major role in configuring our industry's roadmap and future growth. Despite its market size and the inherent opportunity to disrupt, the industry needs support from the policymakers to address challenges such as moving towards an organised market, cost reduction in logistics and affordable last-mile deliveries.

The Ministry of Commerce & Industry, estimates that presently the country spends about 14% of its GDP on logistics which is much higher than Japan (11%) and the USA (9-10%). During the Union Budget 2020-21, the Government of India announced that a National Logistics Policy will be released soon clarifying the roles of the Union Government, State Governments and key regulators. Policy also talks about reduction in the logistics cost to less than 10% of GDP by 2022⁸.

With the implementation of GST, the Indian logistics market is expected to reach about USD 215 billion in 2020, growing at a CAGR of 10.5 per cent. Realising the importance of the sector and to address the inefficiencies, the government has included the sector in the Harmonised Master List of Infrastructure Subsector⁹.

The National Logistics Policy endeavours to drive economic growth and business competitiveness in the country through an integrated, seamless, efficient, reliable, green, sustainable and cost-effective logistics network leveraging the best in class technology, processes and skilled manpower.

The outline of all three – National Logistics Policy, National e-Commerce Policy and National Air Cargo Policy are aimed at creating a framework to achieve holistic growth of the integrated

logistics industry. Inclusive growth of the industry will be an important catalyst for the further accelerating the growth of trade and commerce in the country.

A mechanism needs to be created to measure the industry's performance at regular intervals against set benchmarks and generate a favourable policy environment to ensure that the industry plays its role as a trade facilitator and enabler of business optimally.

COVID-19 PANDEMIC

In this global health crisis, Blue Dart Express mobilized its 'Business Continuity and Contingency' Plan (BCCP), including pandemic operating plans and implemented strategic actions to ensure least disruption in its services for healthcare and pharmaceutical businesses in India. Blue Dart employees showed courage, determination and commitment to serve the country and its people by operating the life-line for the nation to ensure continuity of essential supply chain disrupted due to mobility suspension. Blue Dart's 6 Boeing 757-200 freighters carried tonnes of medical and essential supplies during the nation-wide lockdown, fulfilling its promise to keep the mission-critical supply chain running and helping the nation to fight the war against the global COVID-19 pandemic.

Blue Dart continued to offer unwavering support and was honoured to be a part of the Indian Government's 'Lifeline Udan' initiative to ensure uninterrupted supply chain continuity of medical equipment (ventilators & PPE), testing kits, reagents, enzymes, respirators, surgical masks and gloves among other vital supplies. The organisation worked closely with the Government of India and several other institutions, to ensure door-to-door deliveries across major Indian and International cities (Guangzhou, Shanghai, Dhaka, Hong Kong and Yangon) carrying essential medical and pharmaceutical supplies through its strong air and ground express network while keeping health and safety of customers, employees and community as paramount.

PERFORMANCE REVIEW

Over the last 36 years, Blue Dart has played a vital role in shaping the express logistics industry in India. The company has led, evolved and innovated its services to work towards customer delight. However, the period under review has been challenging in terms of market conditions and business sentiments due to a dynamic regulatory scenario & the outbreak of the COVID-19 pandemic globally.

Blue Dart with its dedicated freighters in the air and 86 network route connections on the ground has the unique capability to offer an unrivalled service across an expansive and diverse Indian geography. During the year, Blue Dart carried over 2,403.98 lakhs domestic shipments and over 8.44 lakhs international shipments both weighing more than 769,490 tonnes.

⁷ Press Information Bureau, Government of India

⁹ Economic Times

⁸ Press Information Bureau, Government of India

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended March 31, 2020, Blue Dart on a standalone basis reported Income from operations of ₹ 3,16,639 Lakhs (previous year – ₹ 3,16,546 Lakhs) and posted net loss, after accounting for one off items, on a standalone basis of ₹ 3,829 Lakhs (previous year profit after tax of ₹ 8,760 Lakhs).

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios along with detailed explanations are as under:

	March 31, 2020	March 31, 2019
Interest Coverage	(0.47) ¹	9.36
Current Ratio	1.11 ²	1.48
Adjusted Debt Equity Ratio	0.07 ^{1,2}	-
Operating profit margin	4.3% ¹	6.0%
Net profit margin	(1.2%) ¹	2.8%

Deterioration of the various financial metrics for current year under review, is mainly contributed by following exceptional, unprecedented factors namely;

1. Loss for the year of ₹ 4,720 Lakhs as against a Profit of ₹ 12,835 Lakhs in previous year
 - One time exceptional hit of ₹ 6411 lakhs for rightsizing/restructuring
 - Implementation of IND AS 116 effective from April 1, 2019 having adverse impact of ₹ 6,662 lakhs
 - Business disruption due to COVID 19 pandemic situation impacted the Bottom line by ₹ 5,420 lakhs
2. Substantial reduction in Cash & bank positions mainly on account of Redemption of Non - Convertible Debenture Series III amounting to ₹ 7,118 Lakhs, Capital expenditure of ₹ 5,576 Lakhs, Dividend payment of ₹ 3,576 Lakhs

COMPANY OVERVIEW

Blue Dart was earlier a part of the DHL eCommerce Post – eCommerce – Parcel (PeP) division. Since 1st January 2019, the Deutsche Post DHL Group restructured its business to create a new eCommerce Solutions division, pooling in their international parcel delivery operations under the vertical. Blue Dart is now part of the group's newly created division known as DHL eCommerce Solutions. The new division is geared towards providing high-quality solutions, particularly to customers in the rapidly growing e-commerce industry.

Our goal is to leverage our group footprint, resources and services to build a platform to provide the best national network, with a strong focus on the expected delivery date and time critical solutions that can ride on the most cost-efficient network for last-mile deliveries.

The focus in creating the platform is to generate profitable growth across all sectors and customer segments. Our USPs are high-quality delivery solutions, reach and unmatched speed.

Blue Dart offers air and ground express, air freight, speed trucking and charters through its synergies with the Deutsche Post DHL business units – DHL Express, DHL Global Forwarding, DHL Supply Chain and DHL eCommerce LLP and the newly created DHL Smartrucking. Our global network through DHL Express spans more than 220 countries and territories, making Blue Dart the only express company that offers an unmatched delivery capability encompassing the entire spectrum of distribution services wherein lies its unique proposition.

Blue Dart offers a wide range of innovative and simplified solutions across industry verticals coupled with a dedicated air and ground network, high standard technology architecture, value pricing, customer satisfaction, excellent service quality and operations delivery par excellence. Since its inception, Blue Dart has maintained its technology leadership and continues to invest extensively in its technology infrastructure to create differentiated delivery capabilities, products and solutions for customers. Our key differentiators continue to be late pick-up/early delivery, a securitised network, 24x7 visibility allowing for tracking across the complete delivery chain, APIs integrated with customer requirements and other technology, and mobility solutions such as dynamic re-routing, visibility of courier movement as well as providing access to monitor net-stops from the service centre to enhance courier and route productivity.

Blue Dart operates with its very own fleet of six Boeing 757-200 freighter aircrafts offering a payload of 500+ tonnes per night, a flotilla of 22,336 vehicles as well as 2173 facilities and hubs across 35,000+ locations. Over 12,000 committed and trained Blue Darters work in perfect harmony to deliver over 16 shipments every second of the workday and provide best-in-class services to thousands of customers annually.

PRODUCTS

Blue Dart transports a wide range of goods and services reliably in day-definite and time-definite delivery schedules across its vast air and ground network. The market-leading domestic time-definite express offerings are Domestic Priority 1030, Domestic Priority 1200, Dart Apex 1200 and the day definite express offerings are Domestic Priority, Dart Apex, Dart Surfakeline & Dart Plus.

Our Domestic Priority day-definite and time-definite services enable deliveries at predefined times for critical shipments such as passports, tenders, original papers/certificates, property documents, among others across India under 32kgs per package with safe, fast and reliable, door-to-door service. We also provide industry-specific services to complement our industry-leading Time

MANAGEMENT DISCUSSION AND ANALYSIS

Definite Delivery service. For example, our Temperature Controlled Logistics (TCL) product, tailored specifically for customers in the Life Sciences & Healthcare sector, offers various types of thermal packaging for temperature-controlled and ambient movement. Likewise, for other industry requirements we offer Dart Plus, Dart Surfaceline 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).

Critical Express caters to an essential domestic need for the safe movement of passports, tenders and other securitised items. Packaging Solutions include Express Pallet (Air and Ground) and Smart Box (Air and Ground). The company also offers cargo solutions like an airport to airport, interline and charters, besides offering festive and student services like Rakhi Express, Student Express among several others.

The company also has 'Interline' agreements with various international airlines and also offers bonded warehousing and transshipment facilities. 'Charters' offer palletised capacity for carriage of urgent and large volumes to multiple airports in India and cross border.

Initiatives such as 'On-The-Move' (OTM) handheld devices, Retail Point of Sale (POS), Reverse Logistics (Open and Close), offering over 15 Digital Wallets on Courier Handhelds, Call Bridge facility to create a personalised customer experience have all been appreciated as industry-leading solutions and benchmarks.

The Company's global presence is enabled through the 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 services. X-Border International Services is another unique and strong service offering. Duties & Taxes Paid (DTP), Express Pallet, Shipper Interest Insurance (SII) and Express Easy-Student are some of the other offerings.

CAPABILITY BUILDING

Blue Dart Express Ltd., a pioneer in the air express service in India saw huge potential in the industry and made a path-breaking decision to create infrastructure and operate its own aircraft. To lead the air express service, Blue Dart Aviation Ltd. (BDA) was incorporated in May 1994. The company launched the first domestic freighter operations in India with a fleet of two Boeing 737-200 freighters in 1996 and currently operates a total of six Boeing 757-200 freighters.

Blue Dart Aviation Ltd. (BDA), a 100% subsidiary of Blue Dart Express Limited launched an advanced state-of-the-art hub-and-spoke facility at Mumbai International Airport Limited (MIAL)

in 2019-20. Blue Dart Aviation's MIAL hub provides long-term, dedicated infrastructure for accelerating processes and throughput of large volumes of express shipments from its fleet of aircraft, with enhanced city side access, to expedite vehicle movement and shipment deliveries while providing excellent quality assurance for the customer.

Located at Mumbai's domestic airport terminal, the facility spans an impressive 47,300 sq. ft. spread across 5 floors. It adds additional space to the existing 18,900 sq. ft. the offsite facility at Mumbai. The combined facilities in Mumbai can handle 62,500 tons of air freight annually, strengthening Blue Dart's goal of being India's leading logistic service provider. The new air cargo hub enables Blue Dart to expand its capabilities by handling freighter cargo operations and has motorised material conveying system with the addition of ball mat units that facilitate efficient handling of Unit Load Devices (ULDs). The company is equipped to handle specialized products like temperature-controlled pharmaceutical products, IATA regulated dangerous goods and valuable cargo handling. Modern security cargo scanners offer both horizontal and vertical views of cargo to enhance detection. The facility has the capability of processing cargo within minutes upon arrival depending on the type of cargo.

BDA houses seven of its hubs in all the major metropolitan cities of India – Chennai, Bengaluru, Hyderabad, Mumbai, Ahmedabad, Delhi and Kolkata. BDA has its own ground handling, security and engineering capability and carries out its own heavy airframe maintenance with its professional and qualified manpower.

Key highlights showcasing the improved productivity and time efficiency with the launch of a new facility:

FEATURES	IMPACT
The close proximity between the facility and domestic airport terminal provides a faster turnaround time with minimum ground time for the four B757 aircraft transiting out of Mumbai (BOM) six nights a week	Time taken to reach the Common User Terminal reduced to just 5 minutes
Advanced fleet network timings to the service centres have culminated in increased efficiency of our people at the front line and added value to our customers	The new facility helps in optimising the load dispatch time to within minutes
State-of-the-art automation in the operations area to ensure effortless in and out the movement of Unit Load Devices (ULDs) from the facility	Newly introduced design feature to ensure ease of use in moving ULDs

MANAGEMENT DISCUSSION AND ANALYSIS

FEATURES	IMPACT
Increased number of docking bays for seamless movement of larger multi axel trucks to expand incoming and outgoing cargo loads leading to increased efficiency	The new facility has doubled its capacity to dock multi axel trucks simultaneously
Vehicle movement optimised with immediate connectivity to the western express highway from the facility	Transit time reduced to half of the original time taken.
Space optimisation by moving express service operations vertically on the 1st floor of the facility for better utilisation of the facility	Vertical cargo operations help in releasing the space which was earlier occupied by excess cargo in the facility thereby restraining operations movement on the same floor

Blue Dart's advanced facilities and innovative solutions make it an undisputed leader in the express air, integrated transportation & distribution industry in India.

CUSTOMER CENTRICITY

As a national network operator and part of the global DPDHL Group, we work with standardized processes and continue to optimize our offerings which enables us to deliver quality services to our customers. We, therefore, keep ourselves updated on our customers' evolving requirements through our 'Key Account Management Program' and the 'First Choice Program'. The Net Promoter Approach also identifies improvement areas highlighted by customers. Our managers ensure they interact with our customers individually to translate customer challenges into continuous improvements areas. These programs are tailored to ensure that voice of the customer is paramount and their feedback is acted upon to deliver delight consistently in a process-driven manner.

In 2019-20, we further strengthened our DNA through 'The Blue Dart Way' program which focused on reliving, reinforcing and reprioritizing all the aspects that have made us the most respected, admired and loved express logistics brand in 'Blue Dart Country'.

For us, customer satisfaction is the most important indicator of success in the sectors & geographies we operate in. In 2019-20, we succeeded in significantly increasing delivery reliability in most cities in which we operate. We were not only able to provide and further boost the quality levels we promised our major customers but also improved our customer satisfaction.

We are certain that, even in a challenging economic environment, our high level of delivery reliability will continue to provide excellent opportunities for growth in the future.

Despite challenging geographical features and a difficult infrastructure landscape, we were able to consistently improve delivery reliability in the country. We consistently work to maintain our value-driven quality and achieve outstanding customer satisfaction ratings. It is in this manner; we are fulfilling our aspiration of being the quality leader in India.

As we serve diverse industries such as e-commerce, Automotive, Banking, Financial Services, Electronics etc. and build loyalty, the successful customer loyalty program 'Blue Points Amazing Returns' will be further strengthened to enable, nurture, grow, build and sustain strong revenue streams and profit pools.

DIGITALISATION AS A KEY LEVER

We see systematic digitalisation throughout the company as a key lever in driving the business forward. The reason we are investing in initiatives designed to enhance both the customer experience as well as employee experience & improve operational excellence. We are modernising our IT systems and integrating new technologies to improve our performance, our processes and our standards.

Highlighted below are some of the key technology-enabled solutions rolled out during the reported period: –

- Continued Focus on enabling digitalised On-Field data capture of Delivery and pickup of shipments covering 93% of delivery and 44% of pickup as at March, 2020.
- Application programming interface (API) based solutions for our customers have been enhanced for exchanging manifest at detailed levels to ensure an automated and seamless supply chain, from pre-pick up till post-delivery; inclusive of collections.
- Blue Dart's website has been revamped to engage with customers for additional touchpoints like exception handling with alternate instructions, dashboards for greater visibility on performance & visibility to billing information.
- Technology-enabled mobility solutions for administering specialised pickups of product returns, which also include quality control checks, product image verification and close coordination for timely pickups.
- Customised solutions built for some of our top customers to manage Tamperproof Packaging checking and secure delivery to the specific recipient with OTP confirmation. Such initiatives prevent errors and bring great value to our service quality offerings.
- An indigenous network modelling system has been developed and implemented which has enabled Blue Dart to dynamically respond to changes in network schedules and recommend fast and reliable network routes linking shipment origins with destinations.

MANAGEMENT DISCUSSION AND ANALYSIS

- Big Data setup has helped in getting advanced analytics on various segments of Blue Dart's operational process, Customer insights, and trends on volume/revenue from different geographies.
- Product Performance dashboard delivers daily insights on volume and revenue for analysis and action.
- eNSG App for Operations has introduced a green approach in the field. With the implementation of the application, the printing of NSG copies has stopped, saving printing and dispatch costs whilst reducing our carbon emission. The information on the eNSG App is updated to display real-time information therefore, updates if any, can be flashed early.
- A personalised tracking tool for recipient shipments has been enabled on a unique URL link, which allows tracking, plotting delivery landmarks, visual display of the courier on map and provision to give NPA feedback on the service and digitally acknowledge receipt of the shipment.
- Control Tower built for proactive monitoring of shipment movement within the network. Teams operate using this solution can control nationwide activity which involves First Mile, Network connection and Last mile delivery.
- Video conferencing and recording in administrative offices have been upgraded with interactive High Definition display, wireless presentation streaming from any device to promote virtual meetings and seamless day-to-day functioning.
- Hardware Infrastructure of ERP systems upgraded at datacentre & Discovery Resource site to cater to our capacity for the next three years.
- Active network link configured for our branches, resulting in optimum usage of network bandwidth.
- Upgrade & Redundancy built for secure access to employees outside of the office network, into Blue Dart's internal digital resources using Two Factor Authentication.
- Secure WFH solution deployed during CoVID19 period for business continuity in adherence to Govt guidelines.

OPPORTUNITIES AND FUTURE OUTLOOK

Opportunities

The express industry is a key enabler in facilitating trade and commerce because of the time sensitive nature of most goods and the demand for reliability, efficiency and speed. The opportunities are immense for the express logistics industry in India as the current logistics spend is at 14% of the GDP compared to a notably lesser single (digit) percentage in developed economies. The need for the highest level of efficiency still exists.

Air express remains the preferred option for those looking for reliability, speed and security. This augurs well for our business model. Ground express too offers huge opportunities due to increasing consumption and affluence spreading into tier II and tier III towns which are emerging as important factors for a growing economy. They are currently in a rapid growth mode and provide for a wider catchment for manufacturers presenting interesting opportunities.

Blue Dart is committed to retaining its position as a premium player through focused customer acquisition and enhancement of customer loyalty while continuing to expand to new markets. The strategy revolves around sector focus, emerging markets and MSMEs.

Future Outlook

Rating agency Moody's has slashed its 2020-21 GDP growth projections for India to zero from the earlier 5.2% and before that a 6.5% forecast on the back of slower recovery, citing largely domestic factors and cautioning that the global & domestic economy will be adversely impacted by the novel coronavirus (Covid-19) outbreak.

Unfortunately, for India's corporate sector, the coronavirus outbreak has damaged some of its most indebted businesses. Almost 14% of India's imports come from China, making it the nation's biggest import partner. India is heavily dependent on Chinese imports such as Electronic, Components and Pharmaceuticals. India procures almost 70% of its active ingredients for medicines from China and has only a few month's supply of inventory, making us particularly vulnerable to further disruptions.

RISKS AND CONCERNS

Air Express

Banking and Financial Services are a major contributor to the movement of documents across the country and since the advent of digitisation propelled by demonetisation, there are shifting patterns in their usage of air express. More paper is being sent electronically, however, debit and credit card movement post demonetisation has increased. The continued lockdown has further accelerated the pace of digitalization which may have some impact on movement of documents.

In sectors such as Automotive, Engineering, Electronics and Electricals, Pharmaceuticals, Medical Equipment etc. major customers of Blue Dart's air package service (Apex) are shifting heavier shipments to the ground as cost pressures across industries push them to focus on cheaper modes of express transport.

With more belly space being made available in passenger aircrafts in the coming years, more capacity will be added to the air express market further putting pressure on yields and profitability. Faster and agile speed trucking with growing competition also chips at the air express business.

MANAGEMENT DISCUSSION AND ANALYSIS

Furthermore, the cost of operating at major airports has significantly increased after their privatisation without any improvement in services or differentiators. The problem of insufficient aircraft parking bays, truck docking stations, limited space for express terminals and clearance processes leading to a delay impacting operating costs persists.

Ground Express

There is a certain boost for the growth prospects of ground express with the improving infrastructure and other regulatory measures; there is a shift in the need for efficiency within the ground express service and this augurs well for it.

Industries such as Life Science, Healthcare, Computer, IT, Automotive are shifting air shipments to the ground due to a cost advantage and availability of better alternatives. The e-commerce industry too with their mounting losses have enhanced cost rationalisation measures in their logistics spend and are opting for ground express.

Despite the government's efforts in improving the road infrastructure, the average speed of a truck on Indian roads is still 30-40 km per hour as compared to 80+ km per hour in developed economies. With increasing urbanisation and the need to use smaller vehicles further impacting operating cost, the yield in business is always strained.

COMPETITION

Heavily funded third party logistics players in the highly price-sensitive e-commerce logistics space focused on increasing shipment volumes at the same time incurring heavy losses. These players have been working with competitive pricing which has impacted Blue Dart's revenues with pressure on margins. E-commerce players continued to increase the share of their captive arms thus reducing the addressable market further for traditional companies like Blue Dart. Dedicated express service providers, as well as captive players, are focusing on winning non-e-commerce customers as an expansion strategy and to reduce dependency on the e-commerce industry.

The surface express market benefitted with the implementation of GST. Improving the quality of roads and removal of check posts has led to a faster turnaround time. This has positively impacted players in this space. The Company's surface express business also witnessed momentum but the modal shift from Air to Surface has impacted the company's revenue growth. The Air and Surface express competitive landscape has become volatile with new challengers entering the market and filling demand gaps thus cluttering the segments leading to a lot of disruption. New models in premium road transportation have emerged with the backing of investors making the surface express market environment dynamic and competitive. Passenger airlines have entered the logistics

space by offering door-to-door service thus posing as a direct threat to the Company's air business. The local competition in Tier II and Tier III cities has also been aggressive.

ECONOMIC FACTORS

The Express Industry is affected by economic factors like macroeconomic growth, inflation, crude oil prices, and foreign exchange rate fluctuations. The growth of the industry is largely based on the general economic situation in the country and an upswing in economic activity would lead to an increase in domestic and international trade, creating incremental demand for the express industry.

AVAILABILITY OF TRAINED MAN POWER

Due to the extended lockdown and restriction on movement of people, scarcity of trained workers is one of the major challenges being faced by the logistics industry in the near future.

CYBER RISK

Logistics, like most facets of operating a business, involves transferring sensitive information electronically. This is definitely beneficial to any supply chain as it simplifies and speeds up communication. However, it also makes the sensitive information susceptible to cybercrime.

Supply chains are part of a complex global system where data and information are shared through cyberspace. The interconnectedness of the logistics industry is an attractive target for cyber-attacks. The more links in a supply chain, the more vulnerable it becomes, which augments the importance of secure handling and storage of data.

The effects of cyber-attacks on the supply chain can be detrimental to all parties involved. With Companies focusing on digitisation, cyber risk is here to stay.

INTERNAL CONTROLS AND ITS ADEQUACY

Across industries, internal process control and systems play a critical role in the health of a company. An effective system of internal controls forms a keystone necessary for building, maintaining and improving shareholders' value and helps to enhance the overall quality of the business and enterprise. Blue Dart remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and the security of assets. Blue Dart has a sound internal control system to ensure that all assets are protected against loss from unauthorised use. All transactions are recorded and reported correctly. The company's internal control system is further supplemented by internal audits carried out by the internal audit team along with co-sourced audit firm, KPMG. Well-established and robust internal audit processes, both at business and corporate levels, continuously monitor the adequacy and effectiveness of the internal control environment

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across the company and the status of compliance with operating systems, internal policies and regulatory requirements.

Blue Dart has maintained adequate and effective internal financial controls based on internal control over financial reporting criteria established by the company. This takes into account the essential components of internal control stated in the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and comprehensiveness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

The Audit Committee of the Board, works closely with both the Internal Auditors and Statutory Auditors ensuring that all their queries are addressed. The company also conducts Risk Assessment Workshops annually to define and identify what the company's most significant risks are and how those risks can be mitigated. The members of the Leadership team actively participate and deliberate in the risk workshops.

SUSTAINABILITY

Our assurance to shared value

Blue Dart Express Limited, with its legacy of over three decades of conscientious corporate Citizenship, focuses on positive growth and development in the social, environmental and economic aspects of people's lives since its inception. The company believes that while continuing to generate wealth for its shareholders, it is not only important to create value for them, but also to share it equitably with them. Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care.

Sustainability (or Corporate Responsibility) has been an integral part of our parent company Deutsche Post DHL's (DPDHL) strategy emphasizing the brand's commitment to being responsible and working with communities across the globe. Logistics plays a central role in the global economy and therefore the industry can play a crucial part in the way business is done while having a significant impact on the environment. Owing to this, DPDHL Group has embarked on a journey to achieve Zero Emissions by 2050 and be the industry benchmark for responsible business practices. As part of DPDHL group, we are committed to contributing to our group's mission of "50% carbon efficiency by the year 2025."

At Blue Dart, to further strengthen our Sustainability programs, we integrated our initiatives under DPDHL's credo of "**Connecting People, Improving Lives**". Under this, Blue Dart (along with the

DPDHL group) focuses its corporate responsibility under the three pillars of **GoGreen** to protect the environment, **GoHelp** through disaster management initiatives and **GoTeach** by championing educational programs. We work closely with our project partners, stakeholders, beneficiaries and local communities to facilitate social, economic and environmental progress through effective management of human and natural capital. Our programs are supported and complemented by regional community initiatives, which demonstrate the voluntary commitment, special abilities and enthusiasm of employees from across the Blue Dart family.

We conduct our business in accordance with the applicable laws, ethical principles, ecological standards, and international guidelines. Through ongoing dialogue with our stakeholders, we ensure that their expectations with regards to social and environmental issues are accounted for appropriately and that our business is aligned systematically with those interests.

We utilize our expertise to make our logistics greener and more sustainable while continuing to find ways to eradicate waste and retain more value in our products. Our initiatives to increase CO2 efficiency and our environmentally friendly product range enable us to uphold our responsibility for the environment whilst strengthening our own market position. Blue Dart, along with DPDHL Group offers India's first end-to-end GoGreen Carbon Neutral Service (CNS) across international and domestic markets. In the year under review, Blue Dart continued to offer the specialized Carbon Neutral Service, wherein customers are provided with an environmentally responsible shipping option to neutralize the carbon emissions produced by the transportation of their shipments. DPDHL Group had set a target of 30% efficiency improvement over the base of 2008 by 2020 for all its group companies; Blue Dart led the challenge by achieving an efficiency improvement of 31% in 2019-20.

Additionally, Blue Dart launched the **Blue Greens** program which focuses on green initiatives for the company. Blue Dart partnered with Grow-Trees.com and planted 444,000 trees till date which will offset 88,80,000 kilograms of carbon per year on maturity.

Under **GoTeach**, Blue Dart focussed on further strengthening its programs Blue Edge and Blue Teach, designed to provide equal educational opportunities for the underprivileged and marginalized communities. '**Blue Edge: Empowering Lives**' is aimed at elevating and transforming the lives of young adults from difficult environments, who have not been able to complete their education. **Blue Teach** aims to reach out to beneficiaries, touching their lives right from their childhood. The program is built to elevate the lives of children from different strata of society, making them independent and sustainable in their adulthood.

Under **GoHelp**, Blue Dart has designed two programs - **Blue Homes** and Blue Help. Blue Homes provides shelter to orphans

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and children affected with critical illness in association with SOS Children's Villages of India and St. Jude India ChildCare Centres. In association with HelpAge India, UHRC, Vision Foundation of India and KEM hospital, **Blue Help** aims to impact the lives of disadvantaged senior citizens and provide health care for the underprivileged.

HUMAN RESOURCES

2019-20 was a challenging year for the Company in several aspects. Blue Dart remains one of India's best places to work with an exceptionally talented workforce. The company is focused on business growth aligned with DPDHL's Strategy 2025 of "Delivering Excellence in a Digital World".

To become a market competitive company, we critically looked at cost efficiency and productivity. The company therefore, undertook the organizational rightsizing exercise in 2019-20.

EMPLOYEE MORALE, MOTIVATION & ENGAGEMENT

The year 2019-20 saw employee participation of 99.18% in the annual Employee Satisfaction Survey (ESS). Amongst the dimension-wise scores, 'Pride in working for Blue Dart' is the highest scoring item with a mean satisfaction score of 96.4%. The mean score of Employee Engagement stands at 94.8% in 2019-20. In active leadership, the score stands at 95.2% in 2019-20, as against 95.4% score in FY 2018-19. Employee activities like festival celebrations, health-related workshops, medical camps among others helped in increasing employee bonding and engagement. The key talent retention in 2019-20 was 87.1%.

PERFORMANCE MANAGEMENT

The performance management system in Blue Dart is managed through the online HRIS platform, PRIDE. During the current year, PRIDE was retired and instead, DPDHL is rolling out the Global HR system, called CHRIS. The new performance management system has introduced certain new features over and above all the features that existed in PRIDE.

As part of the Blue Dart way, our People-First Philosophy is to, "Drive a meritocratic and development-oriented people management culture within the organisation". We firmly believe in recognizing and appreciating individual efforts, contribution and performance while rewarding them to ensure their growth and development. To develop the competency aspect of our employees, various training programs have been incorporated to strengthen the development culture.

EMPLOYEE DEVELOPMENT

Our goals are best achieved when motivated and well-trained employees provide quality service that always fulfils our customers' expectations. Our Certified programmes are tailored for seamless

& easy implementation. Common values of Passion, Can Do, Right First Time & As One and a clear focus on quality are the foundational tools necessary for all Blue Darters to deliver customer-centricity par excellence. We have begun introducing the 'Certified Programmes' and will roll-out the same in a phased manner across the country. In 2019-20, the company on an average invested in 3741 man-days in training Blue Darters with relevant training and development programs aligned to both organisational as well as individual learning needs.

Standardization of Operations & Sales training:

As a new initiative to introduce a consistent method in training employees on Sales & Operations, a standardization and uniform training proposition was rolled out across the organization. This is also made available online with the provision of mobility going forward. Your Company is also making available an app-based assessment engine for Supervisors to assess functional & behavioural attributes.

Leadership in a box (LIAB):

The DPDHL group initiated leadership training has been rolled out at Blue Dart. This training aims at providing understanding and awareness around new leadership attributes which will be a part of leadership competencies, the effective year 2020-21. The six attributes are under Head, Heart and Guts leadership elements (Being results-oriented, Leveraging strengths, Providing purpose, Having & creating trust, Focusing on clear priorities, Being positive about challenges, uncertainty and change). 330 leaders underwent the training in 2019-20.

Certified eCommerce Specialist (CeS):

This program is aimed at strengthening the Blue Dart Way & communicating the same to each Blue Darter via the Certified eCommerce Specialist training program. We have done the initial preparatory work and embarked on the CeS training journey to cover all Blue Darters from FY 2020-21 onwards. This again is a DPDHL group led programme, providing the foundational information and knowledge about DHL and Blue Dart's eCommerce businesses.

Executive development review (EDR):

A complete revamp of a potential review process has been done. The new process of EDR has been shaped to fall in line with the DPDHL process which aims at continuous development, growth and succession planning. The EDR process is conducted for Business Critical Positions for validating their performance, potential and identification of strengths and particularly developmental needs. We have covered key employees under this exercise. This process results in the formulation of the Individual Development Plan (IDP) for training needs and developmental inputs.

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Compliance training:

Compliance strengthens a business' 'license to operate' and is the foundation of an entrepreneurial business practice that encourages compliance-driven behaviour. 1443 employees have undergone the Compliance training in 2019-20.

Building leadership pipeline:

We have incorporated the Management Trainee (MT) scheme at Blue Dart since 2012. This enables us to take in fresh talent from the management institutions and build a leadership pipeline. In 2019-20, we onboarded new management trainees and another set of MTs will be onboarded in July 2020.

EMPLOYEE REWARD & RECOGNITION

In order to motivate employees and recognize their outstanding work, 841 Blue Darters were awarded the on-the-spot Bravo award by individual managers for excellent work and 8 received the prestigious Super Darter award for achievements beyond the call of duty. In 2019-20, 13 Employee of the Year awardees along with 20 nominees from across the country were felicitated by the Managing Director, 966 Blue Darters joined the True Blue Club on completion of 5 years of service.

OTHER PROGRAMS

Upstairs

A GoTeach initiative by Blue Dart that promotes equal education opportunity and offers a Scholarship program for Blue Darter's children, who receive financial assistance for their education and mentoring support.

Subsidized Tuition Education Plan (STEP)

This developmental policy enables employees to acquire higher qualification skills to enhance career prospects/ personal

development/ improve effectiveness on the current assignment. This is a developmental initiative by Blue Dart.

Blue Dart's Reimbursement of Accident Claims & Expenses (BRACE)

This is a wellness initiative which aims at providing timely relief including reimbursement of medical expenses.

Death Benevolent Fund (DBF)

This is an employee welfare initiative at Blue Dart where the immediate family of a deceased Blue Dart employee receives monetary help from employees, as payroll giving.

Appreciation Week

During the Appreciation Week celebration, employees express their gratitude by exchanging 'Thank You' postcards with each other. In 2019-20, this celebration was extended to the families of our employees who also received a personalised 'Thank You' note signed by the Managing Director for extending their support. Employees were also given a Blue Dart lapel pin and encouraged to wear it with pride, even after the appreciation week celebrations came to an end.

CAUTIONARY STATEMENT

The statement forming part of this Report may contain certain forward looking remarks with the meaning of applicable Securities Law and Regulations. Many factors could cause the actual results, performances, or achievements of the company to be materially different from any future results, performances, or achievements. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in government regulations, tax regime and other statutes.