

## 1. Blue Dart's philosophy on Corporate Governance

Corporate Governance is the mechanism by which the values, principles, policies and procedures of the Organisation are inculcated and manifested. Corporate governance provides visionary leadership and clairvoyance for all round development and enrichment of all stakeholders whose interests have converged into the corporate edifice. The essence of good corporate governance is to ensure trustworthy relations between the corporation and its stakeholders. Therefore, good governance involves a lot more than just compliance. Good corporate governance is a culture and a climate of Consistency, Responsibility, Accountability, Fairness, Transparency and Effectiveness that is promoted throughout the business organisation. Good governance cannot be mandated, it should flow from within the business organisation and should be integrated with corporate culture. This not only helps make the world better and more sustainable, but it also reflects good business sense.

The basic philosophy of Corporate Governance at Blue Dart is to achieve business excellence and to create and enhance value for its Shareholders, Customers, Employees and Business Associates and thereby make a significant contribution to the economy.

The Board of Directors of the Company continues to lay great emphasis on the broad principles of Corporate Governance. The Board of Directors has a basic responsibility to ensure sustainable improvement in corporate valuations by providing strategic guidance and oversight regarding management decisions. The quality of their decision is critically dependent on the quality of information they have. Establishing a culture that sets the right tone at the top is critical for establishing the 'trust' for a corporation with all its stakeholders.

For Blue Dart, Corporate Governance is a continuous journey, seeking to provide an enabling environment to harmonise the goals of maximising stakeholder value and maintaining a customer-centric focus.

## 2. Board of Directors

During the year, Mr. Roger Crook, Chief Executive Officer (CEO) of DHL Express, Asia Pacific and the Eastern Europe, Middle East and Africa Regions (EEMEA) and a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from February 1, 2011 and appointed as Director of the Company in the Annual General Meeting held on April 26, 2011. Mr. Crook, resigned as a Director with effect from June 30, 2011. Consequently, Mr. Christopher Ong, an Alternate Director to Mr. Roger Crook, ceased to be a Director with effect from June 30, 2011 under the statutory provisions of the Companies Act, 1956.

Mr. Jerry Hsu, CEO, DHL Express Asia Pacific and a member of the DHL Express Global Management Board and a nominee Director of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from June 30, 2011.

Mr. Hsu is also responsible for China, Japan, Korea, Hong Kong, Taiwan, South East Asia, India and South Asia, Oceania and other markets and territories in the region.

In his former role as the President of DHL Express Greater China, Mr. Jerry Hsu supported in guiding DHL's Greater China Area to strong double-digit growth and consistent generation of more than US\$1.5 billion sales turnover over the last few years. He was instrumental in developing DHL Express market leadership position in the Area's key markets of Hong Kong and Taiwan, as well as China, the company's fastest-growing markets. Under Mr. Hsu's leadership, more than US\$1.3 billion has been invested in the Greater China Area.

Mr. Jerry Hsu joined DHL Express in January 2001 as an Area Director responsible for Newly Industrialized Economies (NIE), which included Hong Kong, Singapore, South Korea and Taiwan. In September 2002, he was appointed Regional Director responsible for Greater China, Korean Peninsula and Mongolia before being named President for the Greater China Area. Prior to joining DHL Express, Mr. Jerry Hsu held various senior positions at U.S.-based DaimlerChrysler Corporation including Vice Chairman of Beijing Jeep Corporation, Vice President of Sales and Marketing Asia Pacific and General Manager of Japan, Taiwan and China subsidiaries.

Mr. Jerry Hsu graduated from the National Chengchi University in Taiwan, and holds a Master's degree in International Economics and Politics from the University of Detroit Mercy.

Mr. Jerry Hsu, Director, is not a member of any other committees, as contemplated under clause 49 of the Listing Agreement and does not hold any shares in the Company.

Mr. Hsu and any of the other Directors of the Company do not have any inter-se relationship.

Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from July 1, 2011. Mr. Christopher Ong, tendered his resignation as an Alternate Director with effect from September 27, 2011.

Mr. George Berczely, a nominee Director of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from September 27, 2011.

Mr. George Berczely is currently Vice President - Business Planning and Performance Management for DHL Asia Pacific. He is responsible for Mergers and Acquisitions, Partnerships and Planning and Performance Management.

Prior to joining Deutsche Post DHL in 2004, Mr. Berczely spent about 5 years with McKinsey & Company, Inc., as a strategy consultant specialised in the Logistics sector. He then joined Deutsche Post DHL as Director, Corporate Strategy, where he

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was responsible for strategy and M&A projects. He then moved to DHL Express in 2007 to lead a project to increase operational efficiency, and took on a role as CFO for Network Operations & Aviation, Asia Pacific and Emerging Markets, in 2009.

Mr. Berczely is a British and Austrian citizen, who has lived and worked in South America, Europe and Asia. He holds an MBA from INSEAD and speaks six languages.

In the Board Meeting of the Company held on January 31, 2012, the Board of Directors approved re-appointment of Mr. Anil Khanna as Managing Director of the Company for a further period of three years with effect from February 21, 2012 to February 20, 2015, subject to approval of the members of the Company.

Mr. Anil Khanna is a graduate from the St. Stephen's College, Delhi and holds an MBA degree in Marketing and Finance from UBS, Chandigarh. Mr. Khanna has 32 years of experience in various industries and has been with Blue Dart for over 20 years.

Mr. Anil Khanna took over as the Managing Director in 2007 and since then has led the organisation successfully with clear strategic vision, focus on customers and inclusive execution of customer centric value propositions, thereby consolidating Blue Dart's leadership position in the market place.

Under his leadership, Blue Dart increased its market share in the Air and Ground Express and broadened its strategic focus from being an air express company since inception to being a company that straddles customer offerings across time definite, priority, deferred as well as focus on industry specific solutions in the air and ground express segments. Mr. Khanna also possesses varied experience in the paints and varnishes, consumers' durables, auto components and construction chemical industries.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Clyde Cooper and Mr. Suresh Sheth, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. Clyde Cooper is one of the founding members of Blue Dart. Mr. Cooper was instrumental in drawing the vision that differentiated Blue Dart from other companies and set it on the path of definitive success. He charted the turnaround strategy of the Company in the year 1997 and transformed it into a consistently profitable Company within two years, propelling Blue Dart into a dominant leadership position in the Express Industry in the South Asian - Region. Mr. Cooper has over 31 years of experience in the Air Cargo, Aviation and Express Industry and has been instrumental in leading several initiatives in the express industry in India viz; the concept of 'On Board Couriers', setting up the logistics for the Hub-and-Spoke system and launching India's first and, till date, only express airline.

Mr. Clyde Cooper is an Economics graduate from Mumbai University.

### Directorship in other Companies

Blue Dart Aviation Ltd.

Mr. Clyde Cooper, Director, is not a member of any other committees, as contemplated under clause 49 of the Listing Agreement, other than a member of Audit Committee and Remuneration Committee of Blue Dart Aviation Ltd. and does not hold any shares in the Company.

Mr. Cooper and any of the other Directors of the Company do not have any inter-se relationship.

Mr. Suresh Sheth, is a Commerce graduate from Sydenham College of Commerce and Economics and a Fellow Chartered Accountant (FCA) and has been a Member of the Institute of Chartered Accountants of India (ICAI) for the past 41 years. Mr. Suresh Sheth is a partner in M/s. Sheth & Company, a firm of Chartered Accountants. His area of specialisation include Audit, Taxation and Financial Consultancy. Mr. Sheth has travelled worldwide extensively in his professional capacity. He has been associated with Blue Dart since inception and has also been associated with various charitable institutions.

### Directorship in other Companies

1. Antron (India) Pvt. Ltd.

2. Antelec Ltd.

Mr. Suresh Sheth, Director, is not a member of any other committees, as contemplated under clause 49 of the Listing Agreement, other than a member of Audit Committee, Compensation Committee and Investors Grievance Committee of Blue Dart Express Ltd. and does not hold any shares in the Company.

Mr. Sheth and any of the other Directors of the Company do not have any inter-se relationship.

As on December 31, 2011, the composition of the Board of Directors consists of one Executive Director and five Non-Executive Directors. All key decisions are taken only after detailed deliberations and discussions by the Board. The Board of Directors possesses adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner. The Board acts with autonomy and independence in the strategic decision-making process and discharging its fiduciary responsibilities.

The DHL nominee Directors hold the firm belief that DHL's best interests are aligned with the continued growth and success of the Company.

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### Board Procedure

The Board of Directors are presented with all the relevant information on vital matters that affect the working of the Company as well as those which require deliberations at the highest level. It is ensured that information, as required under Annexure I A to the provisions of Clause 49 of the Listing Agreement, is made available to the Board of Directors enabling them to discharge their functions effectively.

There is no relationship between the Directors inter-se.

The size and composition of the Board conforms to the requirements of Corporate Governance norms as stipulated under the provisions of the Listing Agreements entered into with the Stock Exchanges.

The meetings of the Board of Directors are scheduled well in advance and generally held at the Company's Registered Office in Mumbai. The Notice of the Board Meeting and the Board Agenda with detailed enclosures are sent in advance to all the Directors.

During the year under review, five Board Meetings were held, viz. February 1, 2011, April 26, 2011, July 19, 2011, October 21, 2011 and December 16, 2011.

The details of attendance of each Director at the Board Meetings, last Annual General Meeting, and number of other directorship and membership in Committees thereof, are as under:

Name of Director	Position	Designation	Attendance Particulars		Directorship in Other Indian Companies	Committee Membership in Other Indian Companies	
			Board Meetings	Last AGM		Member	Chairman
Mr. Sharad Upasani	Independent & Non-Executive Director	Chairman	5	Yes	1	Nil	Nil
Mr. Anil Khanna	Executive Director	Managing Director	5	Yes	Nil	1	Nil
Mr. Malcolm Monteiro	Non-Independent & Non-Executive Director	Director	5	Yes	1	1	Nil
Mr. Clyde Cooper	Non-Independent & Non-Executive Director	Director	1	No	1	1	Nil
Mr. Suresh G Sheth	Independent & Non-Executive Director	Director	5	Yes	2	Nil	Nil
Mr. Christopher Ong **	Non-Independent & Non-Executive Director	Alternate Director	2	Yes	Nil	Nil	Nil
Mr. Roger Crook*	Non-Independent & Non-Executive Director	Director	-	No	Nil	Nil	Nil
Mr. Jerry Hsu ***	Non-Independent & Non-Executive Director	Director	-	No	Nil	Nil	Nil
Mr. George Berczely ****	Non-Independent & Non-Executive Director	Alternate Director	2	No	Nil	Nil	Nil

\*1) Mr. Roger Crook, CEO of DHL Express, Asia Pacific and the Eastern Europe, Middle East and Africa Regions (EEMEA) and a nominee of DHL Express (Singapore) Pte. Ltd. tendered his resignation as a Director with effect from June 30, 2011.

\*\*2) Consequent to the resignation of Mr. Roger Crook as a Director with effect from June 30, 2011, Mr. Christopher Ong, an Alternate Director to Mr. Roger Crook, ceased to be a Director with effect from June 30, 2011.

\*\*\*3) Mr. Jerry Hsu, CEO, DHL Express Asia Pacific and a member of the DHL Express Global Management Board and a Nominee Director of DHL Express (Singapore) Pte. Ltd. has been appointed as an Additional Director with effect from June 30, 2011.

\*\*4) Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from July 1, 2011.

\*\*5) Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. tendered his resignation as an Alternate Director to Mr. Jerry Hsu with effect from September 27, 2011.

\*\*\*\*6) Mr. George Berczely, Vice President – Business Planning and Performance Management, DHL Asia Pacific and a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from September 27, 2011.

7) The Directorships held by Directors as mentioned above, includes Directorships in Private Limited Companies and Companies Registered under Section 25 of the Companies Act, 1956, but do not include Directorships in Foreign Companies.

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### 3. Audit Committee

The Audit Committee of the Board deals with all matters relating to financial reporting, internal controls, risk management, etc. and reports to the Board from time to time. The Board of Directors of the Company had constituted an Audit Committee at its Board Meeting held on May 8, 2001.

#### Composition

The Audit Committee comprises two Independent Non-Executive Directors, viz. Mr. Sharad Upasani and Mr. Suresh Sheth and one Non-Independent and Non-Executive Director, Mr. Malcolm Monteiro. The Chairman of the Committee is Mr. Sharad Upasani. Mr. Tushar Gunderia, Company Secretary, acts as the Secretary to the Audit Committee.

The permanent invitees to the Audit Committee Meetings are Mr. Anil Khanna, Managing Director; Mr. Yogesh Dhingra, Finance Director & Chief Operating Officer; the Statutory Auditors and the Internal Auditor.

The powers and terms of reference of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges and Section 292A of the Companies Act, 1956.

#### The terms of reference inter-alia include the following:

- (a) Overseeing the financial reporting process and ensuring correct disclosure of financial information.
- (b) Reviewing with the management, the annual financial statements that specially emphasise on accounting policies and practices, compliance with the accounting standards, qualifications, if any, in the draft audit report and other legal requirements concerning the financial statements.
- (c) Reviewing the Company's financial and risk management policies.
- (d) Reviewing the adequacy of the internal audit function including their policies, procedures, techniques and other regulatory requirements and reporting the matter to the Board.
- (e) Recommending appointment and removal of Statutory and Internal Auditors and recommending their fees.
- (f) Reviewing the findings of any internal investigation by the Internal Auditors into matters where there is a suspected fraud or irregularities or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (g) Reviewing with the Management the quarterly financial statements before their submission to the Board for its approval.

- (h) Reviewing related - party transactions.
- (i) Approval for payment to the Statutory Auditors for any other services rendered by the Statutory Auditors.
- (j) Reviewing with the Management, performance of Statutory and Internal Auditors, and adequacy of internal control systems.
- (k) Reviewing the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of the internal audit.
- (l) Discussions with internal auditors on any significant findings and follow-up thereof.
- (m) Discussions with Statutory Auditors before the audit commences, about the nature and scope of the audit, as well as post-audit discussion, to ascertain any area of concern.

The Audit Committee of the Company meets and interacts at least twice a year with the Senior Management Personnel, which gives the Audit Committee a deeper insight into the workings of major departments and regions.

During the year under review, seven Audit Committee Meetings were held, viz; February 1, 2011 (two meetings, one of which was with the Senior Management of the Company), April 26, 2011, July 19, 2011, October 21, 2011 (two meetings, one of which was with the Senior Management of the Company) and December 16, 2011.

The constitution of the Audit Committee and other related information as on December 31, 2011, is as under:

Names of Director	Position	No. of Meetings	
		Held	Attended
Mr. Sharad Upasani	Chairman	7	7
Mr. Suresh G Sheth	Member	7	7
Mr. Malcolm Monteiro	Member	7	7

### 4. Compensation Committee

The Board of Directors of the Company had constituted a Compensation Committee of the Directors at the Board Meeting of the Company held on May 7, 2002. The Compensation Committee comprises two Independent Non-Executive Directors, viz; Mr. Suresh Sheth and Mr. Sharad Upasani, and a Non-Independent and Non-Executive Director, Mr. Malcolm Monteiro. The Committee is chaired by Mr. Suresh Sheth, Director.

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The details of attendance of each Member at the Compensation Committee Meeting held during the year 2011 are as under:

Names of Director	Position	No. of Meetings	
		Held	Attended
Mr. Suresh G Sheth	Chairman	1	1
Mr. Sharad Upasani	Member	1	1
Mr. Malcolm Monteiro	Member	1	1

The Executive Director is paid remuneration in terms of a resolution passed by the members at the General Meetings.

The terms of reference of the Compensation Committee inter-alia includes review and recommendation to the Board of Directors on remuneration payable to the Executive Director.

The Ministry of Finance, Department of Company Affairs, had vide its notification dated GSR 580(E) dated July 24, 2003, permitted companies to pay sitting fees up to a maximum of ₹ 20,000/- per meeting. The Board of Directors of the Company at its Meeting held on October 14, 2003, decided to pay sitting fees of ₹ 20,000/- per meeting to Non-Executive Directors for each meeting of the Board, Audit Committee and Compensation Committee attended by them. DHL nominated Directors do not accept any sitting fees as per their internal guidelines.

In terms of the provisions of Clause 49 of the Listing Agreement, the Board is required to have at least one third of the members of the Board as Independent Directors, if the Chairman is Non-Executive. The Company's present Board comprises Mr. Sharad Upasani and Mr. Suresh Sheth, who are Independent Directors on the Board of the Company.

Mr. Sharad Upasani, the Independent Director, holds a Masters in Commerce and an LLB degree from Mumbai University, besides an MBA degree from USA.

He is now consulting on matters related to Corporate Law and acts as an Arbitrator in corporate disputes. Mr. Suresh Sheth, the Independent Director, is a Commerce graduate from Sydenham College and a Fellow Chartered Accountant (FCA) and has been a Member of the Institute of Chartered Accountants of India (ICAI) for the past 41 years. Mr. Sheth is a partner in M/s. Sheth & Company, a firm of Chartered Accountants. His areas of specialisation include Audit, Taxation and Financial Consultancy.

In the Annual General Meeting of the Company held on April 26, 2011, the shareholders had approved the payment of commission to Non-Executive Directors, not exceeding 1% of the Net Profit of the Company in accordance with the provisions of the Companies Act, 1956. For their valuable contribution by way of advice for various project works from time to time, the Company pays a

commission to Mr. Sharad Upasani and Mr. Suresh Sheth, Non-Executive Directors, at such rate as determined by the Board of Directors of the Company and within the ceiling as prescribed under the provisions of the Companies Act, 1956.

During the year, the Company paid commission to Mr. Sharad Upasani and Mr. Suresh Sheth, Non-Executive Directors, aggregating to ₹ 20 lacs for the year ended December 31, 2010.

The Compensation Committee Meeting of the Company was held on February 1, 2011.

In terms of the Agreements executed with the Company, the details of the terms of remuneration payable to the Managing Director are as under:

### 1. a) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2011 to February 20, 2012)

Basic Salary - ₹ 5.71 lacs per month

House Rent Allowance - ₹ 0.825 lacs per month

Special Allowance - ₹ 2.09 lacs per month

In addition to the above amount, Mr. Anil Khanna shall be entitled to the following:

#### (i) The Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.

Such contribution will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.

#### (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. Such amount shall not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956.

#### (iii) Superannuation contribution subject to a maximum ceiling of 15% of basic salary by way of contribution to a fund or an allowance in lieu thereof or a combination of both. Contribution to the superannuation fund will not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956 to the extent it is not taxable as a perquisite under the provisions of the Income Tax Act, 1961.

#### (iv) Encashment of unavailed leave at the end of each year. Such amount shall not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956.



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- (v) Re-imbursement of telephone expenses at residence for official purpose.
- (vi) The Company will provide a chauffeur driven vehicle.
- (vii) Coverage under the Company's Group Insurance Cover.
- (viii) Fees of club, subject to a maximum of one club. This will not include admission and life membership fees.
- (ix) Subscription and Annual Fees for the Corporate Credit Card.
- (x) The Managing Director would be entitled to an incentive payment, based on the achievement of profitability levels for the year ended December 31, 2011, up to a maximum of ₹ 73 lacs, as may be decided by the Board of Directors from time to time.
- (xi) Increment for each year shall be determined by the Compensation Committee and shall be subject to approval of the Board of Directors and members of the Company at the General Meeting of Members.
- (xii) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of ₹ 3.5 lacs per annum.

During the term of employment of the Managing Director, if in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956, or any re-enactment thereof. Severance term agreed between the Company and Managing Director is 6 months notice or payment of 6 months salary in lieu thereof.

### 1. b) Mr. Anil Khanna – Managing Director

(with effect from February 21, 2012 to March 31, 2012)

Basic Salary - ₹ 5.71 lacs per month

House Rent Allowance - ₹ 0.825 lacs per month

Special Allowance - ₹ 2.09 lacs per month

In addition to the above amount, Mr. Anil Khanna shall be entitled to the following:

- (i) Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

- (iii) Superannuation contribution subject to a maximum ceiling of 15% of basic salary by way of contribution to a fund or an allowance in lieu thereof or a combination of both.
- (iv) Encashment of unavailed leave at the end of each year.
- (v) Re-imbursement of telephone expenses at residence for official purpose.
- (vi) A chauffeur driven vehicle.
- (vii) Coverage under Company's Group Insurance Cover.
- (viii) Fees of club, subject to a maximum of one club. This will not include admission and life membership fees.
- (ix) Subscription and Annual fees for the Corporate Credit Card.
- (x) The Managing Director shall be entitled to incentive payment based on the achievement of profitability levels for the year ended December 31, 2011, upto a maximum of ₹ 73 lacs, as may be decided by the Board of Directors from time to time.
- (xi) Increment for each year shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and members of the Company at the General Meeting of members.
- (xii) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of ₹ 3.5 lacs per annum.

### 1. c) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2012 to March 31, 2013)

Basic - ₹ 7.06 lacs per month

House Rent Allowance - ₹ 0.825 lacs per month

Special Allowance - ₹ 2.09 lacs per month

Sr. Manager Allowance - ₹ 0.856 lacs per month

In addition to the above amount, Mr. Anil Khanna shall be entitled to the following:

- (i) Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (iii) Encashment of an unavailed leave at the end of each year.
- (iv) Re-imbursement of telephone expenses at residence for official purpose.

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- (v) A chauffeur driven vehicle.
- (vi) Coverage under Company's Group Insurance Cover.
- (vii) Fees of club, subject to a maximum of one club. This will not include admission and life membership fees.
- (viii) Subscription and Annual fees for the Corporate Credit Card.
- (ix) The Managing Director shall be entitled to incentive payment based on the achievement of profitability levels for the year ended December 31, 2012, upto a maximum of ₹ 73 lacs, as may be decided by the Board of Directors from time to time.
- (x) Increment for each year shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and members of the Company at the General Meeting of members.
- (xi) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of ₹ 3.5 lacs per annum.

During the term of employment of the Managing Director, if in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by any Statutory Authority, as may be required, remuneration shall be paid as per the conditions and monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956, or any re-enactment thereof. Severance term agreed between the Company and the Managing Director is six months notice or payment of six months' salary in lieu thereof.

The remuneration policy of the Company is performance-driven and is structured to motivate employees, recognise their merits and achievements and promote excellence in their performance.

The Compensation Committee of Directors and the Board of Directors of the Company are authorised to decide the remuneration of Whole-Time Directors, subject to approval of the Members and the Central Government, if required.

The Non-Executive Directors are paid remuneration by way of sitting fees and commission except DHL- nominated Directors who are not paid any sitting fees or commission, as per their internal guidelines.

None of the Directors holds any shares of the Company.

The Company does not have any 'stock options' scheme.

### 5. Investors' Grievance Committee

The Investors' Grievance Committee of the Company approves and monitors the transfers and transmission of shares and replacement,

split and consolidation of share certificates. The Committee also monitors redressal of complaints received from shareholders relating to transfer/transmission of shares, non-receipt of annual reports, and transfer of credit of shares to demat accounts, dividend and other investor-related matters. The Meetings of Investors' Grievance Committee are held once in a fortnight to consider matters placed before it.

The Committee consists of Mr. Suresh Sheth, Non-Executive Director, acting as Chairman of the Committee and Mr. Anil Khanna, Managing Director. Mr. Tushar Gunderia, Company Secretary, has been designated as the Compliance Officer under the provisions of the Listing Agreements entered into with the Stock Exchanges.

During the year under review, 123 correspondences were received from investors. These include 6 complaints received and disposed off during the year ended December 31, 2011. All Investor correspondences have been attended to expeditiously. There were no investor's complaints pending as on December 31, 2011.

All valid share transfers/transmissions and other requests received during the year were approved and attended to by the Committee. There were no pending requests for transfer of Equity Shares as on December 31, 2011.

The details of Investors' Correspondence received during the year were as under:

Nature of Correspondence	No. of Correspondence received	No. of Correspondence resolved/attended
Revalidation / Duplicate / Non-Receipt of Dividend Warrants	31	31
Non-Receipt of Share certificates / Transfers / Transmissions	18	18
Change of Address	23	23
Request for loss / duplicate/ replacement of Share Certificates	24	24
Others *	27	27
<b>Total</b>	<b>123</b>	<b>123</b>

\* Others include correspondence pertaining to updating new signatures, non-receipt of rejected dematerialisation request forms, registration of Power of Attorneys, procedure for transmission of shares, dividend mandate instructions, request for Annual Reports, letters from SEBI and Stock Exchanges and such other administrative matters.

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The Company and the Registrar & Transfer Agent have attended to most of the investors' correspondence within a period of 8 days from the date of receipt of correspondence during the year ended December 31, 2011.

M/s. Link Intime India Pvt. Limited acts as the Registrar and Share Transfer Agent of the Company.

In accordance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented the 'Blue Dart Code of Conduct for Prevention of Insider Trading and the 'Code for Corporate Disclosure Practices' and it is strictly adhered to by all the designated personnel notified for the purpose of application of the aforesaid Codes.

The Investors' Grievance Committee monitors the compliance of the provisions of the 'Blue Dart Code of Conduct for Prevention of Insider Trading' and the 'Code for Corporate Disclosure Practices'.

Pursuant to Clause 5A of the Listing Agreements, the Company has initiated the process by sending two reminder letters to those shareholders who have not yet claimed their shares.

### 6. General Body Meetings

- a) The details of Annual General Meetings held during the last three years are as under:

AGM for Financial Year ended	Day & Date	Time	Location
December 31, 2008	Wednesday 15.04.09	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099
December 31, 2009	Tuesday 13.04.10	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099
December 31, 2010	Tuesday 26.04.11	4:30 p.m.	Hotel Hilton Mumbai International Airport Sahar Airport Road, Andheri (East), Mumbai – 400 099

- b) All the resolutions set out in the respective Notices were passed by the Members. No Postal Ballot was conducted during the year. None of the resolutions are proposed to be passed by the Postal Ballot method.
- c) The following Special Resolution was passed by the Members during the previous three Annual General Meetings.

At the Annual General Meeting held on April 15, 2009:

No Special Resolution was passed.

At the Annual General Meeting held on April 13, 2010:

No Special Resolution was passed.

At the Annual General Meeting held on April 26, 2011:

To approve the mode of payment of remuneration to Non-Executive Directors of the Company in the form of commission for a period of five years from August 1, 2011.

### 7. Subsidiary Company

The Company does not have any material non-listed Indian subsidiary Company whose turnover or net worth (i.e. paid-up Capital and Free Reserves) exceeds 20% of the consolidated turnover or Net Worth of the Company and its subsidiary in the immediately preceding accounting year.

The Company monitors performance of its subsidiary, inter-alia, by the following means:

- The Financial Highlights of the unlisted subsidiary company are reviewed by the Audit Committee of the Company.
- The Minutes of the Board Meetings of the subsidiary company are placed before the Board Meeting of the Company.
- The details of any significant transactions and arrangements entered into by the unlisted subsidiary company are placed before the Board of the Company.
- The Company has its Senior Management personnel on the Board of Directors of its subsidiary company.

### 8. Disclosures

Transactions with related parties, as per requirements of Accounting Standard 18, Related Party Disclosures are disclosed elsewhere in the Annual Report.

The Company has not entered into any other transaction of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives, etc. which may have a potential conflict with the interests of the Company at large.

No penalties or strictures were imposed on the Company by any Stock Exchanges, SEBI, or any other statutory authorities on any matters related to capital markets during the last three years.

The Company has in place a mechanism to inform the Board about risk assessment and minimisation procedures and periodic review is conducted to ensure that management controls risk through a properly defined framework.



## 9. Code of Conduct

Blue Dart has always aspired to the highest standards of quality and ethics in working towards its vision to be a leading player in the express air and an integrated transportation and distribution industry in the country. The cornerstone of our success has been our people who are led by our "Guiding Principles".

The Board of Directors of the Company has laid down a Code of Conduct for all the Board Members and the Senior Management Team of the Company. The Code of Conduct is also posted on the website of the Company.

The Code of Conduct is a comprehensive document that articulates the Company's expectations from its people in practising, by living example, the ethics and values of the organisation to earn the goodwill of its customers and enhance its reputation.

All the Board Members and members of the Senior Management have affirmed compliance with the provisions of the Code of Conduct for the year ended December 31, 2011. A certificate from Mr. Anil Khanna, Managing Director, to this effect has been attached to this Report.

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted "Blue Dart Code of Conduct for Prevention of Insider Trading" in the Equity Shares of the Company. Mr. Tushar Gunderia, the Company Secretary, is the Compliance Officer. This Code of Conduct is applicable to all Directors and designated employees of the Company who are expected to have access to an unpublished price-sensitive information relating to the Company.

## 10. Auditor's Certificate on Corporate Governance

As required by the provisions of Clause 49 of the Listing Agreement, the Auditor's Certificate is given as an Annexure to the Directors' Report.

## 11. CEO and CFO Certification

As required by Clause 49 V of the Listing Agreement, the CEO and CFO certification on the Financial Statements, Cash Flow Statement and Internal Control Systems for financial reporting for the year ended December 31, 2011, has been obtained from Mr. Anil Khanna, Managing Director and Mr. Yogesh Dhingra, Finance Director and Chief Operating Officer and is incorporated in the Annual Report.

## 12. Means of Communication

The Quarterly, Half-yearly and Yearly results are published in The Economic Times and a regional language newspaper viz; Maharashtra Times. The financial results and press releases are also immediately posted on the Company's website, viz. [www.bluedart.com](http://www.bluedart.com).

For information of investors, the Company also publishes Notice of the Board Meeting in which financial results are proposed to be approved by the Board in a national newspaper, at least seven days in advance.

The Quarterly, Half-yearly and Yearly results are published in the newspapers with adequate disclosures for the knowledge of shareholders. The Company does not have a system of intimating shareholders individually about the financial results, but queries, if any, are replied to, immediately.

Management Discussion and Analysis Report forms an integral part of the Directors' Report.

## 13. Details of compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and compliance with the non-mandatory requirements of this clause has been detailed hereunder:

The status of compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement is provided below:

1. The Company has a Compensation Committee, the details of which are provided in this Report under the section viz; "Compensation Committee".
2. It is always the Company's endeavour to present an unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year under review.
3. Directors attend training programmes/ conferences on relevant subject matters and keep themselves abreast of corporate and industry developments.
4. Directors are fully briefed on all business-related matters, risk assessment and new initiatives proposed by the Company.
5. The Company is committed to maintain the highest standards of honesty, openness and accountability and recognise that each employee of Blue Dart has an important role to play in achieving organisational goals. It is the policy of the Company to encourage employees, when they have reasons to suspect questionable practices, to report those concerns to the Company Management.
6. The Company has in place a Grievance Redressal Program (GRP). The GRP can be used by all employees. The GRP affirms an employee's right to appeal on any eligible issue through a process of a systematic review by progressively higher levels of Management. The process guarantees that the issue raised by an employee is reviewed and addressed, resulting in a decision within the guidelines prescribed. Since GRP is working very effectively, a Whistle Blower Policy is not yet envisaged. No personnel of the Company were denied access to the Audit Committee.

## REPORT ON CORPORATE GOVERNANCE

### 14. General Shareholders Information

**Annual General Meeting** : Tuesday, April 24, 2012 at 3:30 p.m. at Hotel Hilton Mumbai International Airport, Victoria Suite, Sahar Airport Road, Andheri (East), Mumbai – 400 099.

**Financial Year** January 1 to December 31

<b>Financial Calendar</b> (tentative and subject to change)	:	<b>Schedule of Board Meetings</b>	<b>Date</b>
		First Quarter ending March 31, 2012	April 24, 2012
		Second Quarter & Half-Year ending June 30, 2012	July 24, 2012
		Third Quarter ending September 30, 2012	October 30, 2012
		Last Quarter & Year ending December 31, 2012	January 29, 2013

<b>Financial Calendar :</b> (tentative and subject to change)	:	<b>Schedule of Audit Committee Meetings</b>	<b>Date</b>
		First Quarter ending March 31, 2012	April 24, 2012
		Second Quarter & Half-Year ending June 30, 2012	July 24, 2012
		Third Quarter ending September 30, 2012	October 30, 2012
		Last Quarter & Year ending December 31, 2012	January 29, 2013

**Book Closure period** April 17, 2012 to April 24, 2012

**Dividend Payment Date** : April 26, 2012

**Listing on Stock Exchanges** : 1. The Bombay Stock Exchange Limited  
2. The National Stock Exchange of India Limited

(The Company has paid its Annual Listing fees to the above Stock Exchanges for the Financial Year 2011–2012)

#### Stock market Performance

<b>Stock Code/Symbol</b>	:	BSE	:	526612
		NSE	:	Symbol – BLUEDART Series – EQ

**ISIN** : INE233B01017

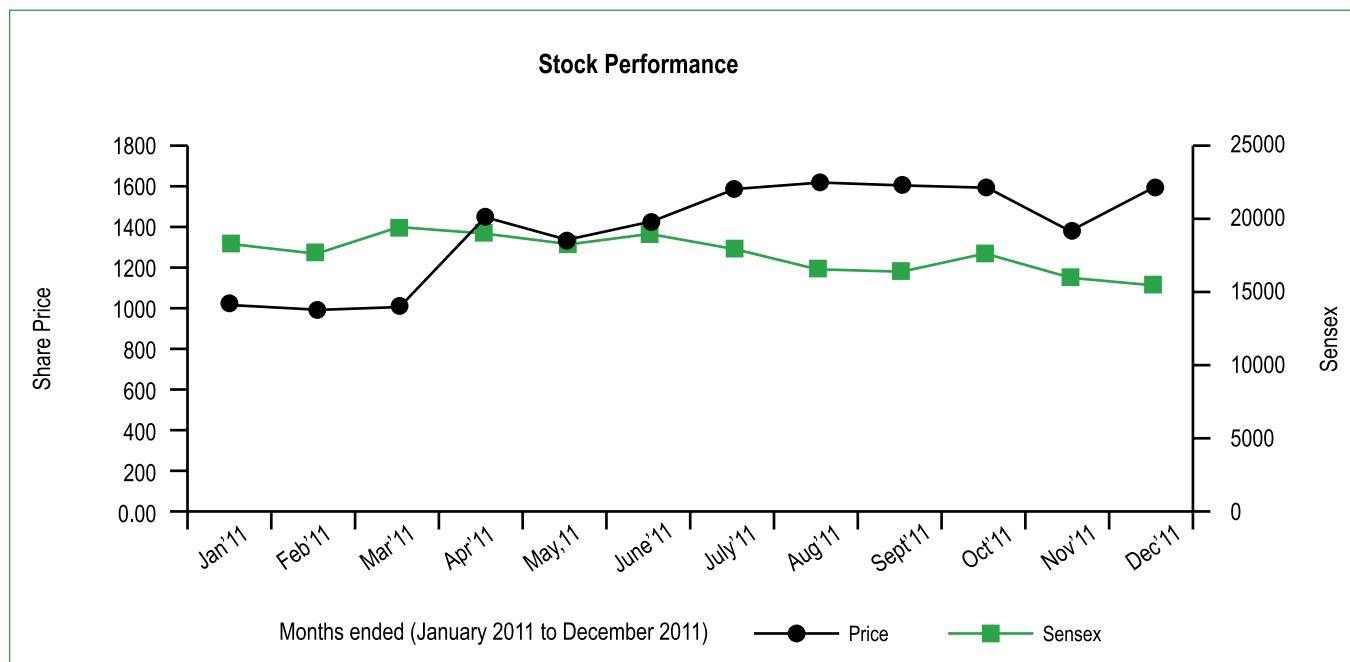
## REPORT ON CORPORATE GOVERNANCE

### Stock Market Data:

#### High and Low quotations of shares at Bombay & National Stock Exchange

Year - 2011			BSE		NSE	
			High	Low	High	Low
January	–	2011	1,189.00	979.95	1,186.35	962.30
February	–	2011	1,120.00	952.10	1,110.00	965.05
March	–	2011	1,050.00	960.00	1,050.00	964.00
April	–	2011	1,558.95	1,000.05	1,559.90	1,003.05
May	–	2011	1,478.90	1,330.00	1,477.45	1,301.15
June	–	2011	1,469.00	1,261.50	1,468.00	1,261.45
July	–	2011	1,684.80	1,430.70	1,687.00	1,426.00
August	–	2011	1,835.00	1,460.00	1,836.00	1,455.00
September	–	2011	1,757.00	1,588.05	1,764.00	1,591.15
October	–	2011	1,651.00	1,460.85	1,670.00	1,556.05
November	–	2011	1,635.00	1,380.00	1,676.00	1,380.00
December	–	2011	1,605.00	1,388.00	1,602.95	1,398.00

#### Stock Price Performance in comparison to the BSE Sensex :



## REPORT ON CORPORATE GOVERNANCE

**Registrar & Share Transfer Agent** : M/s. Link Intime India Pvt.Ltd.  
C-13, Pannalal Silk Mill Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai 400 078.

Phone: 022 – 2596 3838  
Fax : 022 – 2594 6969  
e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Share Transfer System** : Share Transfers which are received in the physical form are processed well within the statutory prescribed period from the date of receipt, subject to documents being valid and complete. All share transfers are approved in the Investors' Grievance Committee Meeting which is held once in a fortnight.

### Distribution of Shareholding as on December 31, 2011

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	5,121	93.87	465,259	1.96
501 - 1000	146	2.68	113,947	0.48
1001 - 2000	80	1.47	120,105	0.51
2001 - 3000	26	0.48	70,250	0.30
3001 - 4000	10	0.18	35,771	0.15
4001 - 5000	14	0.26	68,740	0.29
5001 - 10000	28	0.51	207,616	0.87
10001 - above	30	0.55	22,646,246	95.44
	5,455	100.00	23,727,934	100.00

### Categories of shareholders as on December 31, 2011

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoter	*1	19,227,887	81.035
Foreign Body Corporate	1	200	0.001
Banks, Financial Institutions and Mutual Funds	16	1,675,752	7.062
Individuals	4,990	1,108,342	4.671
Companies	251	1,399,555	5.898
NRIs and FIIs	112	296,533	1.250
Clearing Member	84	19,665	0.083
<b>Total</b>	<b>5,455</b>	<b>23,727,934</b>	<b>100.00</b>

\* under two demat accounts.

## REPORT ON CORPORATE GOVERNANCE

### Dematerialisation of Shares and Liquidity:

Trading in the Company's equity shares is compulsory in the dematerialised mode for all investors with effect from August 28, 2000. As on December 31, 2011, 23,572,313 Equity Shares of the Company representing 99.34% of Paid-up Equity Share Capital of the Company are in dematerialised mode.

As Shareholders may be aware, dematerialisation of shares offers various advantages which inter-alia includes the following:

1. No scope for any risk of loss, theft, or fraud with regard to share certificates.

2. Bad deliveries are almost eliminated.
3. Shorter settlements thereby enhancing liquidity.
4. No stamp duty on transfer of securities held in demat mode.
5. No concept of Market Lots.
6. No requirement for lodging of transfer deeds and lodging/dispatching transfer documents with the Company, thus avoiding a lot of paperwork.

In view of above advantages of dematerialisation of shares, shareholders who still hold their equity shares in the physical form are kindly requested to get their shares dematerialised as soon as possible.

### Outstanding GDR /ADR

: NIL

### Plant Location

: The Company do not conduct any manufacturing activities. The Company offers its existing range of integrated transportation and distribution of shipments through its network of 365 offices spread across India.

### Address for communication

: Investors should address their correspondence to the Registrar & Share Transfer Agents: M/s. Link Intime India Pvt. Ltd. at the address mentioned hereinabove.

### Contact Officials:

Mr. N. Mahadevan Iyer, Vice President – Corporate Registry

Mr. Dnyanesh Gharote, Assistant Vice President – Corporate Registry.

Mr. Joy Varghese, Officer – Corporate Registry

Mr. Tushar Ghodke, Supervisor – Corporate Registry

Investors may also contact Ms. Prabha Singh, Sr. Manager - Secretarial, or Ms. Aarti Falorh, Manager - Secretarial, at the Registered Office of the Company for any assistance and guidance in connection with investors' matters.

Telephone : +91 22 2839 6444

Ext. Nos. : 33422 or 33451

Email : [PrabhaS@bluedart.com](mailto:PrabhaS@bluedart.com)

[AartiF@bluedart.com](mailto:AartiF@bluedart.com)

### Analyst Contact

: Mr. Yogesh Dhingra – Finance Director & Chief Operating Officer  
Mr. Rajesh Joshi, General Manager – Finance and Treasury

### General Information Contact

: Mr. Ketan Kulkarni, Head – Marketing, Corp. Communication & Sustainability.



## AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

### To the Members of Blue Dart Express Limited

We have examined the compliance of conditions of Corporate Governance by Blue Dart Express Limited (the "Company"), for the year ended December 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse  
Firm Registration Number : 301112E  
Chartered Accountants

**Neeraj Gupta**  
Partner  
Membership No. F055158

Place: Mumbai  
Date : January 31, 2012