

EIGHTEENTH ANNUAL REPORT 2008



IT TAKES A LEADER TO DELIVER

BLUE DART



Our Vision

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

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

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Our Guiding Principles

We will :

Treat each other fairly and with respect and dignity.

Encourage freedom in communication of thoughts and ideas in all our interactions.

Value integrity and be uncompromising in upholding it at all times.

Give due importance to the health, safety and well-being of our people.

Ensure that our 'People First' philosophy serves as a driving force behind the success of our organisation.

Encourage and inculcate in all a winning attitude.

Encourage learning, self-development and building effective leadership.

Expect our people to be accountable for all their actions related to the company.

Provide a workplace where each and every employee is nurtured and who, in turn, will nurture the organisation, thereby creating wealth for stakeholders.

Drive the 'First Time Right' concept to achieve 100% Quality and Customer Satisfaction.

Encourage passion and enthusiasm for Work, Service Quality and Customer Care.

Project a positive, caring and professional image of ourselves and our service at all times.

Avoid waste by being conscious of the impact of all our actions on the environment.

Continue to be a law-abiding, apolitical and secular company.



Corporate Information

Registered Office:

Blue Dart Centre, Sahar Airport Road,
Andheri (E), Mumbai 400 099.
Tel: 2839 6444 Fax: 2824 4131, 2831 1184
www.bluedart.com

Principal Bankers:

Canara Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.

Auditors:

Price Waterhouse

Solicitors:

DSK Legal
Mulla & Mulla & Craigie Blunt & Caroe

Registrar & Transfer Agent:

Link Intime India Pvt. Ltd.



Board of Directors



Sharad Upasani
Chairman



Anil Khanna
Managing Director



Malcolm Monteiro
Director



Daniel McHugh
Director



Clyde C. Cooper
Director



Suresh G. Sheth
Director



Christopher Ong
Alternate Director to Daniel McHugh

Executive Management



Yogesh Dhingra
Finance Director &
Chief Operating Officer



Aneel Gambhir
V. P. - Internal Audit



Arun Nangpal
V. P. - Customer Service



Barttanu Kumar Das
V. P. - Human Resources



Tushar Gunderia
Company Secretary



Ketan Kulkarni
Head - Marketing, Corp.
Comm. & Sustainability



Col.(Retd.) Raymond Luiz
G.M. - Security &
Administration



Gopinath Menon
Sr. V. P. - South 2 Region



Balfour Manuel
V. P. - West 1 Region



K. Gopa Kumar
V. P. - South 1 Region



T. A. Krishnan
V. P. - North Region



Amod Dasgupta
V. P. - East Region



Samir Shah
G. M. - West 2 Region

Chairman's Statement



Dear Shareholders,

I wish each one of you a very cordial and warm welcome to the Eighteenth Annual General Meeting.

In 2008, Blue Dart completed 25 years of leading, innovating and delivering, and we are all proud of it.

Your Company is South Asia's premier number one express air and integrated transportation, distribution and logistics Company that offers secure and reliable delivery of consignments to over 21,000 locations in India, and to over 220 countries worldwide through its Sales Alliance with DHL Express (India) Pvt. Ltd.

The Indian economy reported strong growth since 2004-05 and grew at a CAGR of 8.92% in the last four years. However, due to global economic slowdown, the GDP is now estimated to grow at 7.1% for the year 2008-09, as per CMIE, as against estimated GDP growth of 9% at the commencement of the year. As you are all aware, the Indian economy entered 2008 on a good note, supported by rising foreign exchange reserves, real estate boom and a flourishing capital market, BSE sensex peaking to the level of 21,000+, thereby enabling growth in the various business segments as also logistics. The boom was, however, short-lived and the grip of global economic crisis took over the developing economies. As the year unfolded, global markets were subject to developments such as volatility in the price of crude oil, inflationary pressures and, later on, sub-prime crisis in the US. Over the last six months, an economic slowdown has enveloped the whole world. India has also been impacted and consequently the markets have witnessed a moderation in growth.

During the year, the Express Industry faced challenges from a weakening global economy, volatile crude oil prices, rising fuel and freight costs, dampening industrial growth and double digit inflation. These woes were further compounded with obstacles faced in the transport infrastructure, air-traffic congestion and overall lack of understanding of supply-chain management.

The softening trends that commenced in the first quarter of 2008 worsened towards the last quarter of the year, with a global depressed economic and financial environment. With the Company having essentially a 'fixed cost' - based business model, the deceleration in volume growth is having an adverse impact on margins. The business from certain key industrial verticals has been affected. We expect that this is a passing phase and recovery in the economy should happen over the next 12 - 15 months.

Despite adverse economic scenario, your Company achieved satisfactory performance for the financial year ended December 31, 2008.

I would like to take this opportunity to share with you the progress achieved by your Company during the financial year ended December 31, 2008.

Your Company posted Rs 7,735 lacs as Profit After Tax for the year ended December 31, 2008, compared to Rs 6,993 lacs for the year ended December 31, 2007, recording a 10.62% increase. Income from Operations for the year ended December 31, 2008, was Rs.97,447 lacs, up from Rs.80,872 lacs for the year ended December 31, 2007. The Company's sales grew by 20.49% for the year ended December 31, 2008, over the corresponding year ended December 31, 2007. The Board of Directors of your Company has recommended a dividend of 10% for the year ended December 31, 2008.

During the year, your Company augmented its fleet with a fourth Boeing 757-200 and the existing fleet now is four Boeing 757-200s and three Boeing 737-200 aircraft, taking its air capacity to 300 tonnes per night across 60 route connections. To capitalize on the improving road infrastructure in the country and in continuation of the thrust on the ground product - Dart Surfaceline - your Company strengthened the ground network to serve the growing needs of the market and, since its launch expanded its reach to 21,000+ locations and 596 ground routes across India. Your Company has also introduced customized products/features to meet the specific needs of various customers. 'Freight on Delivery' (FOD), 'Demand draft on Delivery' (DOD) 'Freight on Value' (FOV) and 'Import-Express' were very well received by the market.

During the year, your Company along with DHL Express and Blue Dart Aviation Ltd., achieved a key milestone by inaugurating a first-of-its-kind integrated terminal at the Bengaluru International Airport Ltd. (BIAL) that will help synergize the domestic and international express operations of both businesses in South India.

Your Company stands as the unrivalled leader in the domestic express industry. Blue Dart commands 41.7% market share in the air express segment (source: A T Kearney). This dominant position is attributed to the huge investments that your company has made in building an infrastructure that is unmatched in the entire South Asia region.

Strong brands form an important part of the assets of an organisation. To create value, brands must build on the existing corporate capital and then be envisioned with a strong personality that incorporates distinctive customer-focused benefits – rational as well as emotional. A strong personality in our case largely gets driven by the hard aspects (rational areas) of brand management – offices, counters, vehicles, uniforms, stationery, collaterals etc., while the emotional aspects get pushed by the experience we provide through our people and service quality. During the year, Blue Dart strengthened its brand association to bring two strong and powerful brands (Blue Dart and DHL) closer at all touch-points that deal with the domestic and international services. Implementation of First Choice and Net Promoter Approach programs were designed to improve the service quality and ability to capture the VOC (Voice of Customer) in a systematic way in order to bring in long-lasting customer benefits and strengthen the brand experience.

Our position as an industry leader was strengthened by accolades received from several industry bodies and customers. It is a matter of great pride for all of us that your Company was honoured as one of the “Best under a Billion” companies listed by Forbes Asia, 2008. Your Company was the only Company listed from the ‘Air and Ground Transportation of time-sensitive packages’ category. We were voted a Superbrand, fourth time in a row. For the third consecutive year, we became the recipient of the Reader’s Digest Most Trusted Brand Gold Award. Blue Dart has been awarded the NDTV Business Leadership Award 2008 and the Brand Leadership Award by the ‘Asia Brand Congress 2008 Awards for Brand Excellence’. In 1996, Blue Dart became the first company in the national express industry to obtain an ISO 9001 certification and was successfully recertified in September 2008 for a 3-year period, to the new global ISO 9001:2000 standards.

Your Company is a socially responsible corporate and has undertaken numerous projects to enrich communities and the environment. Blue Dart’s CSR initiatives “Blue Edge: Empowering Lives”, a programme designed to enhance and create employability for marginalized sections is doing well with four batches already graduating from this course. These small steps that we take towards creating a brighter tomorrow for future generations, go a long way in building our corporate value and ethos. The four social initiatives, viz. Coastal Road Clean Up, Best of Waste: Recycle Paper Nature Touch - Sapling Plantation and De-weeding, and Blood Donation, were organised by your Company in association with DHL in Mumbai. Your Company is also focusing on a ‘Go Green initiative’ for protecting and nurturing the environment.

Your Company has consistently adopted high standards of Corporate Governance. Good Corporate Governance has always been an integral part of the Company’s business philosophy. The endeavour of your Company is not only to comply with regulatory requirements but also practise Corporate Governance principles that lay a strong emphasis on integrity, transparency and overall corporate accountability. Your Company continues to deliver value to its stakeholders through its people philosophy and Corporate Governance, based on distinctive customer service, business ethics, accountability and profitability.

I take this opportunity to thank all our people for their exemplary dedication and hard work, and for rendering impeccable services to every constituent of our company’s customers, without which our reputation for service excellence would not have been possible. Their unrelenting determination to succeed, even in a tough and fiercely competitive market environment enabled us to build and sustain the financial stability of the Company. We continue to look forward to the support of our employees for the future growth and work towards their growth, as we believe that only growing employees can lead to a growing company.

I express my gratitude, on behalf of your Company, and on my own behalf, to our valuable customers, bankers, financial institutions, government authorities, business associates, channel partners and other constituents for their valuable support and unstinting cooperation.

I deeply appreciate and thank you for the confidence and faith that you have reposed in Blue Dart, thereby providing us with the impetus to grow.

I look forward to your continued support, trust and participation in the growth of the Company.

Mumbai
March 5, 2009

Warm regards,
Sharad Upasani
Chairman

Financial Summary

Financial Summary of the last five years

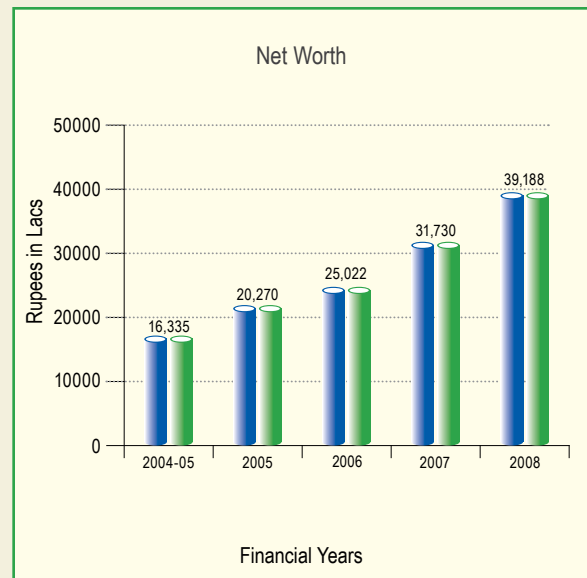
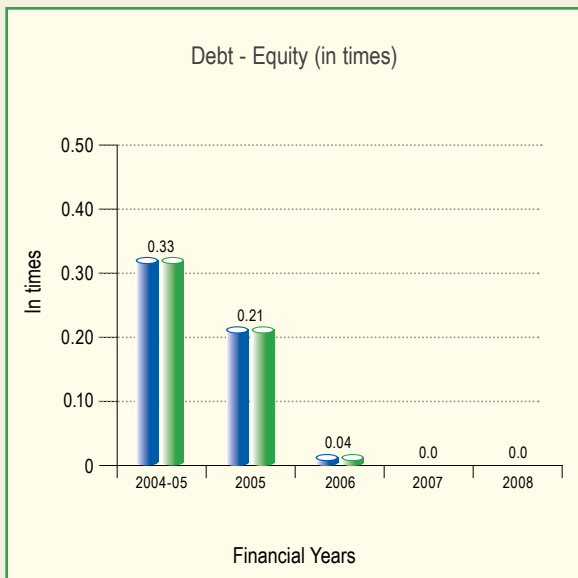
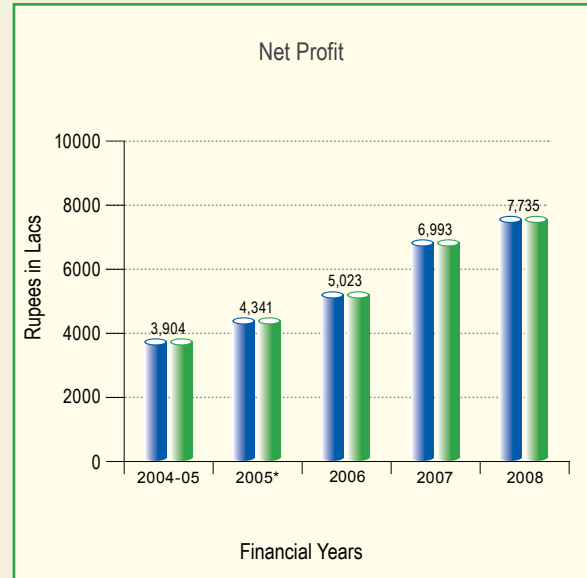
Rupees in Lacs

Particulars	2004-05	2005*	2006	2007	2008
Income from Operations	45,833	41,509	66,802	80,872	97,447
Other Income	379	758	175	311	806
Total Income	46,212	42,267	66,977	81,183	98,253
Total Expenditure	38,202	34,111	56,831	68,083	84,935
Operating Profit	8,010	8,156	10,146	13,100	13,318
Interest (net)	465	226	158	40	(214)
Gross Profit	7,545	7,930	9,988	13,060	13,532
Depreciation	1,532	1,314	2,201	2,403	1,657
Profit Before Tax	6,013	6,616	7,787	10,657	11,875
Taxation	2,109	2,275	2,764	3,664	4,140
Profit After Tax	3,904	4,341	5,023	6,993	7,735
Equity	2,376	2,376	2,376	2,376	2,376
Reserves	13,959	17,894	22,646	29,354	36,811
Gross Fixed Assets	23,306	24,132	24,404	25,692	28,562
Net Worth	16,335	20,270	25,022	31,730	39,188
Book Value (Rs.)	68.60	85.27	105.39	133.72	165.15
ROCE (in percentage)	35.42	32.73	32.92	37.13	32.92
Debt - Equity (in times)	0.33	0.21	0.04	0	0

*Note: The figures are for a period of nine months from April 1, 2005 to December 31, 2005.

Financial Summary

Five years Review



*Note: The figures are for a period of nine months from April 1, 2005 to December 31, 2005.



Blue Dart's 25-year Story

Market

In the modern world of commerce & industry, the one imperative that stands out is the Japanese business philosophy of Just in Time. Quite simply, it means 'we wish to carry very low inventory and want the goods and services to be delivered just before they are required.' Left to its own devices, this fine balance would be impossible to maintain. Unless, of course, a company like Blue Dart came along and took up the challenge of delivery, the day before – every time.

At first, evaluating the logistics of this exercise would appear to be a no big deal. In actuality, it entails a complex, integrated procedure which requires extensive and efficient detailing, stream mapping, networking and last-mile fulfillment.

Over the years, Blue Dart has built up such refined capabilities that it can discharge its commitment like a finely-tuned military exercise. Thanks to this effort – and the confidence businesses repose in it – the logistics industry in India, led by Blue Dart, has grown to employing an impressive one million+ people.

The mushrooming of businesses and the gains India is making, provide the logistics industry with a plethora of opportunities and an environment conducive for the sustained augmentation of its resources.

Today, this industry is estimated at between 11.8% and 13%¹ of GDP – a figure higher than in many, more developed economies. Fuelled by these opportunities, the logistics sector is attracting investments in knowledge and technology in equal and growing measures. The government too, has viewed it as a critical component in India's rise to international eminence and has allowed Foreign Direct Investment (FDI) to be made in it.

Today, Blue Dart stands as the unrivalled leader in the organised domestic air express industry commanding a market share of 41.7%².

History

In November 1983, three young entrepreneurs, Clyde Cooper, Tushar Jani and Kushroo Dubash pooled in Rs 30,000 to kick-start an idea of delivering small packages and samples to support India's burgeoning exports. On that date, in a space of 200 square feet under a staircase, Blue Dart was born. Grit, determination and hard work



would propel the fledgling from sorting and delivering a few dozen packages outside Mumbai airport on that first night, to handling nearly 2,00,000 shipments each day through rain, hail, earthquake and snow. In a study conducted by Dhristi Strategic Research Services in 2007, Blue Dart emerged as one of the strongest brands in India with amongst the highest top of mind recall.

In its early days, Blue Dart forged ties with Gelco Express International, UK, to introduce an international air package express service from India and thus enhance the value offered to its customers. In 1993, foreseeing the potential in India, Blue Dart decided to shift focus from international to domestic service. It went on to become the first Indian express company to conceptualize domestic on-board couriers with a guaranteed 10:30 am delivery to major metros.

In 1994, the Company went public with an IPO of 2.55 million shares. In the same year, Blue Dart launched its multi-modal, premium package delivery service DartApex™ (Air Package Express), and COSMATII™, an advanced tracking and ERP system that redefined the industry. In that year, too, Blue Dart Aviation - then a 100% subsidiary of Blue Dart Express - was incorporated and became the first private company to receive government approval for the operation of cargo aircraft in the country.

In 1995, Blue Dart Aviation acquired two B737 aircraft, and developed SMART (Space Management Allocation Reservations and Tracking), the first cargo reservations systems in India. The following year, Blue Dart launched the first jet express airline and also became the first express company to receive an ISO: 9001 certification. 1995 was also momentous because in that year Blue Dart crossed Rs 100-crore (US\$ 25 million) in turnover for the first time.

1997 witnessed the launch of domestic charter operations and the signing of interline agreements with international airlines for distribution of bonded cargo within Blue Dart's network. Today, these have extended to 26 operators and include bonded warehousing and transshipment facilities. In 1998, the Company developed India's first Load and Trim software for its aircraft, reducing handling time by 80%.

In 1999, Blue Dart moved to its state-of-the-art administrative, technology and operations Superhub and Headquarters, the Blue Dart Centre in Mumbai. In 2001, a third Boeing 737 was added to the Blue Dart fleet.

A year later, Blue Dart entered into a sales alliance with global leader DHL Express Worldwide. Today, DHL owns 81.03% stake in the Company. The fourth aircraft joined the fleet in 2004, and Blue Dart became the first private operator in India to receive approval from the Director General of Civil Aviation (DGCA) for undertaking heavy maintenance D-checks on its aircraft.

Two B757 freighters – the first in the Indian skies – joined the Blue Dart fleet in 2006. In an effort to fortify its unique capability of offering the entire gamut of end-to-end distribution solutions, Blue Dart launched its fortified and feature-rich ground express service – Dart Surfaceline – in September 2007, and inducted the third B757 freighter. 2008 saw the induction of the fourth B757 freighter and completion of 25 years of facilitating trade and commerce.

Achievements

Attaining such stunning success wasn't easy. Along the way, Blue Dart endured formidable challenges and took bold steps to protect its hard-fought territorial gains. When others in the domain were still trying to find their bearings, Blue Dart had already envisioned itself as a 'warehouse in the sky'. It created a palpable differential for itself by arrogating a niche – and a hard-to-emulate – segment in supply chain management that demanded critical deliveries, low inventories and reliable & timely distribution.

Infrastructure, Reach & People

Blue Dart's near monopoly must be attributed to the huge investments that Blue Dart has made in building an infrastructure that is unmatched in the entire South Asia region. The figures make impressive reading: over 21,000 locations, 50 domestic warehouses, a fleet of four B757 and three B737 freighter aircraft offering a revenue payload of 300 tonnes per night, a flotilla of over 5,658 vehicles, more than 300 business associates, 350 Blue Dart-DHL combined retail counters, over 12.2 lacs square feet of warehousing space and over 6,300 committed and trained employees driven by a singular passion of delivering service excellence and value.

With the induction of two B737 freighters in 1996, Blue Dart became the first express company to launch dedicated cargo operations. Over the years and in sync with customer demands, it augmented capacity and, today Blue Dart continues to maintain its Numero Uno position in the domestic organised Air Express market.

Technology

Since 1988, Blue Dart has invested over Rs. 480 million in technology to keep abreast of the latest market trends and has continuously upgraded its technology. Today, its in-house development team matches the best in the world.

Blue Dart's technology innovations have played a key role in its premium positioning and in bringing global standards to the Indian customers' doorstep. Blue Dart's in-house IT team has constantly developed technology solutions over the past 20 years. Such has been the ramifications of these offerings that more than 79% of Blue Dart's regular customers use it actively. Home-grown innovations like the COSMATII™ (the tracking and ERP system), TrackDart™ (monitoring shipment status), MailDart™ (tracking shipments over e-mail), InternetDart™ (memory bank for shipments), PackTrack™ (tracking software for medium and large customers), ShopTrack™ (tracking and CRM tool for e-business portals), ImageDart™ (online download of proof of delivery challans/ documents, to speed up the customer's bill process, waybill issuance capability, customer directory, data upload and download of tracking information), among others have enabled the weaving of thoughtful information management to the logistics business.

Product Portfolio

Blue Dart offers express, air freight, ocean freight, supply chain solutions, freight forwarding, customs clearance, project handling and charters through its synergies with the three DHL Business Units – DHL Express, DHL Global Forwarding, and DHL Exel Supply Chain.

The Express services offer **Domestic Priority** for non-commercial domestic documents and small packages under 32 kg. **Dart Apex** is a door-to-door, time definite, supply chain and logistics distribution service for commercial shipments that require regulatory clearance. **Smart Box** is the convenient door-to-door service for cargo in two sizes – 10 kg and 25 kg.

Dart Surfaceline is a premium ground service that is designed to meet customer's diverse shipment requirements. Dart Surfaceline provides ground services to over 21,000 locations across India for shipments weighing 10 kg and above. This service is not only fast and efficient but is also safe and economical. Dart Apex and Dart Surfaceline also have value-added features attached along like **DOD (Demand Draft on Delivery)**, **FOD (Freight on Delivery)** and **FOV (Freight on Value)**.

Freight service include domestic, early morning airport-to-airport deliveries to seven metros – Mumbai, New Delhi, Kolkata, Chennai, Bangalore, Ahmedabad and Hyderabad serviced by Blue Dart aircraft.

Charters offer palletized capacity for carriage of urgent and large volumes to 18 airports in India and four international airports in the region.

Blue Dart, in line with its focus on innovation, has also introduced several customized products – **Rakhi Express** and **Student Express** designed to meet specific needs. **Import Express**, the only service of its kind in India, offering door-to-door facility for importing shipments from over 200 countries.

Recent additions to Blue Dart's product portfolio, in association with group company DHL, include **Duties and Taxes paid (DTP)**, in which all the costs including destination duties/taxes are paid by the shipper/consignor, **Economy Select (ESI)**, a product which travels on a deferred line haul (multimodal or cheaper line hauls) and the cost savings are passed on to the customers. ESI is a reliable door-to-door service for not-so-urgent yet time-sensitive heavy shipments.

Differentiators

Brand Values, Sustainability and First Choice culture have been the differentiating factor playing a key role in making Blue Dart a customer-centric and socially responsible corporate.

Brand Values

When Blue Dart started out 25 years ago, substantial thinking went into creating an aesthetically appealing logo and name which the founders could connect themselves with. Thus, after a considerable thought the name Blue Dart was crafted.

Blue has been associated with quality and strength – blue chip, blue steel, blue diamonds. Dart signifies singular unwavering focus towards a goal. These were the values that set Blue Dart apart from the competitors and positioned it as the most dependable and trusted express company.

Blue Dart has always made a conscious effort to create a bond with its customers. Perhaps, because of this, 25 years thus, the brand has today become synonymous with value, quality, speed, efficiency, responsiveness and service excellence.

Sustainability

Blue Dart's commitment to the society at large has remained unwavering since the Company's inception. Blue Dart believes in giving back to the society and we are eternally ready to walk that extra mile to make a positive difference in whichever little way possible. This has urged us to take initiatives like the "Volunteer's Day" in collaboration with DHL, which was a massive exercise across India and 42 countries in the Asia Pacific. More than 2000 employees from India came together to champion the cause and participated in four extensive activities concerning the environment, the underprivileged and the needy.

Blue Edge - Empowering Lives

Blue Dart, in association with Oasis, started an on-going initiative called “Blue Edge - Empowering Lives” which is aimed at enriching the lives of not-so-fortunate young students. Through this initiative, Blue Dart enables around 60 students every four months, by providing training to them on:

- i) English speaking
- ii) Computer Basics
- iii) Interview skills
- iv) Corporate etiquette

Six batches of students have successfully completed their courses.

On 2nd of June, 24th of Sept, 2008 and 22nd of Jan 2009 – in HQC, Blue Dart felicitated the students who successfully completed the programmes.

First Choice

First Choice is a DPWN (Deutsche Post World Net) global initiative enabling entities to take their service offerings to customers to a much higher level.

First Choice always begins with the customers and impacts all levels of the group’s organization, and enables the Company to meet its corporate objectives. First Choice is designed to improve business processes that directly impacts customers and helps to develop an even more customer-oriented service culture.

First Choice initiative which was kick-started in Blue Dart in December 2007, enabled Blue Dart to consistently deliver a superior service experience to customers. The first wave of the initiative was successfully completed on 11th of July 2008.

Customer Satisfaction Survey score which was 6.01 points for the year 2007 increased to 6.19 points in the year 2008 after the roll out of First Choice initiative. Thus we can say that First Choice initiative also had a major role to play in enhancing customer satisfaction level.

Recently Blue Dart was honoured with South Asia Area’s quarterly First Choice award 2009.

Having seen success in First Choice initiative, Blue Dart has also initiated another quality initiative NPA (Net Promoter Approach) as on 10th of November 2008. Net promoter approach is a two-call process to get feedback on the service provided by Blue Dart. This initiative is aimed at identifying the real-time problems faced by customers and thereby enabling Blue Dart to provide solutions for the same to ensure customer delight.

Recognition

An Indian company benchmarked to international standards, Blue Dart has been recognized as one of the best and has been listed twice among the top 500 companies in India by Dun & Bradstreet. Blue Dart also received the Reader’s Digest Most Trusted Brand Gold Award, three years in a row.

Blue Dart Aviation received the Centre for Asia Pacific Aviation (CAPA) Cargo Airline of the Year Merit Award in 2006. In the same year, Blue Dart bagged the ICAI Award for Excellence in Financial Reporting. In the year 2007, Blue Dart was declared the Best Cargo Airline at the Express, Logistics and Supply Chain conclave and, in the same year, was also conferred with the Amity HR Excellence Award.

In the year 2008, Blue Dart was acknowledged as being one among the “Best Under A Billion” company in the Asia Pacific region by Forbes Asia. It also received the prestigious NDTV Brand Leadership Award 2008 and in the same year was conferred with the Asia Brand Congress - Brand Leadership Award 2008, amongst many other awards and recognitions.

Way Forward

Blue Dart strives to be a customer-centric organization. Every step it takes is an effort to strengthen this relationship. In this pursuit, Blue Dart has invested heavily in building an infrastructure that would provide unmatched value. Perhaps, this more than anything else has endeared it to its clients.

The Company plans to invest in air infrastructure, aircraft and creating state-of-the-art facilities, transit hubs, with hi-tech material handling equipment. It also plans to add new warehouses for an additional holding capacity.

Blue Dart plans to roll out new initiatives in a phased manner over the year. The new initiatives will upgrade its product range and improve service quality thereby offering customers state-of-the-art Air and Ground Express solutions across the country.

Some of these products are designed specifically for industries with time-definite requirements and there are others, which cater to vertical specific requirements, thus giving the much-required flexibility to the shipper and consignee.

So, even though we may have successfully completed 25 years of operation or may be recognized by Forbes Asia as being one among the 'Best Under a Billion' company in Asia-Pacific region, we still feel that there is much more to be achieved in terms of service and product and we look forward to many more such accomplishments in the years to come.

Did you know?

- Blue Dart has set up a back-up technology hub in Bangalore as a part of its Business Contingency and Continuity Plan.
- Every year, since it was instituted in India, Blue Dart has been nominated a Superbrand.
- Blue Dart boasts of having Day One employees – people who have been with the Company since the day of its inception.
- Each night when the country sleeps, Blue Dart flies 300 tonnes of cargo for next-day delivery.
- Blue Dart operations cover 21,000+ locations in India and 220 countries, worldwide.



Blue Dart - CSR Initiatives

The three pillars for CSR Initiatives at Blue Dart are: Education, Environment & Disaster Management.

Education:



Blue Dart has initiated a unique education program in partnership with Oasis India (NGO). The 'Blue Edge: Empowering Lives' Program aims at empowering under-privileged youth, who have not been able to complete their education. It is a four month vocational course that enables them with the knowledge and skills to become employable. The subjects taught are English, Computer Skills, Life Skills and Customer Orientation.

A Graduation Ceremony is held at the Blue Dart Headquarters to felicitate each batch of students passing out after successful completion of the program, with certificates for all participants and special certificates and trophies for top performers.

This program has already impacted the lives of more than 150 youth from marginalized backgrounds.

Environment:



In Blue Dart, we regularly undertake 'Go Green' Initiatives such as planting of saplings on different occasions like Earth Day, Independence Day etc.

'Power Saver' is an Energy Conservation Initiative, in which the power at all our offices across India is switched off for 15 minutes everyday and for an hour on Earth Day.

Blue Dart has added four B757 aircraft to its fleet of three B737 aircraft, which leads to fuel efficiency.

Blue Dart relies on various modes of transportation such as airplanes, trucks and two-wheelers. To help reduce carbon dioxide emission, we are gradually replacing our ground fleet with alternate fuel (CNG) vehicles. In the East, we have switched to cycles in areas where it is feasible. Through route planning, we raise the efficiency of our fleet and leverage other resource-saving solutions to our customers.

'Volunteering Day' was held on 8th and 9th August, 2008. Employees of the DHL Group participated across Asia Pacific. More than 2000 employees participated from Blue Dart and DHL in India, across 6 major metros.



In Mumbai itself, four different activities were taken up:

- Carter Road Clean Up:

A drive to clean the area where mangroves grow along the Carter Road shorelines.

- Best of Waste - Recycle Paper:

This was done with the aim to reduce, reuse and recycle paper, thereby prompting the use of paper bags instead of plastics.

- Nature Touch – Sapling plantation and de-weeding:

A simple activity to encourage people to protect nature by being part of a clean up exercise (de-weeding) as well as sapling plantation.

- Blood Donation:

Blue Dart organized a blood donation camp at its Headquarters. This was done in partnership with Think Foundation, an NGO that organizes blood for young Thalasemia patients.

Child Thalesemia patients need blood transfusion every 15 days to survive. This initiative was a step towards making it a little easier for those little kids, who are in dire need of blood every month! At the camp, 206 donors gave 350 ml of blood each. Total blood collected: 72,100 ml. It was very heartening to know that 60 kids were positively impacted the very next day, as there was an urgent requirement for platelets. The blood bank could provide them the platelets, derived out of the blood provided by our employees.

Disaster Management:

Blue Dart has always been actively involved in mobilizing resources towards relief efforts, whenever there has been a crisis situation in the country or globally eg. The Bhuj earthquake, Tsunami etc.

This year too Blue Dart played its part as a responsible Corporate Citizen by:

- Mobilizing resources for the Bihar floods, partnering with HSBC.
- Partnering with DHL for the China-Myanmar Relief Operations and raising funds through its employees.

Apart from these, Blue Dart works with various NGOs on a regular basis. In the past Blue Dart has been involved in Projects such as 'Muskan' – bringing smiles on the faces of underprivileged kids, by distributing toys, books, gifts etc. and working with children affected by cancer.

In the coming year, a CSR Oath is to be taken by all Blue Darters to capture the essence of Blue Dart's commitment to social issues and their eradication by being a conscious citizen and actively doing little things that count and make a cumulative 'big' impact on our communities.



DIRECTORS' REPORT

To the Members,

Your Directors have great pleasure in presenting the Eighteenth Annual Report of your Company for the year ended December 31, 2008.

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	For the year ended December 31, 2008	For the year ended December 31, 2007
Revenues		
Service Charges	97,447	80,872
Other Income	806	311
Less : Operating Expenses	84,935	68,083
Operating Profit (EBIDTA)	13,318	13,100
Less : Interest Cost (Net)	(214)	40
Depreciation /Amortisation	1,657	2,403
Earnings before tax	11,875	10,657
Less : Provision for Income tax (including FBT)	4,140	3,664
Earnings after tax	7,735	6,993
Profit & Loss A/c. balance brought forward	22,970	16,262
Profit available for appropriation	30,705	23,255
Proposed Dividend	237	237
Tax on Proposed Dividend	40	40
Tax on Dividend pertaining to earlier years	-	7
Transfer to General Reserves	-	-
	30,428	22,971

REVIEW OF PERFORMANCE

India's economy has been one of the best performers in the world economy in recent years, growing at around 9 per cent in 2006 and 2007. Growth had been supported by market reforms, huge inflow of FDI, rising foreign exchange reserves, both an IT and real estate boom, and a flourishing capital market.

However, the global economic crisis coupled with the onset of recession in major developed economies has left no country untouched by its impact. India faced challenging economic times in the year 2008 which ended on a somber note.

The slump in the economy was along with rising inflation which rose from 4.1% in January, 2008 to 12% in August, 2008. This, coupled with the depreciating rupee against US\$ over 20%, increase in the interest rates, falling exports, sharp decline in manufacturing growth and drop in foreign direct investments have been instrumental in creating an economic slowdown. The crude oil prices also touched its all time high of US\$ 146 a barrel during July, 2008 before sliding to US\$ 40 a barrel in January, 2009. To make it worse, India suffered terror attacks, further adding to the gloom.

The year 2008 was highly engaging, exciting and challenging year for your Company.

The softening trends that commenced in the first quarter of 2008 worsened towards the last quarter of the year, resulting in a deceleration in volume growths and thereby having an adverse impact on margins.

In 2008, Blue Dart completed 25 years of leading, innovating and delivering and we are all proud of it. Along the year, your Company incessantly focused on the core products, i.e., Domestic Priority and Dart Apex, whilst building on Dart Surfacerline to offer customers one-stop domestic express solutions and simultaneously strengthened Blue Dart's growing international express revenue.

During the year, your Company along with DHL Express and Blue Dart Aviation Ltd., achieved a key milestone by inaugurating a first-of-its kind integrated terminal at the Bengaluru International Airport Ltd. (BIAL) that will help synergize the domestic and international express operations of both businesses in south India. This facility of 220,757 sq.ft. is expected to provide faster clearance and seamless handling of in-bound and out-bound international and domestic shipments, which will further strengthen unparalleled global and domestic delivery network of DHL Express and Blue Dart Express Ltd. The facility augments the dedicated aviation network which is one of its kind in the country, with its own maintenance, ground handling and airside-cum- cityside operations capabilities. Similarly, operations commenced from Hyderabad International Airport Ltd. (HIAL) with effect from March 23, 2008. The construction for the permanent facility is in progress.

In order to further consolidate and strengthen infrastructure, the Company also proposes to set up similar facilities at Delhi International Airport Ltd., Mumbai International Airport Ltd. and at Chennai and Kolkata Airports.

Other initiatives undertaken during the year were the implementation of a project involving pick-ups and deliveries being handled by Blue Dart for DHL customers from the territories not having DHL network, setting up systems to tap domestic leads from DHL Express International sales team, launch of Intra-SAARC Road Express.

DIRECTORS' REPORT

During the year, your Company added 50 new facilities, taking the total number of facilities to 307 with a ground fleet of over 5,658 vehicles, 50 domestic warehouses and 10 express hubs.

Your Company also enhanced during the year its equity stake in Blue Dart Aviation Ltd. from 40% to 49% by investing over 631 lacs in its equity.

Despite global downturn and financial turmoil, your Company recorded a growth of 20.49% in the Income from operations. Even though the year 2008 was of a substantial investment and expansion, your Company posted profit after tax of Rs. 7,735 lacs, as compared to Rs. 6,993 lacs for the year ended December 31, 2007.

Your Company has been certified to the ISO 9001 standards since 1996 and has been successfully re-certified in September 2008 for 3 years, to the new global ISO 9001-2000 standards for "design, management and operations of countrywide express transportation and distribution services within the Indian sub-continent and to international destinations serviced through multinational express companies."

TRANSFER TO RESERVES

This year, your Company does not propose to transfer any amount to General Reserves. An amount of Rs. 30,428 lacs is proposed to be carried forward to the Profit & Loss Account.

DIVIDEND

Your Directors are pleased to recommend a dividend of Re. 1/- per equity share of Rs.10/- each.

Your Directors wish to conserve resources for future expansion and growth of the Company.

The dividend, once approved by the members at the ensuing Annual General Meeting, will be paid out of the profits of the Company for the year and will sum up to a total of Rs. 277 lacs, including dividend distribution tax, as compared to Rs.277 lacs in the previous year.

OPERATIONS REVIEW

Your Company is South Asia's premier courier and integrated express package distribution Company, offers secure and reliable delivery of consignments to over 21,000 locations in India, and to over 220 countries worldwide through its Sales Alliance with DHL Express (India) Pvt. Ltd.

Your Company, today, stands as the unrivalled leader in the domestic express industry. Currently, the Indian air express industry is pegged at Rs.6,551 crores. Blue Dart commands 41.7% market share in the organised domestic air express segment, while in the 'ground' segment, it has grown from 5.8% to 8%. Your Company since inception has invested in building an infrastructure which remains unmatched in the country and South Asia region. Your Company has an extensive reach across the complex Indian geography and beyond, domestic warehouses, a fleet of four B757s and three B737 freighter aircraft

offering a revenue payload of 300 tonnes per night, a flotilla of over 5,658 vehicles, over 300 Business Associates, 350 combined retail counters, over 12.2 lacs square feet of facility space and over 6,300 committed and trained employees driven by a unified passion of delivering service excellence and value.

During the year under review, your Company carried over 790 lacs domestic shipments and over 7 lacs international shipments weighing over 231,900 tonnes.

Your Company recently introduced another value added services for its customers by providing them instant information by transmitting SMSes to them instead of leaving a 'Sorry Card' for undelivered shipments and the information is available right on the mobile.

AVIATION SYSTEM

The Company's ACMI Contract with Blue Dart Aviation Limited, its Associate Company, for dedicated air carriage capacities helped to sustain Blue Dart's leadership position despite severe turbulence in the Indian aviation segment, with infrastructure and human resources failing to cope with the demands of numerous low-cost start-up carriers.

Blue Dart Aviation Ltd. posted an excellent technical despatch reliability (TDR) of 99.20% for the B737 and 99.53% for the B757 fleet, with an overall TDR of 99.40%, during the year. Blue Dart Aviation has also posted On-Time Performance (OTP) of 77.25% for the B737 and 75.88% for the B757 fleet, with an overall OTP of 76.40%. In keeping with the plans for expansion during the year, Blue Dart Aviation successfully inducted one Boeing 757-200 freighter bringing its total fleet strength to seven freighters – four Boeing 757-200 and three Boeing 737 aircraft, taking its air capacity to 300 tonnes per night across sixty route connections.

During the year, Blue Dart Aviation Ltd. successfully carried out four numbers of 'C' checks on our B737 and B757 freighters in-house.

Blue Dart Aviation Ltd. strengthened its investment in the integrated air-side facility at the Bengaluru International Airport.

FACILITIES

During the year, your Company has successfully added 50 new facilities, taking total number of facilities to 307, with a total area of over 12.2 lacs sq.ft. across the country. Your Company plans to further strengthen its infrastructure, including its air and ground fleet.

FINANCE

The Company successfully went live with Navision, a Microsoft financial ERP, which has been specially customized and enhanced to suit the Company's requirements. This Financial Accounting Package is an integrated Central Package and ensures single source of data for majority of the financial MIS and reporting requirements which will increase quality and integrity of data, and over a period of time, enhance productivity and manpower efficiency.

DIRECTORS' REPORT

During the year, your Company efficiently used temporary excess funds by investing into various liquid schemes of mutual funds for an optimum working capital management.

Your Company has a healthy liquidity position and is a zero debt Company. Effective financial management continues to maintain a healthy position with 'nil' borrowings.

Your Company's Day Sales Outstanding (DSO) was 34.74 days during the year which is within the benchmarks laid down by the Global Parent Group, despite adverse liquidity scenario and delays in receiving payments.

The Company's Earning Per Share was Rs.32.60 for the year 2008 as compared to Rs. 29.47 for the year 2007 resulting into increase of Earning Per Share by 10.62%.

CREDIT RATING

Your Company continues to enjoy the highest credit quality rating for its commercial paper programme/ short-term debt programme:

1. "A1+" (A one plus) assigned by ICRA Ltd. (an Associate of Moody's Investors Service) for Company's commercial paper/ short term debt programme of Rs.2,500 lacs (outstanding - nil). The rating indicates highest safety.
2. "F1+(ind)" (F one plus (ind)) assigned by Fitch Ratings India Private Ltd. for the Company's short-term programme of Rs. 3,000 lacs (outstanding - nil), indicating very high certainty of timely payment.

SUBSIDIARY AND ASSOCIATE COMPANY

The audited statements of accounts for the year ended December 31, 2008 of Concorde Air Logistics Ltd., the Company's Wholly-owned Subsidiary, together with the reports of Directors' and Auditors, as required pursuant to the provisions of Section 212 of the Companies Act, 1956, are attached.

The Consolidated Financial Results represents those of Blue Dart Express Limited and its Wholly-owned Subsidiary, viz. Concorde Air Logistics Ltd. and its Associate Company, Blue Dart Aviation Ltd. The Company has consolidated its results based on the Accounting Standard on Consolidation of Financial Statements (AS-21) and Accounting Standard on Accounting for Investments in Associates in Consolidated Financial Statements (AS-23) issued by the Institute of Chartered Accountants of India.

DHL EXPRESS (SINGAPORE) PTE. LTD., PROMOTER SHAREHOLDER

As you are aware, DHL Express (Singapore) Pte. Ltd. holds 81.03% of the Equity Capital of the Company. The acquisition of majority shares by DHL Express (Singapore) Pte. Ltd., during the year 2005, provides

the Company and its customers with a firm strategic advantage. The service offerings that would emanate from both organisations cover the entire spectrum of distribution within India and, between India and the rest of world. Blue Dart is a leading brand in the country with an unmatched domestic network, infrastructure and people. DHL is an acknowledged global leader with a strong and long-standing presence in India. Together, both present a powerful backbone to business and trade success for India and its trading partners.

OUTLOOK FOR THE FUTURE

Your Company is ideally placed in the Indian market to facilitate trade and commerce in our country, with trained and committed employees, the latest state-of-the-art technology, integrated air and ground infrastructure, wide geographical coverage to support India's growth and development, distribution and third party logistics and supply-chain management needs of the Industry.

The year 2009 will be challenging year, a year of bracing adjustment to a changed world and will need the best out of each one of us.

In 2009, your Company will continue to focus on delivering value through its strong aviation and ground network, domestic and international reach, market leading transit times, superior technology, dedicated people and improved customer relations, stronger delivery services and enhancing Company's brand value. Your Company is committed to new product development and strengthen Blue Dart – DHL synergies. Your Company shall also focus on cost reduction and financial discipline. Your Company believes that while focus on driving core revenues and keeping costs down is important, success will come by ensuring that service quality through our highly engaged and passionate people remains of the highest order.

Your Company plans to consolidate its position in the ground express services, without losing commitment to air express product, which would continue to be one of its key offerings. Your Company foresees both the products complimenting each other and thereby enabling the Company to acquire maximum market share. The Tier II and Tier III cities offer increasing opportunities for Blue Dart's Surfaceline. Owing to the growing affluence of consumers, these areas witnessed rapid growth in demand in the recent past. The emergence of SEZs, EPUs and IT parks also present exciting prospects for our new service.

Your Directors look forward to improved performance over the coming years.

AWARDS AND RECOGNITIONS

Our innumerable efforts in the pursuit of endless excellence have been recognised throughout the year 2008. We have been honoured with various prestigious awards and recognitions and it is heartening to note that numerous industry bodies and customers validate our stupendous efforts.

DIRECTORS' REPORT

Blue Dart was honoured as one of the "Best under a Billion" companies listed by Forbes Asia, 2008. It is a matter of great pride to be listed as the only company from the 'Air and Ground Transportation of time-sensitive packages' category. Forbes Asia's annual "Best under a Billion" list draws from over 24,155 publicly listed companies in the Asia-Pacific. Those with less than \$1 billion in sales are vetted for consistent growth of both sales and profits, over three years.

We were voted a Superbrand, fourth time in a row. For the third consecutive year, we became the recipient of the Reader's Digest Most Trusted Brand Gold Award.

Your Company has been listed twice in the Dun & Bradstreet top 500 companies in India.

Blue Dart has been awarded the NDTV Business Leadership Award 2008 and was shortlisted amongst top 25 best managed companies in India by E & Y – BT.

The 'Asia Brand Congress 2008 Awards for Brand Excellence' awarded Blue Dart the 'Brand Leadership Award'. The Award for Brand Leadership is presented to a brand that has attained a leadership position through its overall marketing strategy and, has adhered to the highest business standards. Thus, brand strategies, creativity and ability to satisfy customers through quality of products offered are the parameters for this Award.

DIRECTORS

Consequent to the presence of Mr. Greg Tanner, Director, at the Board Meetings of the Company held on February 11, 2008, April 22, 2008, July 31, 2008 and October 21, 2008, Mr. Thomas Murphy, an Alternate Director to Mr. Greg Tanner, had ceased to be a Director under the statutory provisions of the Companies Act, 1956, and was re-appointed by the Board as an Alternate Director to Mr. Greg Tanner with effect from February 12, 2008, April 23, 2008, August 1, 2008 and October 22, 2008, respectively.

Mr. Greg Tanner, Nominee Director of DHL Express (Singapore) Pte. Ltd., tendered his resignation as a Director with effect from December 23, 2008. The Board accepted his resignation and placed on record, its sincere appreciation and thanks for his valuable contribution during his tenure as a Director.

Consequently, Mr. Thomas Murphy, an Alternate Director to Mr. Greg Tanner, ceased to be a Director with effect from December 23, 2008, under the statutory provisions of the Companies Act, 1956. The Board accepted his resignation and placed on record its sincere appreciation and thanks for his valuable contribution during his tenure as an Alternate Director to Mr. Greg Tanner.

Mr. Daniel McHugh, a nominee of DHL Express (Singapore) Pte. Ltd., was appointed as an Additional Director with effect from December 23, 2008.

Mr. Daniel McHugh holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under the provisions of Section 257 of the Companies Act, 1956 for the appointment of Mr. Daniel McHugh as a Director of the Company. The resolution seeking approval of the shareholders for his appointment has been incorporated in the Notice of the forthcoming Annual General Meeting along with brief resume of Mr. Daniel McHugh.

Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd., was appointed as an Alternate Director to Mr. Daniel McHugh with effect from January 31, 2009.

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.

AUDIT COMMITTEE

The Company has an Audit Committee comprising three Non-Executive Directors, viz. Mr. Sharad Upasani, Mr. Malcolm Monteiro and Mr. Suresh Sheth.

The Chairman of the Committee is Mr. Sharad Upasani.

Mr. Tushar Gunderia, Company Secretary, acts as the Secretary to the Audit Committee.

The terms of reference of the Audit Committee are in accordance with the provisions of Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the Listing Agreement pertaining to corporate governance norms.

Mr. Malcolm Monteiro has been appointed as a Member of the Audit Committee with effect from December 23, 2008 in place of Mr. Greg Tanner.

The permanent invitees to the Audit Committee are Mr. Anil Khanna, Managing Director and Mr. Yogesh Dhingra, Finance Director and Chief Operating Officer.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- (i) that in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;

DIRECTORS' REPORT

- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

LISTING ARRANGEMENT

The Company's equity shares are listed on The Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. (NSE). The Company has paid its Annual Listing fees to the above stock exchanges for the Financial Year 2008 – 2009.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance. Your Company adheres to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and has implemented all the stipulations prescribed.

We believe that Corporate Governance is at the heart of the Shareholders value creation.

In recognition of good Corporate Governance practices adopted by the Company, Blue Dart, for the second time in a row, was selected as one of the top 25 Companies adopting good Corporate Governance practices by the Institute of Company Secretaries of India. This validates the high standards of Corporate Governance adopted by us.

A separate Section on Corporate Governance, along with a certificate from the Auditors confirming compliance is annexed and forms part of the Directors' Report.

Management Discussion and Analysis Report forms an integral part of this Report and is set out as a separate Section to this Annual Report.

CEO AND CFO CERTIFICATION

In accordance with the provisions of the Listing Agreement pertaining to Corporate Governance norms, Mr. Anil Khanna, Managing Director and Mr. Yogesh Dhingra, Finance Director and Chief Operating Officer, have certified inter-alia, about reviewing of financial statements and establishing and maintaining internal controls for financial reporting for the year ended December 31, 2008. The said certificate forms an integral part of the Annual Report.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits under the provisions of Section 58A of the Companies Act, 1956.

AUDITORS

The Statutory Auditors, M/s. Price Waterhouse, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received necessary certificate from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Board of Directors recommends re-appointment of M/s. Price Waterhouse as Statutory Auditors of the Company.

HUMAN RESOURCE DEVELOPMENT

Employees are vital to the Company. Our 'People' Philosophy and harmonious employee relations continues to prevail in the Company. Competent human resource is the key to success in creating a superior value proposition and meeting rising customer expectations. The Company continues its focus on training and development of people through internal and external management development programmes.

During the last year, the Company implemented people-friendly policies like Mediclaim policy, salary fitments and promotions.

During the year 2008, the Employees Satisfaction Survey mean score also rose notably to 4.58 (on a scale of 1 to 5) from the previous year's mean score of 4.56, and pride in the Company, once again, emerged with the highest mean score of 4.87 validating the employees commitment and passion towards their Company. We also introduced two new dimensions in the Employee Satisfaction Survey to measure awareness on First Choice and Employee engagement which received high scores of 4.61 and 4.58 respectively.

EMPLOYEES

Information on the particulars of employees' remuneration as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company, excluding the Statement of Particulars of Employees which is available for inspection at the Registered Office of the Company during working hours. Any shareholder interested in such particulars may inspect the same.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

The particulars regarding foreign exchange earnings and expenditure are annexed hereto as Annexure "A" and forms part of this Report. Since your Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors' Rules, 1988) are not applicable.

DIRECTORS' REPORT

CORPORATE SOCIAL RESPONSIBILITY

Your Company as a socially responsible corporate has undertaken numerous steps to give back to the society, in whatever small way it can.

Corporate social responsibility is a concept with a growing currency within India and around the globe. Your Company has opted for "Vocational Training" as its core Corporate Social Responsibility (CSR) Programme. Your Company appointed Imprimis Life PR as its consulting agent to assist in this programme.

The Company has initiated 'Blue Edge' Programme, an initiative which imparted vocational training to the under privileged youth. The first batch of Blue Edge was held from February 2008 to May 2008 in which 35 students participated and training was given on English Speaking, Computer Training and Customer Orientation.

On 'Environment Day' saplings were planted within the office premises. The Company is also making conscious efforts to save electricity by switching off lights during the lunch break.

The Company, in association with DHL, had organised Volunteer's Day on 8th and 9th August, 2008 in which more than 2,000 employees across Delhi, Mumbai, Hyderabad, Bangalore, Kolkata, Chennai and Ahmedabad had participated. The following four social initiatives were organised in Mumbai.

- Coastal Road Clean Up
- Best of Waste: Recycle Paper
- Nature Touch-Sapling Plantation & De-weeding
- Blood Donation

On 24th September, 2008, the Company had organised a ceremony, viz. 'Graduation Day' at the Headquarters to felicitate 39 students who had successfully completed the second batch of the "Blue Edge"

Programme. On 22nd January, 2009, the Company had again organised 'Graduation Day' at the Headquarters to felicitate third batch of the "Blue Edge" Programme.

The Company is also focusing on a 'Go Green initiative' for protecting and nurturing the environment.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, suppliers, banks, financial institutions, solicitors, advisors, the Government of India and the concerned State Governments and other government departments and the government agencies for their consistent cooperation to the Company.

The Directors also wish to place on record their appreciation of the hard work, dedication and commitment of the employees and for their commendable teamwork and professionalism. The enthusiasm and unstinting efforts of the employees has enabled the Company to continue to be a leading player in the Express Industry.

And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have always placed in us.

For and on behalf of the Board of Directors,

Sharad Upasani
Chairman

Anil Khanna
Managing Director

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Mumbai,
February 24, 2009

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 'A'

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

A) Conservation of Energy : Not applicable

B) Technology Absorption : Not applicable

C) Foreign Exchange Earnings and Outgo :

Earnings in Foreign Currency

Earnings in foreign currency during the year were Rs. 529.85 lacs (previous year – Rs.673.53 lacs)

Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs. 39.95 lacs (previous year – Rs. 85.39 lacs)

REPORT ON CORPORATE GOVERNANCE

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. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability throughout the organisation.

The Board of Directors of the Company continues to lay great emphasis on the broad principles of Corporate Governance. For Blue Dart, Corporate Governance is a continuous journey, seeking to provide an enabling environment to harmonise the goals of maximizing stakeholder value and maintaining a customer-centric focus.

The basic philosophy of Corporate Governance at Blue Dart is to achieve business excellence and to create and enhance the value for its Shareholders, Customers, Employees and business associates and, thereby, to make a significant contribution to the economy. Blue Dart Corporate Governance principles uphold its standing at the forefront of Corporate Governance best practices. The Company endeavours to achieve the highest levels of transparency, accountability, integrity and responsibility and continues to focus on good corporate governance, in line with local and global standards.

Corporate Governance is a necessary tool for economic health of a company and more importantly, for society at large. As a responsible corporate citizen, the Company complies with the applicable laws of the land in letter as well as in spirit.

In recognition of the good Corporate Governance practices adopted by the Company, Blue Dart, for the second time in a row, was selected as one of the top 25 companies adopting good Corporate Governance practices, by the Institute of Company Secretaries of India. This validates the high standards of Corporate Governance adopted by us.

2. Board of Directors

Consequent to the presence of Mr. Greg Tanner, the Director, at the Board Meetings of the Company held on February 11, 2008, April 22, 2008, July 31, 2008, October 21, 2008, Mr. Thomas Murphy, an Alternate Director to Mr. Greg Tanner, ceased to be a Director under the statutory provisions of the Companies Act, 1956, and he was re-appointed by the Board as an Alternate Director to Mr. Greg Tanner, with effect from February 12, 2008, April 23, 2008, August 1, 2008 and October 22, 2008, respectively.

Mr. Greg Tanner, Nominee Director of DHL Express (Singapore) Pte. Ltd. resigned as a Director with effect from December 23, 2008. Consequently, Mr. Thomas Murphy, an Alternate Director to Mr. Greg Tanner, ceased to be a Director with effect from December 23, 2008, under the statutory provisions of the Companies Act, 1956.

Mr. Daniel McHugh has been appointed as an Additional Director with effect from December 23, 2008.

Daniel McHugh is the Chief Executive Officer (CEO) of DHL Express Asia Pacific and chairs the Company's Asia Pacific Management Board.

Prior to his appointment as CEO, he was a Senior Vice President – Commercial, for the Express business in the region, responsible for the commercial functions of sales, marketing, pricing, market research, product development and customer service.

Mr. McHugh has spent the majority of his 27-year career in Asia, in the transportation, supply chain and investment banking sectors. Prior to joining DHL Express, Mr. McHugh was a Senior Executive with Vietnam Partners, a New York-based investment bank. He also previously worked for APL Ltd., a subsidiary of Singapore-based Neptune Orient Lines, both as President of Asia and Middle East, as well as Executive Vice President of Sales and Marketing. He has lived in Tokyo, Hong Kong, Bangkok, Dubai and Singapore.

Mr. McHugh is active with charitable organisations both in the USA and in Asia. He is the Chairman of Vietnam-based Asia Injury Prevention Foundation. He has also served as Vice Chairman of the Singapore Sports Council for the Disabled. He has been on the Boards of several business and industry associations, including GT Nexus (Alameda, CA); Vostochny International Container Services, Vostochny, Russia; and the US-ASEAN Business Council, Washington D.C., and is currently on the Board of Directors for a number of companies, such as Express Couriers Australia Pty. Ltd., Express Couriers Limited, etc. and also on the Board of Advisors for Vietnam Partners Limited.

Mr. McHugh graduated from Loras College with a degree in Business Administration and Literature, and holds an MBA from the Fuqua School of Management at Duke University.

Mr. Christopher Ong has been appointed as an Alternate Director to Mr. Daniel McHugh with effect from January 31, 2009.

Mr. Christopher Ong is currently Vice President - Business Development and Strategy for DHL Asia Pacific. Mr. Christopher Ong is responsible for Mergers and Acquisitions, Partnerships and Strategic Planning in the region. Prior to joining DHL in 2006, Mr. Christopher Ong spent about 10 years with Temasek Holdings, a Singapore Government owned Sovereign Wealth Fund, where he was responsible for originating, evaluating and executing investments as well as managing and restructuring companies around the globe. He has been involved in transactions in the Transport, Logistics, Telecom, Media, Technology, and Manufacturing sectors.

Mr. Christopher is a graduate in Mechanical Engineering from Tufts University, Boston.

REPORT ON CORPORATE GOVERNANCE

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.

As on December 31, 2008, 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 Members possess adequate experience, expertise and skills necessary to manage affairs of the Company in the most efficient manner. The Board acts with autonomy and independence in exercising 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.

The Board Members are presented with all relevant information on vital matters affecting working of the Company as well as those

which require deliberations at the highest level. It is ensured that the information, as required under Annexure I to the provisions of Clause 49 of the Listing Agreement, is being made available to the Board Members.

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 is sent 15 days in advance, and the Board Agenda with detailed enclosures are sent at least 7 days in advance to all Directors.

During the year under review, four Board Meetings were held, viz. February 11, 2008, April 22, 2008, July 31, 2008 and October 21, 2008.

The details of attendance of each Director at the Board Meetings, last Annual General Meeting, and the 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	4	Yes	1	Nil	Nil
Mr. Anil Khanna	Executive Director	Managing Director	4	Yes	Nil	1	Nil
Mr. Malcolm Monteiro	Non-Independent & Non-Executive Director	Director	4	Yes	Nil	Nil	Nil
Mr. Clyde Cooper	Non-Independent & Non-Executive Director	Director	3	Yes	1	1	Nil
Mr. Greg Tanner *	Non-Independent & Non-Executive Director	Director	4	Yes	Nil	Nil	Nil
Mr. Suresh G Sheth	Independent & Non-Executive Director	Director	4	Yes	2	Nil	Nil
Mr. Thomas Murphy**	Non-Independent & Non-Executive Director	Alternate Director	Nil	No	1	Nil	Nil
Mr. Daniel McHugh***	Non-Independent & Non-Executive Director	Director	Nil	No	Nil	Nil	Nil

* Mr. Greg Tanner, Nominee Director of DHL Express (Singapore) Pte. Ltd. resigned as a Director with effect from December 23, 2008.

** Consequent to resignation of Mr. Greg Tanner as a Director with effect from December 23, 2008, Mr. Thomas Murphy, an Alternate Director to Mr. Greg Tanner, ceased to be a Director with effect from December 23, 2008.

*** Mr. Daniel McHugh, Nominee Director of DHL Express (Singapore) Pte. Ltd. has been appointed as an Additional Director with effect from December 23, 2008.

Notes: 1) Mr. Thomas Murphy ceased to be an Alternate Director to Mr. Greg Tanner on February 11, 2008, April 22, 2008, July 31, 2008 and October 21, 2008 respectively and was re-appointed by the Board as an Alternate Director to Mr. Greg Tanner with effect from February 12, 2008, April 23, 2008, August 1, 2008 and October 22, 2008 respectively.

2) Mr. Christopher Ong, Nominee Director of DHL Express (Singapore) Pte. Ltd. has been appointed as an Alternate Director to Mr. Daniel McHugh, with effect from January 31, 2009.

REPORT ON CORPORATE GOVERNANCE

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 in its Board Meeting held on May 8, 2001. 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 are Mr. Anil Khanna, Managing Director and, Mr. Yogesh Dhingra, Finance Director & Chief Operating Officer.

Mr. Malcolm Monteiro was appointed as the member of the Audit Committee consequent to the resignation of Mr. Greg Tanner with effect from December 23, 2008.

The 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 inter-alia includes the following:

- (a) Overseeing the financial reporting process and ensuring correct disclosure of financial information.
- (b) Reviewing with management, the annual financial statements that specially emphasize on accounting policies and practices, compliance with the accounting standards, qualifications, if any, in the draft audit report and other legal requirements concerning financial statements.
- (c) Reviewing the Company's financial and risk management policies.
- (d) Reviewing adequacy of 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 External and Internal Auditors and recommendation of their fees.
- (f) Reviewing the findings of any internal investigations 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 submission to the Board for its approval.

- (h) Reviewing related party transactions.
- (i) Approval for payment to statutory auditors for any other services rendered by the statutory auditors.
- (j) Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems.
- (k) Reviewing structure of 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 thereon.
- (m) Discussions with statutory auditors before the audit commences, about the nature and scope of audit, as well as post-audit discussion, to ascertain any areas 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, six Audit Committee Meetings were held, viz. February 11, 2008 (two meetings), April 22, 2008, July 31, 2008 (two meetings) and October 21, 2008.

The constitution of the Audit Committee and other related information as on December 31, 2008, is as under:

Names of Director	Position	No. of Meetings	
		Held	Attended
Mr. Sharad Upasani	Chairman	6	6
Mr. Greg Tanner *	Member	6	6
Mr. Suresh G Sheth	Member	6	6
Mr. Malcolm Monteiro **	Member	N.A.	N.A.

* Mr. Greg Tanner tendered his resignation as a Director with effect from December 23, 2008.

** Mr. Malcolm Monteiro has been appointed as a member with effect from December 23, 2008, in place of Mr. Greg Tanner.

4. Compensation Committee

The Board of Directors of the Company had constituted 'Compensation Committee' of the Directors in 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.

REPORT ON CORPORATE GOVERNANCE

The details of attendance of each Member at the Compensation Committee Meetings held during the year 2008, 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. Greg Tanner *	Member	1	1
Mr. Malcolm Monteiro **	Member	N.A.	N.A.

* Mr. Greg Tanner tendered his resignation as a Director with effect from December 23, 2008.

** Mr. Malcolm Monteiro has been appointed as a Member with effect from December 23, 2008, in place of Mr. Greg Tanner.

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 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 Rs. 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 Rs.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 amended 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 has done Masters in Commerce and LLB from Mumbai University and also holds MBA degree from USA. He is now giving Consultancy on Corporate Law matters and acts as Arbitrator in corporate disputes. Mr. Suresh Sheth, the Independent Director is a Commerce graduate from Sydenham College, and a Fellow Chartered Accountant (FCA) and a Member of the Institute of Chartered Accountants for the past 38 years. Mr. Sheth is a partner in the firm of Chartered Accountants, viz. M/s. Sheth & Company. His area of specialization is Audit, Taxation and Financial Consultancy.

In the meeting of shareholders of the Company held on April 27, 2006, shareholders had approved payment of commission to Non-Executive Directors, not exceeding 1% of Net Profit of the Company

in accordance with the provisions of Companies Act, 1956. For the valuable contribution by way of advice for various project works, from time to time, the Company pays 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 Companies Act, 1956.

During the year, the Company paid commission to Air Marshal S.S.Ramdass (Retd.) (since resigned) and Mr. Suresh Sheth, Non-Executive Directors, aggregating to Rs.20 lacs for the year ended December 31, 2007.

The Compensation Committee Meeting of the Company was held on February 11, 2008, to consider and recommend revision in the remuneration of Mr. Anil Khanna, Managing Director of the Company.

In terms of Agreements executed with the Company, details of the terms of remuneration payable to 'Executive Directors' are as under:

1. a) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2007 to March 31, 2008)

Basic	-	Rs. 3.20 lacs per month
HRA	-	Rs. 0.33 lacs per month
Special Allowance	-	Rs.1.90 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.

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 the remuneration as specified under Schedule XIII to the Companies Act, 1956.

- (iii) Superannuation at a rate of 15%. Such contribution to Superannuation Fund will not be included in the computation of a ceiling on the perquisites to the extent not taxable under the provisions of 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 the remuneration as specified under Schedule XIII to the Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE

(v) In addition to the above, the following amounts will be reimbursed:

- a) Running and maintenance expenses of a motorcar for official purposes including motorcar insurance.
- b) Telephone expenses at residence for official purposes.
- (vi) Coverage under the 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) Managing Director would be entitled to an incentive payment, based on the achievement of profitability levels for the year ended December 31, 2007, up to a maximum of Rs.70 lacs.
- (x) Increment for each year from April 2008, shall be determined by the 'Compensation Committee' and shall be subject to the approval of the Board of Directors and by members of the Company in 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 Rs.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.

1. b) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2008 to March 31, 2009)

Basic	- Rs. 4.15 lacs per month
HRA	- Rs. 0.75 lacs per month
Special Allowance	- Rs.1.90 lacs per month

Save and except as indicated hereinabove, other remuneration terms of Mr.Khanna, Managing Director, remain the same as indicated herein above in 1(a).

1. c) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2009 to March 31, 2010)

Basic	- Rs. 4.15 lacs per month
HRA	- Rs. 0.75 lacs per month
Special Allowance	- Rs.1.90 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 at a rate of 15%. Such contribution to the Superannuation Fund will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.
- (iv) Encashment of unavailed leave at the end of each year. Such amount will not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956.
- (v) Re-imbursement of telephone expenses at residence for official purposes.
- (vi) Company will provide 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) Managing Director shall be entitled to an incentive payment, based on the achievement of profitability levels for the year ended December 31, 2009, up to a maximum of Rs.70 lacs.
- (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 in 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 Rs.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 under Schedule XIII to the Companies Act, 1956, or any re-enactment thereof.

REPORT ON CORPORATE GOVERNANCE

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 the Directors and Board of Directors of the Company are authorised to decide the remuneration of the Whole – Time Directors, subject to the 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 and commission, as per their internal guidelines.

None of the Directors held 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 transfers and transmission of shares, split and consolidation of share certificates. The Committee also monitors the redressal of complaints received from shareholders relating to transfer/transmission of shares, non-receipt of annual reports, 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 'Compliance Officer' under the provisions of Listing Agreements entered into with the Stock Exchanges.

During the year under review, 171 correspondences were received from investors. All Investors correspondences have been attended to expeditiously.

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, 2008.

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 / Non-Receipt of Dividend Warrants	77	77
Non-Receipt of Share certificate / Transfer / Transmission	11	11
Change of Address	22	22
Request for loss / duplicate/ replacement of Share Certificates	25	25
Others *	36	36
Total	171	171

* Others include correspondence pertaining to updating of new signatures, non-receipt of rejected dematerialization 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.

The Company and the Registrar & Transfer Agents 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, 2008.

M/s. Link Intime India Private Limited (erstwhile known as Intime Spectrum Registry Limited) are the Registrars and Share Transfer Agents 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 'Blue Dart Code of Conduct for Prevention of Insider Trading and the Code for Corporate Disclosure Practices' and the same is strictly adhered to by all the designated personnel notified for the purpose of application of the aforesaid Code.

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

REPORT ON CORPORATE GOVERNANCE

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	Date	Time	Location
December 31, 2005	27.04.06	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099
December 31, 2006	17.04.07	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099
December 31, 2007	22.04.08	4:30 p.m.	Hotel Le Royal Meridien, 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 is proposed to be passed by 'postal ballot'.
- c) The following Special Resolutions were passed by the members during the previous three Annual General Meetings:

At the Annual General Meeting held on April 22, 2008:

No Special Resolutions were passed.

At the Annual General Meeting held on April 17, 2007:

No Special Resolutions were passed.

At the Annual General Meeting held on April 27, 2006:

To approve payment of remuneration in the form of a commission to Non-Executive Directors of the Company for the period of five years with effect from August 1, 2006.

7. Subsidiary Company

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

The Company monitors the 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.

- ★ Minutes of the Board Meetings of the subsidiary company are placed before the Board Meeting of the Company.
- ★ 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 of the company on the Board of its subsidiary company.

8. Disclosures

None of the transactions entered into by the Company with any of the related parties were in conflict with the interests of the Company.

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

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures.

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 integrated transportation and distribution industry in the country. The cornerstone of our success has been our people who have been led by our 'Guiding Principles'.

The Board of Directors of the Company has laid down a 'Code of Conduct' for all 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 Senior Management have affirmed compliance with the provisions of the 'Code of Conduct' for the year ended December 31, 2008.

The Company has a "Grievance Redressal Program" (GRP) which can be used by all the employees. The GRP affirms an employee's right to appeal on any eligible issue through a process of systematic review by progressively higher levels of management. The process guarantees that the issue raised by the employee is reviewed and addressed, resulting in a decision within the guidelines defined. The Company is in process of formalising Whistle Blower Policy. No personnel of the Company were denied access to the Audit Committee.

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, Company Secretary is a compliance Officer. This Code of Conduct is applicable to all Directors and such identified employees of the Company who are expected to have access to 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

CEO and CFO certification on the Financial Statements, Cash Flow Statement and Internal Control System for financial reporting for the year ended December 31, 2008, is provided in the Annual Report in terms of the provisions of the Stock Exchange Listing Agreements.

12. Means of Communication

The Quarterly, Half-yearly and Yearly results are published in 'The Economic Times' and regional language newspapers. The financial results and press releases are also immediately posted on the Company's website, viz. www.bluedart.com.

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

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 the queries, if any, are replied immediately.

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

In terms of the provisions of Clause 51 of the Listing Agreement pertaining to 'Electronic Data Information Filing and Retrieval' (EDIFAR) System, the requisite quarterly financial results, Corporate Governance Reports, Shareholding Pattern Statements and Annual Financial Statements are posted immediately on the website, viz. www.sebiedifar.nic.in.

13. General Shareholders Information

Annual General Meeting : April 15, 2009 at 4:30 p.m. at Hotel Le Royal Meridien, Chancellor I, Sahar Airport Road, Andheri (East), Mumbai – 400 099

Financial Year

January 1 to December 31

Financial Calendar
(tentative and subject to change)

	Schedule of Board Meetings	Date
	First Quarter ending March 31, 2009	April 15, 2009
	Second Quarter & Half-Year ending June 30, 2009	July 14, 2009
	Third Quarter ending September 30, 2009	October 16, 2009
	Last Quarter & Year ending December 31, 2009	January 28, 2010

Financial Calendar :
(tentative and subject to change)

	Schedule of Audit Committee Meetings	Date
	First Quarter ending March 31, 2009	April 15, 2009
	Second Quarter & Half-Year ending June 30, 2009	July 14, 2009
	Third Quarter ending September 30, 2009	October 16, 2009
	Last Quarter & Year ending December 31, 2009	January 28, 2010

Book Closure period

April 8, 2009 to April 15, 2009

Dividend Payment Date

: April 17, 2009

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 2008–2009)

Stock market Performance

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

ISIN : INE233B01017

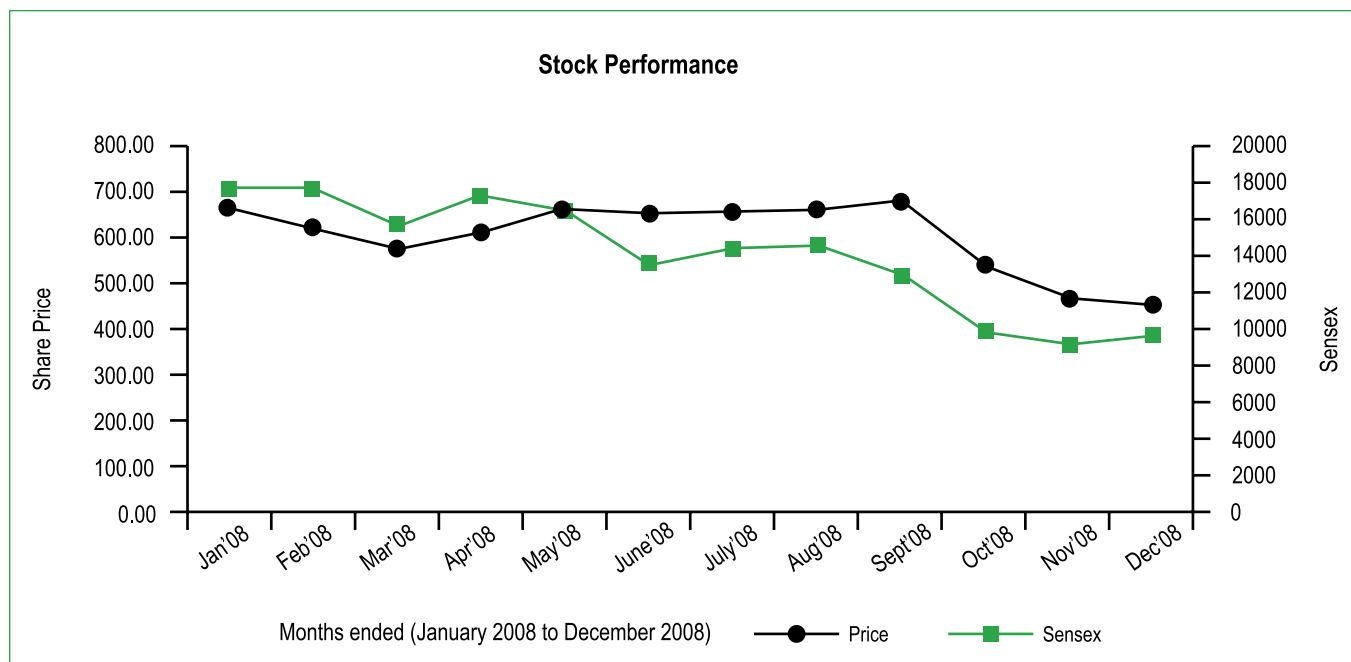
REPORT ON CORPORATE GOVERNANCE

Stock Market Data:

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

Year - 2008		BSE		NSE	
		High	Low	High	Low
January	- 2008	800.00	523.00	815.00	528.00
February	- 2008	682.00	557.20	731.80	557.00
March	- 2008	690.00	455.00	682.95	470.05
April	- 2008	746.00	465.00	745.00	472.50
May	- 2008	700.00	611.00	700.00	590.10
June	- 2008	684.00	611.00	692.80	613.90
July	- 2008	668.95	635.00	690.00	631.00
August	- 2008	675.00	635.00	678.00	633.00
September	- 2008	748.00	600.00	674.85	582.00
October	- 2008	664.00	401.50	647.80	406.00
November	- 2008	520.00	406.10	535.00	385.00
December	- 2008	489.65	407.00	507.50	400.50

Stock Price Performance in comparison to the BSE Sensex :



REPORT ON CORPORATE GOVERNANCE

Registrar & Share Transfer Agent : M/s.Link Intime India Private Ltd.
(erstwhile Intime Spectrum Registry 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

Share Transfer System : The 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, 2008

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 – 500	4,776	94.03	505,654	2.13
501 – 1000	143	2.82	114,082	0.48
1001 – 2000	73	1.43	111,811	0.47
2001 – 3000	17	0.34	42,763	0.18
3001 – 4000	12	0.24	41,320	0.17
4001 – 5000	9	0.18	42,110	0.18
5001 – 10000	17	0.33	132,892	0.56
10001 – above	31	0.63	22,737,302	95.83
	5,078	100.00	23,727,934	100.00

Categories of shareholders as on December 31, 2008

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	15	1,853,262	7.810
Trusts	1	619	0.003
Individuals	4,722	1,117,201	4.708
Companies	219	1,437,394	6.058
NRIs and FIIs	93	85,745	0.361
Clearing Member	26	5,626	0.024
Total	5,078	23,727,934	100.000

REPORT ON CORPORATE GOVERNANCE

Dematerialisation of Shares and Liquidity:

The 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, 2008, 23,540,612 Equity Shares of the Company representing 99.21% 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 various advantages of dematerialisation of shares, those 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 does not carry any manufacturing activities. The Company offers its existing range of integrated transportation and distribution of shipments through its network of 307 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 Persons:

Mr. Raghunath Poojary, Executive-Corporate Registry

Mr. Sandeep Holam, Sr. Assistant-Corporate Registry.

Investors may also contact Ms. Prabha Singh, 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 : 2839 6444

Ext. Nos. : 33422 or 33451

Email : PrabhaS@bluedart.com

AartiF@bluedart.com

Analyst Contact

: Mr. Yogesh Dhingra – Finance Director and Chief Operating Officer

General Information Contact

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The growth in Indian businesses provides the logistics industry with a plethora of opportunities and an environment conducive for the sustained augmentation of its resources. Logistics, at the outset may appear to be a simple process of carrying and delivering shipments, however what lies beneath is a complex integrated procedure, which requires extensive and efficient detailing, stream mapping, networking and last mile fulfillment. From the days when the transfer of valuable shipments was the sole prerogative of the Angadiyas to today becoming an industry employing over ten lacs people; logistics in India has indeed come a long way.

With the surge in India's consumption, albeit the current economic slowdown, logistics as an industry is on the threshold of promising growth, led by convergence, digitization and time based competition. The industry is estimated at 11.8% to 13% of GDP, which is higher than in more developed economies.

It is perhaps one of the most dynamic sectors in the country; attracting knowledge, technology and FDI. Over the past decade, logistics management has evolved to be recognized as an integral aspect of an organisation's overall business strategy.

India's express industry is expected to grow at a CAGR of 17.2%, estimated at Rs. 6,551 crores for the year 2008-09. Of this, domestic express makes up about 60% of the total, of which a little less than half is organised. The unorganised and semi-organised segments, which consist largely of regional and intra-city service providers, and EMS, Speed Post, account for the rest. In the past decade, the Express Industry has progressed from a primarily document service to a highly-specialized critical supply chain solution for all industries. In an increasingly competitive environment where the focus is on pruning inventory costs and crunching time to market, Express Industry provides the speed and reliability to meet the mature and aggressive demand of current markets and their customers who exhibit short attention spans and are exposed to almost limitless choice. We, at Blue Dart, identified this latent customer/market need that entailed speedy and reliable door-to-door service and commenced operations to enable the growth of Indian businesses.

Blue Dart stands as the unrivalled leader in the domestic express industry. Blue Dart commands 41.7% market share (Source: A T Kearney). This dominant position must be attributed to the huge investments that Blue Dart has made in building an infrastructure that is unmatched in the entire South Asia region.

Review of performance

During the year, the country witnessed reduced consumer demand, high inflation and high interest rate which resulted in slower GDP growth. In the first quarter of the 2008-09, GDP growth slowed down to 7.9 per

cent from 8.8 per cent in the previous quarter. Reduced volume, drop in aircraft utilization, onset of recession in major developed countries and global economic slowdown, etc., impacted our Company as well, though the year started off in tandem with the buoyant mood of the Indian economy. On November 19, 2008, we completed 25 years of leading, innovating and delivering. The year has been one of the most action-packed and as well as challenging in our history. Along the year, we incessantly focused on the core products, i.e., Domestic Priority and Dart Apex, while building on Dart Surfaneline to offer customer one-stop domestic express solutions whilst growing Blue Dart's international revenue.

During the year, Blue Dart added 50 new facilities and Blue Dart's total across the country now stands at 307 facilities, a ground fleet of over 5,658 vehicles, 50 domestic warehouses and 10 express hubs. Blue Dart's market share in the organised air express market reinstates its undisputed position. Blue Dart also augmented its market share from 5.8% to 8% in the ground express space through its Dart Surfaneline product and plans to achieve market leadership in the short to medium term. In November 2008, we augmented our fleet and added another Boeing 757 to our existing three Boeing 757s and three Boeing 737s, which now have the unique capability to offer an unrivalled payload of 300 tonnes each night to 60 route connections across an expansive and diverse Indian geography. To capitalize on the improving road infrastructure in the country and in continuation to the thrust on the ground product – Dart Surfaneline, Blue Dart strengthened the ground network to serve the growing needs of the market and since its launch expanded our reach to 21,000+ locations and 596 ground routes in India. During the year 2008, Blue Dart carried over 790 lacs domestic shipments and over 7 lacs international shipments weighing over 231,900 tonnes. The Company posted a Rs.7,735 lacs profit after tax for the year ended December 31, 2008, compared to Rs.6,993 lacs profit after tax for the year ended December 31, 2007. Income from operations for the year ended December 31, 2008 was Rs.97,447 lacs, compared to Rs.80,872 lacs for the year ended December 31, 2007.

The Company's performance during the year:

- Profit Before Tax Growth of 11.43% against 36.85% of previous year
- Profit After Tax Growth of 10.62% against 39.22% of previous year
- Operating Profit Margin of 13.55% against 16.13% of previous year

Products:

Blue Dart offers air and ground express, air freight, ocean freight, supply chain solutions, freight forwarding, customs clearance, project handling and charters through its synergies with the three DHL Business Units – DHL Express, DHL Global Forwarding, and DHL Exel Supply Chain.

Sources : 1 - A C Nielsen Report, 2006
2 - A T Kearney Report, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

The express service offers domestic priority for non-commercial documents and packages under 32 kg. Dart Apex™ is a door-to-door, time-definite, supply chain and logistics distribution service for commercial shipments that require regulatory clearance. Smart Box is the convenient door-to-door service in two sizes – 10 kg. and 25 kg. Freight services include domestic, early morning airport-to-airport deliveries to the 7 metros – Mumbai, New Delhi, Kolkata, Chennai, Bangalore, Ahmedabad and Hyderabad serviced by Blue Dart aircraft. Blue Dart has 'Interline' agreements with 26 international airlines and also offers bonded warehousing and transshipment facility. 'Charters' offer palletized capacity for carriage of urgent and large volumes to eighteen airports in India and four international airports in the region. Dart Surfaceline product provides customers an option of shipping their packages via Blue Dart's strong and expansive ground network.

Blue Dart, in line with this focus on innovation, has also come up with customized products to meet specific needs. Rakhi Express and Student Express are outcomes of the same. 'Freight on Delivery' (FOD), 'Demand draft on Delivery' (DOD) and 'Freight on Value' (FOV) are others which have been very well received by the market. A recent addition to Blue Dart's product portfolio is Import Express, which is the only importing service in India to offer a door-to-door facility for importing shipments from over 200 countries around the world.

During the year, Blue Dart launched Intra – SAARC Road Express and plans to roll out certain additional international products and services from DHL like Express Pallet, Economy Select, Duties Taxes Paid, and Shippers Interest Insurance.

Blue Dart is the only express company offering an unmatched delivery capability encompassing the entire spectrum of distribution services

Brand

During the year, Blue Dart strengthened its brand association to bring two strong and powerful brands (Blue Dart and DHL) closer at all touch-points that deal with the domestic and international services. It reinforces Blue Dart and DHL as a unified force in the marketplace. A major market leading and defining initiative has been the setting up of the common unified retail presence between Blue Dart and DHL. With a combined retail outlet of over 350, Blue Dart is miles ahead of competition. The past year also saw the implementation of First Choice and Net Promoter Approach programs. These two programs are designed to improve the service quality and ability to capture the VOC (Voice of Customer) in a systematic way in order to bring in long-lasting customer benefits and strengthening the brand experience.

To further differentiate in the marketplace numerous press conferences, media briefings, interactions were held to highlight Blue Dart's unmatched reach and transit times. Presence in various Aviation

Conferences, Logistics and Supply Chain Forums reinforced Blue Dart's thought leadership. For the first time, the Managing Director was on air for a full length program focused on the Blue Dart brand and services in a leading business channel.

To commemorate and acknowledge the support of customers, customer get-togethers were held in Mumbai, Delhi, Bangalore and Kolkata.

Blue Dart also stepped up our corporate social responsibility by conducting the 'Blue Edge - empowering Lives' program impacting young lives from the marginalized segment of our society.

Blue Dart's market research indicates that Blue Dart continues to be viewed as a premium brand with high customer satisfaction. Our customers perceive Blue Dart-DHL as the strongest and leading brand in its category, also validated through the dominant market shares in the domestic and international express market.

Opportunities

Today, the express industry plays a key role in facilitating trade and commerce because of the time sensitive nature of most goods, and the increasing demand for reliability, efficiency and speed. However, there still remains abundant opportunity in India to fully utilize the logistics potential. The current logistics spend in India is 11.8%-13% of the GDP compared to notably lesser percentage of more developed economies. Thus, there is an acute need to cut on the cost by bringing in efficiencies.

While air express is still the preferred option for those looking at reliability, speed and security, ground express offers a huge opportunity for Blue Dart in 2009 due to an increased affluence expanding into Tier II and III towns, which are emerging as important nodes of production, consumption and distribution. They enjoy more rapid growth than major metros and provide a wider catchment for suppliers of goods and services, and present interesting distribution opportunities.

Blue Dart's proven track record in the air express business is being leveraged by providing India's finest services in the ground express organized market.

Blue Dart is focused on delivering value through its robust aviation and ground network, domestic and international reach, and market leading transit times, superior technology, and dedicated people and increase business from existing and new clients, expand reach, invest in infrastructure and employees, enhance brand visibility and pursue alliances to meet customer needs. Blue Dart's strong and long-standing client relationship driven by commitment to superior quality, reliability and its ability to scale and meet unprecedented challenges will enable the Company to overcome challenges in 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

The global business environment, particularly in the US, has been witnessing turmoil in the recent past. While India is expected to continue to be one of the leading emerging markets, growth may moderate in the short-to-medium term. This business sentiment is bringing in a pervasive slowdown in growth, raising concerns over the health of the economy.

The Asian Development Bank (ADB) has projected growth of a mere 6.5%. Previously, it had forecast 7%, down from another earlier estimate of 7.4%.

ADB stated, "India, South Asia's most dynamic economy in recent years, is reeling from the direct effect of the global financial crisis on its banking systems and financial markets. The growth projection for India has been revised down to 7 per cent in 2008 and 6.5 per cent in 2009, from 9 per cent in 2007."

In the first week of December, the World Bank anticipated the Indian economy would grow by 6.3% in 2008 and 5.8% in 2009.

Inflation had been an ongoing threat in India, especially when it reached a peak of 12% in early August 2008. Much of what drive this inflation is the country's rapid growth and rising oil prices. Oil has fallen considerably since then, easing inflation.

Manufacturing is expected to be hit in 2009 due to decreased demand as a result of the global downturn. India's growth is not totally dependent on the West, but the slumps in the US, Europe, and even the Far East will be felt in India's exports.

The Indian Government will need to accelerate its reforms and push for more investment if it wants to maintain good growth rates in the face of the global slowdown.

According to World Economic Forum, the global financial crisis could also weaken the balance sheets of the financial institutions, causing a further fall in share and asset prices, and challenge the macroeconomic situation due to the shrinking global growth.

In November 2008, Prime Minister Manmohan Singh warned that the global financial crisis may be worse and longer than many had expected, but that the government would take the necessary monetary and fiscal action to protect growth in India.

With strong and direct linkages to GDP growth, the natural outcome of a vibrant economy will be evident in our business.

Risks and Concerns

Weaker Economic Scenario

With the growth projections for India having been revised down to 7 per cent in 2008 and 6.5%–5.8% per cent in 2009, from 9 per cent in 2007, inflationary environment, slowdown in the manufacturing and service sectors due to decreased demand as a result of the global downturn, direct impact on the logistic sector is likely as a result of decline in demand.

Government Policy

The proposed ground handling policy at airports would significantly impact the quality of air express, airline operations and render the business untenable. A review of the policy is critical to exclude air express, airline operations because of the special needs of this segment that are completely different from the passenger segment and because of the significant role air express plays in trade facilitation within the country and across borders. We are making our representation to the Ministry of Civil Aviation.

The proposed postal bill is not in tandem with the best global practices and would adversely impact the growth of trade and commerce in the country. The amendment, if passed in its current format, would annul a 30-year old business employing over ten lacs people, and would negatively impact thousands across the country who have worked hard to set up infrastructure and build the business, Blue Dart being no exception. We, however, welcome the recent decision to temporarily withdraw the Cabinet Note for Bill as we feel it needs to be reconsidered.

Competition

An increasing number of players are entering the express industry and this number is expected to rise going forward. To ensure that Blue Dart remains ahead of the market; it is focused on building its key differentiators of service excellence and innovation and continues to sustain and enhance its value proposition in a field that is likely to witness strong pressure on yields.

Airport Facilities

India's aviation growth has given rise to a spate of start-up carriers inducting large numbers of aircraft. Without sufficient improvement in airport infrastructure to support their operations, air operators are subjected to long queues for take-off and landing, resulting in increased ATF and operations costs as well as delay. Fallout of the growth in Indian aviation is the severe constraint in infrastructure facilities such as airport warehouses, as well as parking and transit bays. Anticipating the

MANAGEMENT DISCUSSION AND ANALYSIS

severe constraints, Blue Dart has made representations to the Heads of Mumbai and Delhi Airports with requests for facilities, parking and transit bays up to the year (2015), impressing upon them the inadequacy of facilities to support current and future growths, and the necessity for improvements to facilitate Indian trade and business.

Aviation Turbine Fuel Costs

Volatility in the crude oil prices is a cause of major concern globally. Blue Dart has a fuel surcharge mechanism in place since (December 2002), to neutralise the impact of the Aviation Turbine Fuel (ATF) costs. This was able to manage and mitigate the phenomenal increase in costs.

Internal Controls and its Adequacy

In any industry, internal processes control and systems play a critical role in the health of the Company. An effective system of internal controls forms a keystone necessary for building, maintaining and improving 'shareholder's value' and helping 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 security of assets. Blue Dart has a sound internal control system to ensure that all assets are protected against loss from unauthorized use, and all transactions are recorded and reported correctly. The Company's internal control systems is further supplemented by internal audits carried out by the in-house internal audit teams and outsourced audit firm, viz. 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 across the Company and the status of compliance with operating systems, internal policies and regulatory requirements. The audit committee of the Board addresses significant issues raised by both the Internal Auditors and Statutory Auditors. The Company also conducts 'Risk Assessment Workshops' to define and identify what the Company's most significant risks are and how those risks requires to be mitigated and the members of Senior Management Team actively participate and deliberate in the 'Risk Workshop'. The Company has been certified to the ISO 9001 standards since 1996 and has been successfully recertified in September 2008 for 3 years, to the new global ISO 9001-2000 standards for "design, management and operations of countrywide express transportation and distribution services within the Indian sub-continent and to international destinations serviced through multinational express Companies".

Human Resources

People First policies have always been the core value of Blue Dart. The highly motivated and passionate employee environment was

amply reflected in the online 'Employee Satisfaction Survey' where the company's overall mean score increased to 4.58 as compared to 4.56 of the previous year (on a scale of 1 to 5). The percentage 'satisfied' to 'very satisfied' score increased to 93.59% as compared to 93.14% last year. It is heartening to note that the scores on all parameters are above 4.27 which indicate an overall high level of satisfaction. 'Pride in working for Blue Dart' with a mean score of 4.87 and 98.99% "satisfied to very satisfied" score remains the highest ranking item across regions and grades. This means almost every Blue Darter takes pride in working for Blue Dart. Two new dimensions were added in the Employee Satisfaction Survey to measure awareness on First Choice and Employee engagement, we are pleased to inform that First Choice got a high score of 4.61 and Employee Engagement scored 4.58.

A special Organisational Development initiative was launched in 2008. A two-day Senior Management Workshop was conducted to arrive at the Key Accounts Strategy and undertake customer-oriented initiatives. Almost 54 Senior Managers were covered under the workshop, followed by face-to-face interactions of the Managing Director with the frontline from operations, customer service, sales, security and IT departments to strengthen the key account management. Cross-functional training on 'Aligning to deliver service excellence' was undertaken and 600 employees were trained from the middle, junior and staff level cadres. Customer Service refresher trainings were conducted for Customer Service new joiners in Mumbai, Chennai and Bangalore. 48 Customer Service Managers and Team-leaders underwent 'On the Floor coaching training'.

An average of 5 training man days was conducted during the year.

People-Soft implementation was kicked-off and titled 'PRIDE – People-Related Information System for Development and Empowerment' and the first phase of PRIDE implementation was successfully launched comprising areas of 'Recruitment', 'Workforce-Administration' and 'Workforce Monitoring' modules. These introductions have resulted in operational efficiency, decentralization, and reduction of 'turn-around' time in Human Resources processes.

Various fun activities and employee engagement initiatives including yoga session, health awareness talks, blood donation camps, eye check-up, dental check-up, cricket match, badminton tournament, traditional day, drawing competition, art mela, independence day, friendship day, picnics, festival celebrations, etc., were conducted during the year. The 25th year anniversary celebrations were held at all regions with great zeal and enthusiasm.

Seven employees were awarded the 'Employee of the Year' award, 29 employees were recognized as Super Darters and 136 employees were recognized as Bravo Blue Darters.

MANAGEMENT DISCUSSION AND ANALYSIS

Awards and Recognitions

Blue Dart bagged extremely prestigious awards in its 25th Year, the highest in any calendar year, which once more validated its leadership position in the industry and the customer confidence that it enjoys. It has been listed as one of the top 500 companies by Dun & Bradstreet and awarded the Emerging Air Cargo Integrator of the Year at the International Award for Excellence in Air Cargo. Blue Dart was declared a Consumer Superbrand and obtained the Reader's Digest Most Trusted Brand Award. It has won Effective Retail Through Effective Supply Chain Logistics Award at the Reid & Taylor Awards for Retail Excellence and the Gaurav Puraskar Award for achieving business excellence by the Institute of Economic Studies. Further, Blue Dart has been nominated as the Logistics Company of the Year at the CMAI Apex Award, 2007, and shortlisted for the Top 25 Best Managed Companies in India by E&Y – BT. It has been nominated by Avaya Global Connect for Customer Responsiveness. The Human Resource Team has ensured the Amity HR Global Business Development Award for Blue Dart this year. This was followed by some impressive acknowledgements to the Blue Dart

Brand and what it stands for - "Brand Leadership Award, 2008" won in Asia Brand Congress event in the 'Logistics Sector' and NDTV Business Leadership Award 2008. Finally, the highest accolade was obtained towards the end of the year, coinciding with Blue Dart's 25th Anniversary when it was selected from a list of 24,155 publicly listed companies in Asia-Pacific to become the only company to feature in the 'Air and Ground Transportation of Time-sensitive Packages' category amongst the top 200 "Best Under Billion" companies listed by Forbes Asia.

Cautionary Statement

The statement forming part of this Report may contain certain forward-looking remarks within 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.

AUDITORS' CERTIFICATE ON 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, for the year ended December 31, 2008, 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.

Mumbai, February 24, 2009

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To the Board of Directors,
BLUE DART EXPRESS LIMITED

We, Anil Khanna, Managing Director and Yogesh Dhingra, Finance Director and Chief Operating Officer of Blue Dart Express Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and cash flow statement of Blue Dart Express Limited for the year ended December 31, 2008 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee: -
 - a. significant changes, if any, in the internal control over financial reporting during the year.
 - b. significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Anil Khanna
Managing Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Mumbai, January 28, 2009

DECLARATION REGARDING CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management of the Company have confirmed compliance with the Code of Conduct for the current year, as adopted by the Company.

Anil Khanna
Managing Director

Mumbai, February 24, 2009

AUDITORS' REPORT

To the Members of

BLUE DART EXPRESS LIMITED

1. We have audited the attached Balance Sheet of Blue Dart Express Limited, as at 31st December, 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st December, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai, January 28, 2009

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Blue Dart Express Limited on the financial statements for the year ended December 31, 2008)

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. a) The inventory of packing and stationery consumables and spares has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. a) The company has granted unsecured loans to company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 441,563,382 and Rs. Nil respectively.
b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interests of the Company.
c) In respect of the aforesaid loans, the party has repaid the principal along with interest during the year.
d) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The matter specified in clause (viii) of paragraph 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act is not applicable to the Company.
9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, cess and other material statutory dues with the appropriate authorities in India. As informed to us, sales tax, customs duty and excise duty are not applicable to the Company for the current year.
b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, wealth tax, service tax, customs duty and cess as at 31st December, 2008, which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at 31st December, 2008 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

ANNEXURE TO AUDITORS' REPORT

11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its associate company, Blue Dart Aviation Limited from banks and financial institutions during the year, considering the service agreement between the two companies, in our opinion, is not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud by the Company, noticed or reported during the year, *though a few cases of frauds on the Company committed by way of theft/misutilisation of credit cards meant to be delivered to third parties were noticed and reported, which as represented to us do not involve material amounts and are specifically covered by insurance/recovered from the said employees.*

Mumbai, January 28, 2009

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

BALANCE SHEET AS AT DECEMBER 31, 2008

	Schedule No.	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	3,681,148	2,935,382
		3,918,776	3,173,010
Deferred Tax Liabilities (Net) [Refer Notes 1(k) and 6 - Schedule 16]			
Deferred Tax Liabilities		216,804	205,091
Less : Deferred Tax Assets		38,301	28,441
		178,503	176,650
TOTAL		4,097,279	3,349,660
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	2,856,223	2,569,176
Less: Depreciation/Amortisation		1,124,366	967,453
Net Block		1,731,857	1,601,723
Capital Work in Progress (including capital advances)		89,054	33,806
		1,820,911	1,635,529
Investments	4	697,741	634,660
Current Assets, Loans and Advances			
Inventories	5	21,900	20,378
Sundry Debtors	6	1,180,066	1,104,598
Cash and Bank Balances	7	477,420	296,037
Loans and Advances	8	893,409	599,969
		2,572,795	2,020,982
Less: Current Liabilities and Provisions			
Liabilities	9	860,551	802,818
Provisions	10	133,617	138,693
		994,168	941,511
Net Current Assets		1,578,627	1,079,471
TOTAL		4,097,279	3,349,660
Notes to Accounts	16		

Schedules 1 to 10 and 16 referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Daniel J. McHugh
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated: January 28, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2008

	Schedule No.	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
INCOME			
Service Charges [Refer Note 1(h) - Schedule 16]		9,744,650	8,087,209
Other Income	11	80,622	31,118
		9,825,272	8,118,327
EXPENDITURE			
Freight, Handling and Servicing Costs	12	6,359,175	5,019,415
Employee Costs	13	1,326,533	1,163,649
Other Costs	14	807,816	625,277
		8,493,524	6,808,341
Profit Before Interest, Depreciation and Taxation		1,331,748	1,309,986
Interest (Income)/Expense (Net)	15	(21,405)	3,997
Depreciation / Amortisation		165,655	240,274
		144,250	244,271
Profit Before Taxation		1,187,498	1,065,715
Provision for Taxation [Refer Notes 1(k) and 6 - Schedule 16]			
Current Tax		395,601	374,828
Deferred Tax		1,853	(17,383)
Fringe Benefits Tax		16,517	9,000
		413,971	366,445
Profit After Taxation		773,527	699,270
Balance brought forward from previous year		2,297,016	1,626,211
Available for Appropriation		3,070,543	2,325,481
Proposed Dividend		23,728	23,728
Tax on Proposed Dividend		4,033	4,033
Tax on Dividend pertaining to earlier years		-	704
Balance carried forward to Balance Sheet		3,042,782	2,297,016
Earnings Per Share(Refer Note 5 - Schedule 16)			
Basic and diluted Earnings Per Share (in Rupees)		32.60	29.47
Nominal value per equity share (in Rupees)		10.00	10.00
Notes to Accounts	16		

Schedules 11 to 16 referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

Vasant Gujarathi
Partner
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Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated: January 28, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
A. Cash flows from Operating activities:		
Profit before Taxation	1,187,498	1,065,715
Adjustments for:		
Depreciation/Amortisation	165,655	240,274
Interest expense	5,062	4,158
Interest income	(26,467)	(161)
Dividend from mutual funds	(24,636)	(19,151)
Loss on sale/scraping of fixed assets (Net)	1,260	14,800
Miscellaneous expenditure written off	-	1,634
Gain on account of Foreign exchange	(3,362)	-
Bad debts/advances written off	10,204	17,258
Unadjusted credits/liabilities no longer required written back	(39,709)	(5,463)
Provision for leave encashment	(301)	13,923
Provision for gratuity	(4,775)	6,324
Provision for Directors' commission/professional fees	9,000	9,000
Operating profit before working capital changes	1,279,429	1,348,311
Adjustments for changes in working capital:		
(Increase)/Decrease in Inventories	(1,522)	(2,744)
(Increase)/Decrease in Sundry Debtors	(82,310)	(231,614)
(Increase)/Decrease in Other Receivables	(283,771)	(108,955)
Increase/(Decrease) in Trade and Other Payables	51,972	220,831
Cash generated from Operations	963,798	1,225,829
Taxes paid (net of Tax Deducted at Source)	(417,397)	(402,024)
Net cash from Operating activities	546,401	823,805
B. Cash flows from Investing activities:		
Purchase of fixed assets	(297,644)	(167,420)
Changes in capital work in progress	(18,207)	(16,036)
Proceeds from sale of fixed assets	158	475
Interest received	22,396	157
Dividend from mutual funds	24,317	18,829
Investment in Blue Dart Aviation Limited	(63,081)	-
Investment in mutual funds (Net)	-	(349,000)
Net cash used in Investing activities	(332,061)	(512,995)
C. Cash flows from Financing activities:		
Repayment of long term borrowings	-	(100,000)
Movement in bank overdrafts (Net)	-	(1,800)
Interest paid	(5,062)	(4,158)
Dividend paid	(23,862)	(23,834)
Dividend tax paid	(4,033)	(4,033)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
Net cash used in Financing activities	(32,957)	(133,825)
Net Increase in Cash and Cash Equivalents	181,383	176,985
Cash and cash equivalents at the beginning of the year	296,037	119,052
Cash and cash equivalents at the end of the year	477,420	296,037
	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Cash and cash equivalents comprise of:		
Cash, cheques and remittances in transit	57,738	129,250
Balance with Scheduled Banks:		
on current accounts	415,483	163,200
on margin money accounts	236	150
on unpaid dividend accounts	1,505	1,639
Balance with non scheduled Bank		
on current account	1,078	418
on deposit account	1,380	1,380
	477,420	296,037

Notes :

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS-3) as notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.
- Cash flows in brackets indicate cash outgo.
- Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs. 4,071('000) [(Previous Year - Rs. 7('000))].
- Cash and cash equivalents includes Rs. 3,121 ('000) [(Previous year - Rs. 3,169 ('000))] which are not available for use by the Company. (Refer Schedule 7 in the Financial Statements)

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board of Directors

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Sharad Upasani
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Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated: January 28, 2009

SCHEDULES

Schedules forming part of the Balance Sheet

Notes:

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 1		
CAPITAL		
<u>Authorised</u>		
40,000,000 equity shares of Rs. 10 each	400,000	400,000
<u>Issued and Subscribed</u>		
23,727,934 equity shares of Rs. 10 each fully paid-up	237,280	237,280
Add: Forfeited Shares	348	348
Total	237,628	237,628

Of the above, 11,863,967 shares were allotted as fully paid up bonus shares by capitalisation of Securities Premium and 5,650,000 equity shares were allotted as fully paid up bonus shares by capitalisation of General Reserve.

19,227,887 equity shares constituting 81.03% of the equity share capital of the Company are held by DHL Express (Singapore) Pte. Limited, the holding company. The ultimate holding company is Deutsche Post AG, Germany.

SCHEDULE 2

RESERVES AND SURPLUS

Securities Premium	394,057	394,057
General Reserve	244,309	244,309
Profit and Loss Account	3,042,782	2,297,016
Total	3,681,148	2,935,382

SCHEDULE 3

FIXED ASSETS

[Refer notes 1(b),1(c),1(d) and 3 - Schedule 16]

in Rs. ('000)

DESCRIPTION OF ASSETS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2008	Additions	Deductions / Adjustments	As at December 31, 2008	As at January 1, 2008	For the Year	Deductions / Adjustments	As at December 31, 2008	As at December 31, 2008	As at December 31, 2007
Goodwill [Refer Note (a) below]	30,000	-	-	30,000	25,130	1,500	-	26,630	3,370	4,870
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	169,839	4,651	1,858	172,632	23,913	2,780	-	26,693	145,939	145,926
Office Equipment	74,048	28,824	2,103	100,769	25,637	5,998	1,183	30,452	70,317	48,411
Electrical Equipment	168,062	64,570	(301)	232,933	58,508	14,863	335	73,036	159,897	109,554
Computers	333,843	78,348	7,884	404,307	183,704	48,492	7,506	224,690	179,617	150,139
Computer Software	98,078	33,617	(407)	132,102	62,798	11,511	(285)	74,594	57,508	35,280
Furniture and Fittings	258,904	79,650	(934)	339,488	81,995	18,001	46	99,950	239,538	176,909
Vehicles	39,059	5,259	(1)	44,319	24,238	3,078	-	27,316	17,003	14,821
Aircraft Engines	123,698	-	1	123,697	114,489	2,494	-	116,983	6,714	9,209
Aircraft	527,246	-	1	527,245	130,049	35,540	-	165,589	361,656	397,197
Aircraft Components and Overhaul	205,170	-	-	205,170	141,745	13,701	-	155,446	49,724	63,425
D-Check on Aircraft [Refer Note (b) below]	114,598	-	-	114,598	89,563	6,014	1	95,576	19,022	25,035
Ground Handling Equipment	30,348	2,288	(44)	32,680	5,684	1,683	(44)	7,411	25,269	24,664
Total	2,569,176	297,207	10,160	2,856,223	967,453	165,655	8,742	1,124,366	1,731,857	1,601,723
Previous Year	2,440,411	170,291	41,526	2,569,176	753,430	240,274	26,251	967,453	1,601,723	

Notes:

- a) The balance period over which goodwill will be amortised is two years and three months.
b) D-Check on Aircraft represents costs towards heavy maintenance mandatory checks.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 4			10,983,097 units (Previous Year Nil) of Kotak Flexi Debt Institutional - Daily Dividend Plan (51,271,909 units purchased, 99,303 units cumulated and 40,388,115 units sold during the Year)	110,000	-
INVESTMENTS					
(Long Term, Unquoted, At Cost) [Refer Note 1(e) - Schedule 16]					
Trade					
11,760,000 (Previous Year - 9,600,000) equity shares of Rs. 10 each in Blue Dart Aviation Limited	183,081	120,000	11,996,354 units (Previous Year 15,800,770) of Birla Sunlife Liquid Plus - Institutional Plan- Daily Dividend Reinvestment (76,862,579 units purchased, 658,442 units cumulated 81,325,437 units sold during the Year)	120,000	158,000
110,000 (Previous Year - 110,000) equity shares of Rs. 10 each in Concorde Air Logistics Limited	14,600	14,600	NIL units (Previous Year Nil) of Kotak Flexi Debt -Daily Dividend Plan (11,765,490 units purchased, 126,440 units cumulated and 11,891,930 units sold during the Year)	-	-
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50			
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	NIL units (Previous Year 3,271,720) of Kotak Liquid Institutional Premium Daily Dividend plan (66,077,314 units purchased, 46,182 units cumulated and 69,395,216 units sold during the Year)	-	40,000
Non - Trade					
Others (Current)					
Units in Mutual Funds					
NIL units (Previous Year NIL) of ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend reinvestment plan (108,994,550 units purchased, 55,023 units cumulated and 109,049,573 units sold during the Year)	-	-	9,972,367 units (Previous Year 9,974,257) of HDFC Cash Management Fund - Savings Plus Plan Wholesale - Daily dividend Reinvestment option (74,533,753 units purchased, 493,750 units cumulated and 75,029,393 units sold during the Year)	100,000	100,000
17,016,958 units (Previous Year 15,010,238) of ICICI Prudential Floating rate Plan D -Daily Dividend Reinvestment Plan (44,507,623 units purchased, 692,951 units cumulated and 43,193,854 units sold during the Year)	170,000	150,000	NIL units (Previous Year Nil) of HDFC Cash Management Fund - Savings Plan- Daily dividend Reinvestment option (90,491,144 units purchased, 33,171 units cumulated and 90,524,315 units sold during the Year)	-	-

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
NIL units (Previous Year 51,017) of UTI Liquid Cash plan Inst Daily dividend reinvestment (385,504 units purchased, 1,182 units cumulated and 437,703 units sold during the Year)	-	52,000	on current accounts	415,483	163,200
NIL units (Previous Year NIL) of UTI Liquid Plus fund Inst plan Daily dividend reinvestment (236,998 units purchased, 866 units cumulated and 237,864 units sold during the Year)	-	-	on margin money accounts	236	150
NIL units (Previous Year NIL) of Birla Cash Plus Institutional Premium - Daily dividend Reinvestment (102,200,709 units purchased, 35,687 units cumulated and 102,236,396 units sold during the Year)	-	-	on unpaid dividend accounts	1,505	1,639
			Balance with non-scheduled bank (Municipal Co-operative Bank)		
			on current account	1,078	418
			on deposit account	1,380	1,380
			{Maximum amount outstanding during the Year in current account Rs. 12,476('000) [Previous Year - Rs. 2,585 ('000)] and in deposit account Rs. 1,380 ('000) [Previous Year - Rs. 1,380 ('000)]}		
Total	697,741	634,660	Total	477,420	296,037
SCHEDULE 5			Note:		
INVENTORIES			The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company. The balances in the deposit accounts are given as security against overdraft facilities from bank.		
[Refer Note 1(f) - Schedule 16]					
Packing and Stationery Consumables	13,699	11,631			
Spares	8,201	8,747			
Total	21,900	20,378	SCHEDULE 8		
SCHEDULE 6			LOANS AND ADVANCES		
SUNDRY DEBTORS			(Unsecured, considered good)		
(Unsecured, considered good)			Aircraft Payload Deposit with Blue Dart Aviation Limited	215,000	215,000
Debts outstanding for a period exceeding six months	-	-	Other advances to Blue Dart Aviation Limited	174,784	-
Other debts	1,180,066	1,104,598	Advances recoverable in cash or in kind or for value to be received :		
Total	1,180,066	1,104,598	Prepaid expenses	25,829	23,716
SCHEDULE 7			Deposits	218,575	143,323
CASH AND BANK BALANCES			Advance tax (Net of Provision)	63,786	54,436
Cash, cheques on hand and remittances in transit	57,738	129,250	Other advances	195,435	163,494
Balance with scheduled banks :			Total	893,409	599,969

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 9		
LIABILITIES		
Sundry Creditors:		
a) Micro, Small and Medium Enterprises [Refer Note 11 - Schedule 16]	1,854	4,332
b) Others	514,253	463,670
Unclaimed dividend *	1,505	1,639
Other Liabilities	342,939	333,177
Total	860,551	802,818
*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
SCHEDULE 10		
PROVISIONS		
Provision for Leave Encashment [Refer Notes 1(g) and 2 - Schedule 16]	69,770	70,071
Provision for Gratuity [Refer Notes 1(g) and 2 - Schedule 16]	36,086	40,861
Proposed Dividend	23,728	23,728
Tax payable on Proposed Dividend	4,033	4,033
Total	133,617	138,693

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
SCHEDULE 11		
OTHER INCOME		
Dividend from Mutual Funds- (from non-trade Investments)	24,636	19,151
Liability no longer required written back	39,709	5,463
Gain on account of Foreign exchange fluctuation (Net) [Refer Note 1 (i) - Schedule 16]	3,483	-
Miscellaneous income	12,794	6,504
Total	80,622	31,118
SCHEDULE 12		
FREIGHT, HANDLING AND SERVICING COSTS		
Aircraft charter costs	3,693,902	2,950,463
Domestic network operating costs	1,415,465	1,044,741
International servicing charges	604,031	517,282
Domestic excess baggage	349,788	292,141
Handling and clearing charges	161,517	106,895
Printing, stationery and consumables	134,472	107,893
Total	6,359,175	5,019,415
SCHEDULE 13		
EMPLOYEE COSTS		
[Refer Notes 1(g), 2, 10(a) and 10(b) - Schedule 16]		
Salaries, Bonus and Leave Encashment	1,178,728	1,014,943
Contribution to provident and other funds	92,917	112,969
Staff welfare expenses	54,888	35,737
Total	1,326,533	1,163,649

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
SCHEDULE 14		
OTHER COSTS		
Rent	307,146	186,401
Electricity	73,478	53,311
Office expenses	72,032	47,073
Legal and professional charges [Refer Note 10(c) - Schedule 16]	69,563	38,612
Communication expenses	66,041	58,092
Security expenses	56,576	38,864
Repairs and maintenance - others	50,897	49,259
Travelling and conveyance	31,728	24,445
Rates and taxes	27,375	23,272
Sales promotion and advertising	19,334	46,237
Lease rentals [Refer Notes 1(j) and 9 - Schedule 16]	10,855	12,461
Bad debts/advances written off	10,204	17,258
Insurance	9,094	9,528
Miscellaneous expenses	2,233	2,349
Loss on sale/scraping of fixed assets (Net)	1,260	14,800
Loss on account of Foreign exchange fluctuation (Net) [Refer Note 1 (i) - Schedule 16]	-	1,681
Miscellaneous expenditure written off	-	1,634
Total	807,816	625,277
SCHEDULE 15		
INTEREST EXPENSE (NET)		
On Term loans	-	4,092
On Bank Overdraft	133	66
Others	4,929	-
	5,062	4,158
Less: Interest on deposits with banks and others	26,467	161
{Tax deducted at source Rs. 4,071 (‘000) [Previous Year - Rs. 7 (‘000)]}		
Total	(21,405)	3,997

SCHEDULE 16

Notes to Accounts

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.

(b) Fixed Assets and Depreciation/Amortisation

Fixed assets are stated at cost less accumulated depreciation/amortisation. The Company capitalises all costs relating to the acquisition, installation and substantial modifications to fixed assets.

Modifications that enhance the operating performance or extend the useful life of fixed assets used but not owned by the Company are also capitalised, where there is a certainty of deriving future economic benefits from the use of such assets.

Depreciation on fixed assets is provided under straight line method at the rates specified in Schedule XIV to the Act, except in respect of the following assets where such rates are higher than the prescribed Schedule XIV rates, so as to ensure that such assets are written off over their estimated useful lives:

Description of Assets	Useful Life (in Years)
Office Equipment	2 to 16
Electrical Equipment	6 to 16
Computers	3 to 6
Aircraft Engines	2 to 7
Aircraft	14
D-Check on Aircraft	7

Individual assets costing upto Rs 5,000 are depreciated 100% on a pro-rata basis over one year from the date the asset is put to use.

Aircraft Components and Overhaul represent the cost of engines overhaul, components and modifications of airframes owned and contractually liable to be incurred by the Company. Such costs are depreciated/ amortised on the basis of hours flown or the life cycle of the overhaul program, as applicable.

Computer software is amortised under straight line method at the rates specified in Schedule XIV to the Act, as prescribed for computers.

SCHEDULES

Goodwill represents the excess of the value of the erstwhile partnership business as a whole over its net asset value as at the date of registration and is stated at cost less accumulated amortisation. Goodwill is amortised using the straight-line method over a period of 20 years, based upon the brand image of 'Blue Dart' upon acquisition and the consequential impact it has on the future business of the Company.

(c) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the year in which they are incurred.

(d) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

(e) Investments

Long Term Investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments. Current Investments are valued at lower of cost and market value.

(f) Inventories

Inventories primarily consist of packing and stationery consumables and spares. These are valued at lower of cost and net realisable value. Cost is calculated at purchase price and expenditure directly attributable to the acquisition of such inventories for bringing it to its present location.

(g) Employee Benefits

(i) Short Term Employee Benefits :

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment of short term nature is provided on an estimated basis.

(ii) Long Term Employee Benefits :

Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognised by the income tax authorities and administered through trustees.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company contributes to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

Defined Benefit Plans

The Company has a Defined Benefit plan namely Gratuity and Leave Encashment for all its employees. Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Life Insurance Corporation of India and is funded.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet Date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

(iii) Termination benefits are recognised as an expense as and when incurred.

(iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(h) Service Charges

Service charges for transportation of shipments are recognised as income when shipments are manifested and represent amounts invoiced, net of service tax and all discounts and allowances.

SCHEDULES

(i) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit and Loss Account.

(j) Lease Rentals

All lease rentals are accounted for on accrual basis over the term of the lease and charged to the Profit and Loss Account under the straight line method.

(k) Taxes on Income

Provision for tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised for unabsorbed depreciation and carry forward of losses to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(l) Provisions for Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

2. Employee Benefits

The Company has classified the various employee benefits provided to employees as under:-

I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
 - i. Employers' Contribution to Employee's State Insurance
 - ii. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account in Schedule 13 under "Contribution to Provident and Other Funds" -

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
- Employers' Contribution to Provident Fund	23,943	23,311
- Employers' Contribution to Superannuation Fund	6,756	5,987
- Employers' Contribution to Employee's State Insurance	14,927	11,698
- Employers' Contribution to Employee's Pension Scheme 1995	24,165	20,299

II Defined Benefit Plans

I. Gratuity:

Valuations in respect of Gratuity has been carried out by an independent actuary, as at the Balance sheet date, based on the following assumptions:

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Discount Rate (per annum)	8.00%	7.75%
Rate of increase in Compensation levels	7.25%	7.25%
Rate of Return on Plan Assets	8.00%	7.75%
Expected Average remaining working lives of employees (years)	20	20

A) Changes in the Present Value of Obligation

Present Value of Obligation at the beginning of the year	160,336	116,541
Interest Cost	12,426	9,032
Past Service Cost	Nil	Nil
Current Service Cost	16,196	12,421
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(11,228)	(12,895)
Actuarial (gain)/loss on obligations	(4,574)	35,237
Present Value of Obligation as at Year end	173,156	160,336

SCHEDULES

B) Changes in the Fair value of Plan Assets

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Fair Value of Plan Assets at the beginning of the year	119,475	79,431
Expected Return on Plan Assets	9,259	6,156
Actuarial Gains and (Loss) on Plan Assets	(436)	1,783
Contributions	20,000	45,000
Benefits Paid	(11,228)	(12,895)
Fair Value of Plan Assets at Year end	137,070	119,475

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets [Included in Provisions (Refer Schedule 10)]

Present Value of funded obligation as at the year end	137,070	119,475
Fair Value of Plan Assets as at the end of the year	137,070	119,475
Funded Status	(36,086)	(40,861)
Present Value of unfunded Obligation as at the Year end	(36,086)	(40,861)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(36,086)	(40,861)

D) Amount recognised in the Balance Sheet [Included in Provisions (Refer Schedule 10)]

Present Value of Obligation at the end of the year	(173,156)	(160,336)
Fair Value of Plan Assets at Year end	137,070	119,475
Liability recognised in the Balance Sheet	(36,086)	(40,861)

E) Expenses recognised in the Profit and Loss Account in Schedule 13 under "Salaries, Bonus and Leave Encashment"

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
Current Service Cost	16,196	12,421
Past Service Cost	Nil	Nil
Interest Cost	12,426	9,032
Expected Return on Plan Assets	(9,259)	(6,156)
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net actuarial (gain) / loss recognised in the Year	(4,138)	33,454
Total Expenses recognised in the Profit and Loss Account	15,225	48,751

II. Leave Encashment:

Valuations in respect of Leave Encashment has been carried out by an independent actuary, as at the Balance sheet date, based on the following assumptions:

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Discount Rate (per annum)	8.00%	7.75%
Rate of increase in Compensation levels	7.25%	7.25%
Rate of Return on Plan Assets	8.00%	7.75%
Expected Average remaining working lives of employees (years)	20	20

A) Changes in the Present Value of Obligation

Present Value of Obligation at the beginning of the year	56,912	49,665
Interest Cost	4,411	3,849
Past Service Cost	Nil	Nil
Current Service Cost	6,899	5,472
Curtailment Cost / (Credit)	Nil	Nil

SCHEDULES

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)	
Settlement Cost / (Credit)	Nil	Nil	D) Amount recognised in the Balance Sheet [Included in Provisions (Refer Schedule 10)]			
Benefits Paid	(5,971)	(6,003)				
Actuarial (gain) / loss on obligations	1,473	3,929		Present Value of Obligation at the end of the year	(63,724)	(56,912)
Present Value of Obligation as at Year end.	63,724	56,912		Fair Value of Plan Assets at Year end	Nil	Nil
B) Changes in the Fair value of Plan Assets			Liability recognised in the Balance Sheet	(63,724)	(56,912)	
Fair Value of Plan Assets at the beginning of the year	Nil	Nil	E) Expenses recognised in the Profit and Loss Account in Schedule 13 under "Salaries, Bonus and Leave Encashment"			
Expected Return on Plan Assets	Nil	Nil				
Actuarial Gains and (Loss) on Plan Assets	Nil	Nil				
Contributions	5,971	6,004		Year ended December 31, 2008 in Rs. ('000)	6,899	5,472
Benefits Paid	(5,971)	(6,004)	Current Service Cost	6,899	5,472	
Fair Value of Plan Assets at Year end	Nil	Nil	Past Service Cost	Nil	Nil	
C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets [Included in Provisions (Refer Schedule 10)]			Interest Cost	4,411	3,849	
Present Value of funded obligation as at the year end	Nil	Nil	Expected Return on Plan Assets	Nil	Nil	
Fair Value of Plan Assets as at the end of the year	Nil	Nil	Curtailment Cost / (Credit)	Nil	Nil	
Funded Status	(63,724)	(56,912)	Settlement Cost / (Credit)	Nil	Nil	
Present Value of unfunded Obligation as at the Year end	(63,724)	(56,912)	Net actuarial (gain) / loss recognised in the Year	1,473	3,929	
Unrecognised Actuarial (gains) / losses	Nil	Nil	Total Expenses recognised in the Profit and Loss Account	12,783	13,250	
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(63,724)	(56,912)	3. Capital Commitments			
				As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)	
			Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	44,991	112,571	

SCHEDULES

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
4. Contingent Liabilities not provided for		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	1,660,000	1,138,000
(b) Bank Guarantees	21,607	1,460
Note: Future cash outflows can be determined only when guarantees are invoked by parties to whom given.		

5. Earnings Per Share

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
(a) Profit after Taxation for the year (Rs '000)	773,527	699,270
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In Rupees)	32.60	29.47
(d) Nominal value of shares outstanding (In Rupees)	10.00	10.00

6. Deferred Tax Balances

The components of deferred tax liabilities and assets arising on account of timing differences between taxable income and accounting income are as follows:

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
(a) Liabilities		
Depreciation/Amortisation	216,804	205,091
Total	216,804	205,091
(b) Assets		
Provision for leave encashment	22,356	21,174
Provision for gratuity	7,167	5,099
Provision for bonus	5,719	2,168
Others	3,059	-
Total	38,301	28,441
Net Deferred Tax Liabilities	178,503	176,650

7. Segment Information

The Company is primarily engaged in a single segment business of integrated air and ground transportation and distribution of time sensitive packages and is managed as one entity, for its various service offerings and is governed by a similar set of risks and returns.

8. Related Party Disclosures

(a) Enterprises where control exists	
Deutsche Post AG, Germany	- Ultimate Holding Company
DHL Express (Singapore) Pte. Limited	- Holding Company
Concorde Air Logistics Limited	- Wholly owned Subsidiary Company
DHL Express India Private Limited	- Fellow Subsidiary Company
DHL Danzas Private Limited (Previously known as DHL Lemuir Logistics Private Limited)	- Fellow Subsidiary Company
Skyline Air Logistics Limited	- Fellow Subsidiary Company
Blue Dart Aviation Limited	- Associate Company
(b) Related party relationships where transactions have taken place during the year:	
(i) Holding/Subsidiary/Fellow Subsidiaries/Associate Company	
DHL Express (Singapore) Pte. Limited	- Holding Company
Concorde Air Logistics Limited	- Wholly owned Subsidiary Company
DHL Express India Private Limited	- Fellow Subsidiary Company
DHL Danzas Private Limited	- Fellow Subsidiary Company
Blue Dart Aviation Limited	- Associate Company
(ii) Key Management Personnel	
Anil Khanna	Managing Director (from February 21, 2007)
Malcolm Monteiro	Managing Director (upto February 21, 2007), (Director from February 21, 2007)
(c) Transactions with related parties during the year:	
(i) With Holding/Subsidiary/ Fellow Subsidiaries/ Associate Company	

SCHEDULES

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
DHL Express (Singapore) Pte. Limited			(d) Related party balances as at the year end:		
Dividend paid	19,228	19,228	(i) Receivable/(Payable) from/to Subsidiary/Fellow Subsidiary/ Associate company		
Concorde Air Logistics Ltd.			Concorde Air Logistics Limited	-	(12,125)
Reimbursements towards air freight, etc.	182,883	149,179	DHL Express India Private Limited (Net)	(89,960)	(86,789)
Agency Charges	708	1,315	DHL Danzas Private Limited	28,978	6,139
DHL Express India Private Limited			Blue Dart Aviation Limited	394,908	215,000
International servicing cost	604,031	516,930	(ii) Corporate guarantees given on behalf of Blue Dart Aviation Limited	1,660,000	1,138,000
Domestic service charges income	(298,206)	(143,243)	(iii) Payable to Key Management Personnel		
Reimbursements of expenses	3,349	-	Anil Khanna	7,000	7,000
DHL Danzas Private Limited					
Domestic service charges income	(83,538)	(21,528)			
Deposit received	830	3,135			
Blue Dart Aviation Limited					
Aircraft charter costs	3,693,356	2,943,429			
Additional Aircraft payload deposit	-	20,000			
Inter Corporate Deposit	494,563	-			
Other Advance	174,784	-			
Interest income	(17,968)	-			
Domestic service charges income	7,081	5,058			
(ii) With Key Management Personnel					
Components of Remuneration paid to the following personnel have been disclosed in Note 10 (a) below:					
- Anil Khanna	16,694	24,357			
- Malcolm Monteiro	-	1,519			
	16,694	25,876			
			9. Commitments under lease agreements		
			The Company has entered into non-cancellable operating lease agreements for rental of motor cars for a period of five years and commitments as at December 31, 2008 are as under:		
				As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
			Upto One Year	12,726	8,711
			One to Five Years	28,014	21,164
			10. Supplementary data as required under Schedule VI to the Act		
			(a) Managerial remuneration:		
			Salary	6,975	16,279
			Commission [Refer (b) below]	9,000	9,000
			Contribution to provident fund	563	499
			Contribution to Superannuation fund	704	578
			Leave encashment paid	288	310

SCHEDULES

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
Perquisites	1,164	1,210	(c) Legal and Professional Charges include Auditors' Remuneration as follows:		
Directors' sitting fees	500	560	Audit Fees- Statutory		
	19,194	28,436	Audit Fees	3,600	3,300
Provision for Leave Encashment / compensated absences and Gratuity, which are based on actuarial valuations done on an overall company basis, are excluded above.			Tax Audit Fees	700	600
(b) Computation of 'net profit' in accordance with Sections 198 and 349 of the Act and commission payable to the directors (including Managing Director):			For other matters	1,850	1,700
				6,150	5,600
			(d) Earnings in foreign currency:		
			Service income	52,985	67,353
			(e) Expenditure in foreign currency:		
			Lease charges	-	5,694
			Foreign travel	1,281	457
			Others	2,714	2,388
				3,995	8,539
			(f) Remittance in foreign currency on account of dividends:		
			Number of Non-resident shareholders	1	1
			Number of Equity Shares held	19,227,887	19,227,887
			Amount of dividend remitted	19,228	28,842
			Year to which dividend relates	Jan-Dec 2007	Jan-Dec 2006
Profit before Tax	1,187,498	1,065,715			
Add: Directors' remuneration [Refer (a) above]	19,194	28,436			
Depreciation/Amortisation provided in the books of account	165,655	240,274			
Loss on sale/scraping of fixed assets (Net)	1,260	14,800			
	1,373,607	1,349,225			
Less: Depreciation under Section 350 of the Act	165,655	240,274			
Net profit as per Sections 198 and 349 of the Act	1,207,952	1,108,951			
Commission to Managing Director	7,000	7,000			
Commission to Independent Directors at 1% of Net Profit per Director, restricted to Rs.10 lacs per Independent Director.	2,000	2,000			
	9,000	9,000			

SCHEDULES

11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31-12-2008. The disclosure pursuant to the said Act is as under:

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
Principal amount due to suppliers under MSMED Act, 2006	1,854	4,332
Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 15)	-	-
Interest paid to suppliers under MSMED Act (Section 15)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

12. The provision for taxation for the year has been computed on the basis of the results for the year ended December 31, 2008, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2009 relevant to the assessment year 2009-2010.

13. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

SCHEDULES

14. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="7"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="7"/>
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Sources of Funds

Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="8"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="8"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liability(Net)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/>		

Application of Funds

Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="1"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="7"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

IV. Performance of Company (Amount in Rs.Thousands)

Turnover *	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="2"/>	Total Expenditure**	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="4"/>
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* Including Other Income

+ - Profit/Loss before tax

+ - Earning Per Share in Rs.

** Net of Interest Income

+ - Profit/Loss after tax

+ - Dividend rate %.

SCHEDULES

14. Balance Sheet Abstract and Company's General Business Profile

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

Signatures to Schedule 1 to 16
For and on behalf of the Board of Directors

Sharad Upasani
Chairman

Anil Khanna
Managing Director

Malcolm Monteiro
Director

Clyde Cooper
Director

Daniel J. McHugh
Director

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Tushar Gunderia
Company Secretary

Mumbai, January 28, 2009

STATEMENT PURSUANT TO SECTION 212(1) (E) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

Name of the Subsidiary Company	:	Concorde Air Logistics Limited
Holding Company's Interest	:	110,000 Equity Shares of Rs. 10 each fully paid up
Extent of Holding	:	100%
The "Financial Year" of the Subsidiary Company ended of	:	December 31, 2008
Net aggregate amount of the Subsidiary Company's profits/(losses) dealt with in the Holding Company's accounts		
For the Subsidiary's aforesaid financial year	:	Nil
For the previous financial years	:	N.A
Net aggregate amount of the Subsidiary Company's profits/ (losses) not dealt with in the Holding Company's accounts		
For the Subsidiary's aforesaid financial year (Rs. in thousand)	:	6,515
For the previous financial years (Rs.in thousand)	:	16,584

For and on behalf of the Board of Directors

Sharad Upasani
Chairman

Anil Khanna
Managing Director

Malcolm Monteiro
Director

Clyde Cooper
Director

Daniel J. McHugh
Director

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Tushar Gunderia
Company Secretary

Place : Mumbai
Dated : January 28, 2009

BOARD OF DIRECTORS

CONCORDE AIR LOGISTICS LIMITED

BOARD OF DIRECTORS

Vaidhyanathan Iyer

Tushar Gunderia

D. Basappa

Mirza Baig

PRINCIPAL BANKERS

Canara Bank

ICICI Bank Ltd.

Indian Overseas Bank

AUDITORS

Price Waterhouse

REGISTERED OFFICE

17, Adarsh Industrial Estate,
Sahar Road, Chakala,
Andheri (East),
Mumbai - 400 099

DIRECTORS' REPORT

To the Members

Your Directors have great pleasure in presenting the Fifth Annual Report of your Company for the year ended December 31, 2008.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	For the year ended December 31, 2008	For the year ended December 31, 2007
Revenues:		
Services	183.28	230.18
Commission	66.09	89.46
Other Income	17.51	11.47
Less : Operating Expenses	183.61	147.35
Operating Profit (EBIDTA)	83.27	183.76
Less : Depreciation / Amortisation	18.13	17.92
Earnings before Tax	65.14	165.84
Less : Provision for income tax (including FBT)	23.12	60.96
Earnings after tax	42.02	104.88

Your Directors wish to strengthen financial position of the Company and as such, no dividend is recommended for the year under consideration.

INDUSTRY

Your Company is engaged in the business of clearing and forwarding of time sensitive air cargo packages.

Your Company is a registered Air Cargo Agent with International Air Transport Association (IATA) and licensed Custom House Agent under the provisions of Customs Act, 1962.

Your Company is also engaged in the business of clearance of import cargo in addition to export cargo at Mumbai.

Your Company also has a valid break-bulk license to handle consolidated shipments.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Mr. D. Basappa, Director, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of the provisions of the Companies Act, 1956, your Directors confirm:

- that in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit of the Company for that year;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

The Statutory Auditors, M/s. Price Waterhouse, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received necessary certificate from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Board of Directors recommends re-appointment of M/s. Price Waterhouse as Statutory Auditors of the Company.

FIXED DEPOSIT

The Company has not accepted any deposits within the meaning of the provisions of section 58A of the Companies Act, 1956.

COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383(A) of the Companies Act, 1956, M/s. Nilesh Shah & Associates, Company Secretaries in Whole Time Practice, have issued 'Compliance Certificate' for the year ended December 31, 2008, which has been attached as an Annexure to this Report.

DIRECTORS' REPORT

EMPLOYEES

Your Directors hereby wish to place on record their appreciation of the efficient services rendered by its Employees.

During the year under review, your Company did not have any employee falling under the provisions of Service 217 (2A) of the Companies Act, 1956.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

The information pursuant of Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is as under

A Conservation of Energy	:	Not applicable
B Technology Absorption	:	Not applicable
C Foreign Exchange Earnings & Outgo	:	
Earnings	:	Nil
Outgo	:	Rs. 119.52 lacs (previous Year Rs.66.70 lacs)

ACKNOWLEDGEMENT

Your Directors express their deep sense of gratitude to our customers, associates, banks, suppliers and government authorities for their continuous support during the year under review.

For and on behalf of the Board of Directors

Vaidhyanathan Iyer
Director

Tushar Gunderia
Director

D. Basappa
Director

Mumbai,
February 24, 2009

AUDITORS' REPORT

To the Members of

CONCORDE AIR LOGISTICS LIMITED

1. We have audited the attached Balance Sheet of Concorde Air Logistics Limited, as at December 31, 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e. On the basis of written representations received from the directors, as on December 31, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Vasant Gujarathi
Partner
Membership No. F17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date : January 28, 2009

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Concorde Air Logistics Limited on the financial statements for the year ended December 31, 2008]

- (1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (2) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clause (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clause (iii)(f) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (3) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the sale of services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (4) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. As there have been contracts or arrangements referred to in Section 301 of the Act, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
- (5) The Company has not accepted any deposits from the public within the meaning of Sections 58A of the Act and the rules framed there under.
- (6) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (7) The matter specified in clause (viii) of paragraph 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the nature its business.
- (8) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, cess and other material statutory dues, as applicable, with the appropriate authorities in India. As informed to us investor education and protection fund, wealth tax, excise duty, custom duty and sales tax are not applicable to the company for the year.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.
- (9) As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Order is not applicable to the company for the year.
- (10) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- (11) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (12) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
- (13) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (14) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (15) The Company has not obtained any term loans.
- (16) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.

ANNEXURE TO AUDITORS' REPORT

- (17) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (18) The Company has not issued any debentures during the year.
- (19) The Company has not raised any money by public issue during the year.
- (20) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.
- (21) The matter specified under clause (ii) of paragraph 4 of the Order is not applicable to the Company for the year.

Mumbai, January 28, 2009

Vasant Gujarathi
Partner
Membership No. F17866
For and on behalf of
Price Waterhouse
Chartered Accountants

COMPLIANCE CERTIFICATE

CIN : U60230MH2004PTC146141

Authorised Capital : Rs.2,000,000/-

To the Members of
CONCORDE AIR LOGISTICS LIMITED
Mumbai.

We have examined the necessary registers, records, books and papers of CONCORDE AIR LOGISTICS LIMITED as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on 31st December, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Maharashtra, Mumbai or such other authorities within the time prescribed under the Act and the rules made thereunder. The Company was not required to file any forms and returns with the Regional Director, Central Government, Company Law Board or other authorities.
3. The status of the Company, being Public Limited Company, comments are not required.
4. The Board of Directors duly met 4 (Four) times on 11.02.2008, 21.04.2008, 30.07.2008 and 20.10.2008 respectively, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the financial year under review.
6. The Annual General Meeting for the year ended 31st December, 2007 was held on 21st April, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its directors and / or persons or firms or Companies referred to in the Section 295 of the Act, during the year under review.
9. The Company has not entered into any new contract attracting the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or the Central Government.
12. The Company has not issued duplicate share certificates during the financial year under review and hence no comment is invited.
13. The Company has:
 - (i) no instances of allotment, transfer or transmission of shares during the financial year under review and hence no comment is invited in this respect.
 - (ii) not declared any dividend during the financial year and hence the Company was not required to deposit any amount as unpaid dividend /interim dividend in a separate Bank Account.
 - (iii) N.A.
 - (iv) N.A.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointment of additional directors, alternate directors and directors to fill casual vacancies, during the financial year under review.
15. The Company has not appointed any Managing Director / Whole time Director / Manager during the financial year under review.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. The Company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

COMPLIANCE CERTIFICATE

19. The Company has not allotted any equity shares or any other securities during the financial year under review and hence no comment is invited.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not issued any preference shares / debentures and consequently there is no redemption of preference shares / debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance any corporate benefits of the members pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year under review.
24. The Company has not borrowed any money exceeding limit provided under provisions of Section 293(1)(d) of the Act, during the financial period ending 31st December, 2008.
25. The Company has not made any loans or advances or investments or given guarantees or provided securities to other bodies corporate in violation of Provisions of Section 372A of the Act. The Company has made necessary entries in the register required to be kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the financial year under review.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under review.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year under review.
30. The Company has not altered any provisions of its Articles of Association during the financial year under review.
31. As explained to us, there was no prosecution initiated against or show cause notices received by the Company for alleged offenses under the Act and no fines and penalties or any other punishment was imposed on the Company during the financial year under review.
32. The Company has not received any money as security from its employees during the financial year under review.
33. The provisions of Section 418 of the Act do not apply to the Company.

For Nilesh Shah & Associates
Company Secretaries
(Nilesh Shah)
Partner (FCS - 4554)
C.P.No.: 2631

Place : Mumbai
Date : January 28, 2009

COMPLIANCE CERTIFICATE

Annexure A

Sr. No.	Registers maintained by the Company	Under Section
1.	Register of Members	150
2.	Minutes Books of proceedings of: 1. Meetings of the Board of Directors. 2. General Meetings	193
3.	Register of contracts, companies and firms in which directors are interested	301
4.	Register of Directors, Managers and Secretary	303
5.	Register of Directors' Shareholdings	307
6.	Register Of Charges	143
7.	Register of Renewed and Duplicate Certificate	Issue of Share Certificate Rules
8.	Register of Share Application and Allotment	Voluntary
9.	Register of Directors Attendance	Voluntary
10.	Register of Members Attendance	Voluntary
11.	Register of Share Transfer	Voluntary (108)

For Nilesh Shah & Associates
Company Secretaries
(Nilesh Shah)
Partner (FCS - 4554)
C.P.No.: 2631

Place : Mumbai
Date : January 28, 2009

COMPLIANCE CERTIFICATE

Annexure B

Sr. No.	Form No.	Section	Purpose	Date of Filing & SRN
1	Form No. 32 Dtd.: 21.04.2008	303 (2)	Reappointment of Directors in the Annual General Meeting	A37268257 13.05.2008
2	Form 66 (Compliance Cert) Dtd.: 31.12.2007	383A	As required under Companies (Compliance Certificate) Rules, 2001.	P19015056 16.05.2008
3	Form 23AC / Form 23ACA (Annual Accounts) Dtd.: 31.12.2007	210	As per requirement of the Act	P19015270 16.05.2008
4	Form 20B (Annual Return) Dtd.: 31.12.2007	159	As per requirement of the Act	P19360957 10.06.2008
5	DIN 3 (For 3 Director)	266E	Requirement of Rule 6 of Companies (Directors Identification Number) Rules, 2006.	A05494422

For Nilesh Shah & Associates
Company Secretaries
(Nilesh Shah)
Partner (FCS - 4554)
C.P.No.: 2631

Place : Mumbai
Date : January 28, 2009

CONCORDE AIR LOGISTICS LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2008

	Schedule No.	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	1,100	1,100
Reserves and Surplus	2	39,414	35,212
TOTAL		40,514	36,312
APPLICATION OF FUNDS			
Fixed Assets			
	3		
Gross Block		20,770	20,314
Less: Depreciation / Amortisation		10,849	9,036
Net Block		9,921	11,278
Capital Work in Progress (including capital advances)		41	-
		9,962	11,278
Investments			
	4	25,055	7,398
Deferred Tax Assets (Net) [Refer notes 1(g) and 5 - Schedule 14]			
Deferred Tax Assets		444	407
Less : Deferred Tax Liabilities		290	230
		154	177
Current Assets, Loans and Advances			
Sundry Debtors	5	134	14,034
Cash and Bank Balances	6	9,558	17,813
Loans and Advances	7	9,002	2,252
		18,694	34,099
Less: Current Liabilities and Provisions			
Liabilities	8	12,049	15,455
Provisions	9	1,302	1,185
		13,351	16,640
Net Current Assets		5,343	17,459
TOTAL		40,514	36,312
Notes to Accounts	14		

Schedules 1 to 9 and 14 referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

Vasant Gujarathi
Partner
Membership No. F17866
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

D. Basappa
Director

Place : Mumbai
Dated : January 28, 2009

CONCORDE AIR LOGISTICS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2008

	Schedule No.	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
INCOME			
Service Charges (net) [Refer Note 1 (d)(i) - Schedule 14]		18,328	23,018
Commission [Refer Note 1 (d)(ii) - Schedule 14]		6,609	8,946
Other Income	10	1,751	1,147
		26,688	33,111
EXPENDITURE			
Freight, Handling and Servicing Costs	11	3,498	2,410
Employee Costs	12	11,465	9,503
Other Costs	13	3,398	2,822
		18,361	14,735
Profit Before Depreciation and Taxation		8,327	18,376
Depreciation / Amortisation		1,813	1,792
Profit Before Taxation		6,514	16,584
Provision for Taxation [Refer Notes 1(g) and 5 - Schedule 14]			
Current Tax		2,189	6,033
Deferred Tax		24	(10)
Fringe Benefits Tax		99	73
		2,312	6,096
Profit After Taxation		4,202	10,488
Balance brought forward from previous year		21,712	11,224
Balance carried forward to Balance Sheet		25,914	21,712
Earnings Per Share (Refer Note 4 - Schedule 14)			
Basic and diluted Earnings Per Share (in Rupees)		38.20	95.35
Nominal value per equity share (in Rupees)		10	10
Notes to Accounts	14		

Schedules 10 to 14 referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

Vasant Gujarathi
Partner
Membership No. F17866
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

D. Basappa
Director

Place : Mumbai
Dated : January 28, 2009

CONCORDE AIR LOGISTICS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
A. Cash flows from Operating activities:		
Profit before Taxation	6,514	16,584
Adjustments for:		
Depreciation / Amortisation	1,813	1,792
Interest income	(260)	(799)
Dividend income	(1,491)	(348)
Provision for Gratuity	91	201
Provision for leave encashment	26	41
Operating profit before working capital changes	6,693	17,471
Adjustments for changes in working capital :		
Decrease /(Increase) in Sundry Debtors	13,900	(163)
Increase in Other Receivables	(85)	(129)
(Decrease) / Increase in Trade and Other Payables	(3,406)	859
Cash generated from Operations	17,102	18,038
Taxes paid (net of Tax Deducted at Source)	(9,631)	(6,623)
Net cash from Operating activities	7,471	11,415
B. Cash flows from Investing activities:		
Purchase of fixed assets	(497)	(899)
Interest received	937	269
Dividend from Mutual funds	1,491	348
Investments in Mutual funds (net)	(17,657)	(7,348)
Proceeds from maturity of National Saving Certificates	-	25
Net cash used in Investing activities	(15,726)	(7,605)
C. Cash flows from Financing activities:		
Net cash from/(used in) Financing activities	-	-
Net (Decrease) / Increase in Cash and Cash Equivalents	(8,255)	3,810
Cash and cash equivalents at the beginning of the year	17,813	14,003
Cash and cash equivalents at the end of the year	9,558	17,813
	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Cash and cash equivalents comprise of:		
Cash on hand	24	183
Balance with Scheduled Banks		
on current accounts	9,450	8,119
on deposit accounts	24	9,451
on margin money accounts	60	60
	9,558	17,813

- Notes :**
- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS 3) issued by the Institute of Chartered Accountants of India.
 - Cash flows in brackets indicate cash outgo.
 - Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
 - Cash and cash equivalents includes Rs. 60 ('000) [(previous year - Rs. 60 ('000)] which are not available for use by the Company. (Refer Schedule 6 in the Financial Statements)

This is the Cash Flow Statement referred to in our report of even date.

Vasant Gujarathi
Partner
Membership No. F17866
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

For and on behalf of the Board of Directors

Tushar Gunderia
Director

D. Basappa
Director

Place : Mumbai
Dated : January 28, 2009

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 1			SCHEDULE 2		
CAPITAL			RESERVES AND SURPLUS		
<u>Authorised</u>			Securities Premium	13,500	13,500
200,000 equity shares of Rs.10 each	2,000	2,000	Profit and Loss Account	25,914	21,712
<u>Issued and Subscribed</u>			Total	39,414	35,212
110,000 equity shares of Rs. 10 each fully paid-up	1,100	1,100			
Total	1,100	1,100			

Note :

Of the above 110,000 (Previous Year 110,000) equity shares are held by Blue Dart Express Limited, the holding company and its nominees. The ultimate holding company is Deutsche Post AG, Germany.

SCHEDULE 3 FIXED ASSETS

[Refer notes 1(b) and 1(i) - Schedule 14]

in Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2008	Additions	Deductions / Adjustments	As at December 31, 2008	As at January 1, 2008	For the Year	Deductions / Adjustments	As at December 31, 2008	As at December 31, 2008	As at December 31, 2007
Goodwill [Refer Note below]	14,900	-	-	14,900	5,469	1,490	-	6,959	7,941	9,431
Buildings	2,022	-	-	2,022	2,018	-	-	2,018	4	4
Office Equipment	264	8	-	272	251	4	-	255	17	13
Electrical Equipment	426	104	-	530	225	30	-	255	275	201
Computers	347	325	-	672	194	74	-	268	404	153
Computer Software	24	9	-	33	13	4	-	17	16	11
Furniture and Fittings	486	10	-	496	485	2	-	487	9	1
Vehicles	1,845	-	-	1,845	381	209	-	590	1,255	1,464
TOTAL	20,314	456	-	20,770	9,036	1,813	-	10,849	9,921	11,278
Previous Year	19,415	899	-	20,314	7,244	1,792	-	9,036	11,278	

Notes:

The balance period over which goodwill will be amortised is five years three months.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 4			SCHEDULE 6		
INVESTMENTS			CASH AND BANK BALANCES		
(Long Term, Unquoted, At cost) [Refer Note 1 (c) - Schedule 14]			Cash on hand	24	183
Non - Trade			Balance with scheduled banks :		
<u>In Government Securities</u>			on current accounts	9,450	8,119
National Saving Certificates (6 year NSCs - VIII issue) (Refer Note below)	50	50	on deposit accounts	24	9,451
<u>Others (Current) (Lower of cost and market value)</u>			on margin money accounts	60	60
Units in Mutual Funds 2,499,975 (Previous Year - 263,859)	25,005	2,639	Total	9,558	17,813
Units of ICICI Prudential Floating Rate Plan D- Daily Dividend- Reinvest Dividend (3,249,818 units purchased, 67,866 units cumulated and 1,081,568 units sold during the year)					
NIL (Previous Year - 287,346) Units of Birla Sun Life CashPlus - Retail- Daily Dividend Reinvestment (NIL units purchased, 4,786 units cumulated and 292,132 units sold during the year)	-	4,709	Note:		
Total	25,055	7,398	The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company.		
Note: National Saving Certificates are given as security to the Custom Authorities.					
SCHEDULE 5			SCHEDULE 7		
SUNDRY DEBTORS			LOANS AND ADVANCES		
(Unsecured, considered good)			(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-	Advances recoverable in cash or in kind or for value to be received :		
Other debts	134	14,034	Prepaid Expenses	115	123
Total	134	14,034	Other Deposits	95	22
			Advance Tax (Net of Provision)	8,544	1,200
			Other Advances	248	907
			Total	9,002	2,252

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
SCHEDULE 8				
LIABILITIES				
Sundry Creditors :				
(a) Micro, Small and Medium Enterprises*	-	-		
(b) Others	11,452	14,762		
Other Liabilities	597	693		
Total	12,049	15,455		
(* Determined to the extent such particulars have been identified on the basis of information available with the Company. This has been relied upon by the auditors.)				
SCHEDULE 9				
PROVISIONS				
(Refer Note 1(e) and (2) - Schedule 14)				
Provision for Leave Encashment	252	226		
Provision for Gratuity	1,050	959		
Total	1,302	1,185		
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT				
	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)		
SCHEDULE 10				
OTHER INCOME				
Interest income	260	799		
Dividend income	1,491	348		
Total	1,751	1,147		
			Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
SCHEDULE 11				
FREIGHT, HANDLING AND SERVICING COSTS				
Handling and clearing charges			2,600	1,720
Domestic network operating costs			735	569
Printing, stationery and consumables			163	121
Total			3,498	2,410
SCHEDULE 12				
EMPLOYEE COSTS				
[Refer Note 1 (e) - Schedule 14]				
Salaries, wages, bonus and leave encashment			10,696	8,755
Contribution to provident and other funds			683	656
Staff welfare expenses			86	92
Total			11,465	9,503
SCHEDULE 13				
OTHER COSTS				
Legal and professional charges [Refer Note 6(a)- Schedule 14]			1,298	1,650
Office expenses			86	64
Electricity			277	327
Communication expenses			329	288
Rates and taxes			852	24
Repairs and maintenance - others			106	81
Travelling and conveyance			269	306
Insurance			98	21
Miscellaneous Expenses			83	61
Total			3,398	2,822

SCHEDULES

SCHEDULE 14

Notes to Accounts

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the accounting standards notified under sub section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the other relevant provisions of the Act. The significant accounting policies are as follows:-

(b) Fixed Assets and Depreciation/Amortisation

Fixed assets are stated at cost less accumulated depreciation/ amortisation. The Company capitalises all costs relating to the acquisition, installation and substantial modifications to fixed assets.

Depreciation on fixed assets is provided under straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of the following assets where such rates are higher than the prescribed schedule XIV rates, so as to ensure that such assets are written off over their estimated useful lives :

Description of Assets	Useful Life (in years)
Office Equipment	15
Electrical Equipment	15

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

Computer software is amortised under straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, as prescribed for computers.

Goodwill represents the excess of the value of the erstwhile partnership business as a whole over its net asset value as at the date of registration and is stated at cost less accumulated amortisation. Goodwill is amortised using the straight line method over a period of 10 years.

(c) Investments

Long Term Investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments. Current Investments are valued at lower of cost and market value.

(d) Service Charges

- (i) Service charges for clearing and forwarding of shipments are recognised as income when shipments are manifested and represent amounts invoiced, net of service tax, exchange fluctuations and all discounts and allowances.

- (ii) Commission is accrued when cargo is delivered to the custody of the airline and the master airway bill is issued.

(e) Employee Benefits

- (i) Short Term Employee Benefits :

The employees of the Company are entitled to leave encashment as per the leave policy of the Company.

- (ii) Long Term Employee Benefits :

Defined Contribution Plan

The Company has Defined Contribution plans for post employment benefits namely Provident Fund which are recognised by the income tax authorities and administered through trustees.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company makes contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to revenue every year.

Defined Benefit Plan

The Company has a Defined Benefit plan namely Gratuity and Leave Encashment for all its employees.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet Date, carried out by an Independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

Termination benefits are recognised as an expense as and when incurred.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(f) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit and Loss Account.

SCHEDULES

(g) Taxes on Income

Provision for income-tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised for unabsorbed depreciation and carry forward of losses to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(h) Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

(i) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

2. The Company has classified the various employee benefits as under :-

I Defined Contribution Plans

- a. Provident Fund
- b. State Defined Contribution Plans
 - i. Employers' Contribution to Employee's State Insurance
 - ii. Employers' Contribution to Employee's Pension Scheme 1995.

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

	Year ended December 31, 2008 In Rs. ('000)	Year ended December 31, 2007 In Rs. ('000)
- Employers' Contribution to Provident Fund	211*	186*
- Employers' Contribution to Employee's State Insurance	51*	36*
- Employers' Contribution to Employee's Pension Scheme 1995.	159*	141*

* Included in Contribution to provident and other funds (Refer Schedule 12)

II Defined Benefit Plan

Valuations in respect of gratuity and Leave encashment have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions.

GRATUITY

	As at December 31, 2008	As at December 31, 2007
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in Compensation levels	6.75%	6.75%
Rate of Return on Plan Assets	8.00%	8.00%
Expected Average remaining working lives of employees (years)	18.83	16.57

LEAVE ENCASHMENT

	As at December 31, 2008	As at December 31, 2007
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in Compensation levels	6.75%	6.75%
Rate of Return on Plan Assets	8.00%	8.00%
Expected Average remaining working lives of employees (years)	18.83	16.57

SCHEDULES

A) Changes in the Present Value of Obligation

GRATUITY	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
			(135)	(49)
Benefits Paid			(135)	(49)
Present Value of Obligation at the beginning of the year	959	758	Nil	Nil
Interest Cost	77	59		
Past Service Cost	Nil	Nil		
Current Service Cost	120	92		
Curtailment Cost / (Credit)	Nil	Nil		
Settlement Cost / (Credit)	Nil	Nil		
Actuarial (gain)/loss on obligations	28	99		
Present Value of Obligation as at Year end.	1,049	959		

LEAVE ENCASHMENT

Present Value of Obligation at the beginning of the year	226	185
Interest Cost	18	14
Past Service Cost	Nil	Nil
Current Service Cost	38	23
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(95)	(32)
Actuarial (gain)/loss on obligations	65	36
Present Value of Obligation as at Year end.	252	226

B) Changes in the Fair value of Plan Assets

GRATUITY

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Actuarial Gains and (Loss) on Plan Assets	Nil	Nil
Contributions	135	49

Fair Value of Plan Assets at Year end	Nil	Nil
---------------------------------------	-----	-----

LEAVE ENCASHMENT

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Actuarial Gains and (Loss) on Plan Assets	Nil	Nil
Contributions	95	32
Benefits Paid	(95)	(32)
Fair Value of Plan Assets at Year end	Nil	Nil

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

GRATUITY

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Fair Value of Plan Assets as at the end of the year	Nil	Nil
Funded Status	(1,050)	(959)
Present Value of unfunded Obligation as at the Year end	(1,050)	(959)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) recognised in the Balance Sheet	(1,050)**	(959)**

** Included in provisions (Refer Schedule 9)

LEAVE ENCASHMENT

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Fair Value of Plan Assets as at the end of the year	Nil	Nil
Funded Status	(252)	(226)

SCHEDULES

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Present Value of unfunded Obligation as at the Year end	(252)	(226)	Past Service Cost	Nil	Nil
Unrecognised Actuarial (gains) / losses	Nil	Nil	Interest Cost	77	59
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(252)***	(226)***	Expected Return on Plan Assets	Nil	Nil
*** Included in provisions (Refer Schedule 9)			Curtailment Cost / (Credit)	Nil	Nil
D) Amount recognised in the Balance Sheet			Settlement Cost / (Credit)	Nil	Nil
GRATUITY			Net actuarial (gain) / loss recognised in the Year	28	100
Present Value of Obligation at the end of the year	(1,050)	(959)	Total Expenses recognised in the Profit and Loss Account	225*****	251*****
Fair Value of Plan Assets as at the end of the year	Nil	Nil	***** Included in Contribution to provident and other funds (Refer Schedule 12)		
Liability recognised in the Balance Sheet	(1,050)****	(959)****	LEAVE ENCASHMENT		
**** Included in provisions (Refer Schedule 9)			Current Service Cost	38	23
LEAVE ENCASHMENT			Past Service Cost	Nil	Nil
Present Value of Obligation at the end of the year	(252)	(226)	Interest Cost	18	14
Fair Value of Plan Assets as at the end of the year	Nil	Nil	Expected Return on Plan Assets	Nil	Nil
Liability recognised in the Balance Sheet	(252)*****	(226)*****	Curtailment Cost / (Credit)	Nil	Nil
***** Included in provisions (Refer Schedule 9)			Settlement Cost / (Credit)	Nil	Nil
E) Expenses recognised in the Profit and Loss Account			Net actuarial (gain) / loss recognised in the Year	65	36
GRATUITY			Total Expenses recognised in the Profit and Loss Account	121*****	73*****
Current Service Cost	120	92	***** Included in Salaries, wages, bonus and leave encashment (Refer Schedule 12)		
			3. Contingent liability not provided for :		
			Bank Guarantee	240	240
			Note : Future cash outflows can be determined only when guarantee is invoked by the party to whom given.		

SCHEDULES

4. Earnings Per Share :

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
(a) Profit After Taxation for the year (Rs.'000)	4,202	10,488
(b) Weighted average number of shares (Nos.)	110,000	110,000
(c) Basic and Diluted Earnings Per Share (Rs.)	38.20	95.34
(d) Nominal value of shares outstanding (Rs.)	10.00	10.00

5. Deferred Tax Balances:

The components of deferred tax assets and liabilities arising on account of timing differences between taxable income and accounting income are as follows :

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
(a) Assets		
Provision for Leave Encashment	86	77
Provision for Gratuity	357	325
Preliminary Expenses	1	5
Total	444	407
(b) Liabilities		
Depreciation/Amortisation	290	230
Total	290	230
Net Deferred Tax Assets	154	177

6 (a) Legal and Professional Charges include Auditors' Remuneration as follows :

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
Audit Fees		
- Statutory Audit Fees	175	100
- Tax Audit Fees	88	50
Reimbursement of expenses	4	6
	267	156

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
(b) Expenditure in foreign currency		
Towards Freight charges	11,939	6,660
Towards IATA fees and examination fees	13	10
	11,952	6,670

7. Related party disclosures

(a) Enterprises where control exists

- (i) Blue Dart Express Limited Holding Company
- (ii) Deutsche Post AG, Germany Ultimate Holding Company

(b) Related party relationships where transactions have taken place during the year

- (i) Blue Dart Express Limited Holding Company
- (ii) DHL Express India Private Limited Fellow Subsidiary Company
- (iii) Blue Dart Aviation Limited Enterprise over which Blue Dart Express Limited is able to exercise significant influence.

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
(c) Transactions with related parties during the year :		
(i) With Holding Company		
Blue Dart Express Limited		
Recoveries towards air freight, etc.	182,883	149,179
Agency Charges	708	1,315
(ii) With Enterprises over which Blue Dart Express Limited is able to exercise significant influence.		
Blue Dart Aviation Limited		
Reimbursement of expenses	19,629	18,390
Agency charges incurred for customs clearing	6,318	4,267

SCHEDULES

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
(iii) Fellow Subsidiary Company		
DHL Express India Private Limited		
Recoveries towards air freight, etc.	679	4,912
Handling charges received	75	328
(d) Related party balances at the year end :		
Receivable from Holding Company / Fellow Subsidiary Company		
Blue Dart Express Limited	-	12,125
DHL Express India Private Limited	-	1,640

8. Segment information

The Company is primarily engaged in a single segment business of clearing and forwarding of time sensitive shipments within India.

9. The provision for taxation for the year has been computed on the basis of the results for the year ended December 31, 2008, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2009 relevant to the assessment year 2009-2010.
10. Previous year figures have been regrouped / reclassified wherever necessary to confirm to the current year's classification.

Schedule forming part of the Accounts

11. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="5"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="5"/>
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Sources of Funds

Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="4"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liability (Net)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

AUDITORS' REPORT ON THE CONSOLIDATED ACCOUNTS

To the Board of Directors of

BLUE DART EXPRESS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Blue Dart Express Limited and its subsidiary (the Group), as at 31st December, 2008, and the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Group.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Group, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st December, 2008;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operation of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Group for the year ended on that date.

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai,
January 28, 2009

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
BALANCE SHEET AS AT DECEMBER 31, 2008

	Schedule No.	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	3,709,478	2,957,625
		3,947,106	3,195,253
Deferred Tax Liabilities (Net)			
[Refer Notes 1(k) and 6 - Schedule 16]			
Deferred Tax Liabilities		217,094	205,321
Less : Deferred Tax Assets		38,744	28,848
		178,350	176,473
TOTAL		4,125,456	3,371,726
APPLICATION OF FUNDS			
Fixed Assets			
	3		
Gross Block		2,876,993	2,589,490
Less: Depreciation / Amortisation		1,135,216	976,490
Net Block		1,741,777	1,613,000
Capital work in progress (including capital advances)		89,095	33,806
		1,830,872	1,646,806
Investments	4	710,616	627,994
Current Assets, Loans and Advances			
Inventories	5	21,900	20,378
Sundry Debtors	6	1,154,321	1,092,753
Cash and Bank Balances	7	486,978	313,850
Loans and Advances	8	902,411	602,221
		2,565,610	2,029,202
Less: Current Liabilities and Provisions			
Liabilities	9	846,723	792,398
Provisions	10	134,919	139,878
		981,642	932,276
Net Current Assets		1,583,968	1,096,926
TOTAL		4,125,456	3,371,726
Notes to Accounts	16		

Schedules 1 to 10 and 16 referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Daniel J. McHugh
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated: January 28, 2009

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2008

	Schedule No.	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
INCOME			
Service Charges [Refer Note 1(h) (i)- Schedule 16]		9,760,028	8,106,196
Commission [Refer Note 1(h) (ii)- Schedule 16]		6,609	8,946
Other Income	11	82,115	31,466
		9,848,752	8,146,608
EXPENDITURE			
Freight, Handling and Servicing Costs	12	6,359,722	5,017,795
Employee Costs	13	1,337,998	1,173,152
Other Costs	14	811,214	628,099
		8,508,934	6,819,046
Profit Before Interest, Depreciation and Taxation		1,339,818	1,327,562
Interest (Income) / Expense (Net)	15	(21,663)	3,198
Depreciation / Amortisation		167,468	242,066
Profit Before Taxation		1,194,013	1,082,298
Provision for Taxation [Refer Notes 1 (k) and 6 - Schedule 16]			
Current Tax		397,790	380,861
Deferred Tax		1,877	(17,393)
Fringe Benefits Tax		16,616	9,074
		416,283	372,542
Profit After Taxation, before Share of Associate's Profit		777,730	709,756
Share of Associate's Profit		1,884	2,400
Net Profit		779,614	712,156
Balance brought forward from previous year		2,315,781	1,632,090
Available for Appropriation		3,095,395	2,344,246
Proposed dividend		23,728	23,728
Tax on Proposed Dividend		4,033	4,033
Tax on Dividend pertaining to earlier years		-	704
Balance carried forward to the Balance Sheet		3,067,634	2,315,781
Earnings Per Share			
[Refer Note 5 - Schedule 16]			
Basic and diluted Earnings Per Share (in Rupees)		32.86	30.01
Nominal value per equity share (in Rupees)		10.00	10.00
Notes to Accounts	16		

Schedules 11 to 16 referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Daniel J. McHugh
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated: January 28, 2009

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
A. Cash flow from Operating activities:		
Profit before Taxation	1,194,013	1,082,298
Adjustments for:		
Depreciation/Amortisation	167,468	242,066
Interest expense	5,062	4,158
Interest income	(26,725)	(960)
Dividend from mutual funds	(26,129)	(19,499)
Loss on sale/scraping of fixed assets (Net)	1,260	14,800
Miscellaneous expenditure written off	-	1,634
Bad debts/advances written off	10,204	17,258
Gain on account of Foreign exchange	(3,362)	-
Unadjusted credits/liabilities no longer required written back	(39,709)	(5,463)
Provision for leave encashment	(275)	13,964
Provision for gratuity	(4,684)	6,525
Provision for Directors' commission/professional fees	9,000	9,000
Operating profit before working capital changes	1,286,123	1,365,781
Adjustments for changes in working capital :		
(Increase)/Decrease in Inventories	(1,522)	(2,744)
(Increase)/Decrease in Sundry Debtors	(68,410)	(219,652)
(Increase)/Decrease in Other Receivables	(283,176)	(109,084)
Increase/(Decrease) in Trade and other payables	48,563	209,566
Cash generated from Operations	981,578	1,243,867
Taxes paid (net of Tax Deducted at Source)	(427,029)	(408,647)
Net cash from Operating activities	554,549	835,220
B. Cash flow from Investing activities:		
Purchase of fixed assets	(298,100)	(168,319)
Changes in capital work in progress	(18,248)	(16,036)
Proceeds from sale of fixed assets	158	475
Interest received	22,654	426
Dividend received from mutual funds	25,810	19,177
Investment in mutual funds (Net)	(17,657)	(356,348)
Investment in Blue Dart Aviation Limited	(63,081)	-
Proceeds from maturity of investments	-	25
Net cash used in investing activities	(348,464)	(520,600)
C. Cash flow from Financing activities:		
Repayment of long term borrowings	-	(100,000)
Repayment of short term borrowings (Net)	-	-
Movement in bank overdrafts (Net)	-	(1,800)
Interest paid	(5,062)	(4,158)
Dividend paid	(23,862)	(23,834)
Dividend tax paid	(4,033)	(4,033)

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
Net cash used in financing activities	(32,957)	(133,825)
Net Increase in Cash and cash equivalents	173,128	180,795
Cash and cash equivalents at the beginning of the year	313,850	133,055
Cash and cash equivalents at the end of the year	486,978	313,850
	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Cash and cash equivalents comprise		
Cash, cheques on hand and remittances in transit	57,762	129,433
Balance with Scheduled Banks :		
on current accounts	424,933	171,319
on deposit accounts	24	9,451
on margin money accounts	296	210
on unpaid dividend accounts	1,505	1,639
Balance with non- scheduled Bank		
on current account	1,078	418
on deposit account	1,380	1,380
	486,978	313,850

Notes :

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements(AS-3) as notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.
- Figures in brackets indicate cash outgo.
- Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs. 4,071 ('000) [(Previous Year - Rs. 7 ('000))].
- Cash and cash equivalents includes Rs. 3,181 ('000) [(Previous year - Rs. 3,229 ('000))] which are not available for use by the Company.(Refer Schedule 7 in the Financial Statements)

For and on behalf of the Board of Directors

This is the Cash Flow statement referred to in our report of even date.

Vasant Gujarathi
Partner
Membership No. 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Daniel J. McHugh
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated: January 28, 2009

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 1		
CAPITAL		
<u>Authorised</u> 40,000,000 equity shares of Rs. 10 each	400,000	400,000
<u>Issued and Subscribed</u> 23,727,934 equity shares of Rs. 10 each fully paid up	237,280	237,280
Add : Forfeited Shares	348	348
Total	237,628	237,628

shares by capitalisation of Securities Premium and 5,650,000 equity shares were allotted as fully paid up bonus shares by capitalisation of General Reserve.

19,227,887 equity shares constituting 81.03% of the equity share capital of the Company are held by DHL Express (Singapore) Pte. Limited, the holding company. The ultimate holding company is Deutsche Post AG, Germany.

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 2		
RESERVES AND SURPLUS		
Securities Premium	394,057	394,057
General Reserve	247,787	247,787
Profit and Loss Account	3,067,634	2,315,781
Total	3,709,478	2,957,625

Note:

Of the above, 11,863,967 shares were allotted as fully paid up bonus

SCHEDULE 3

FIXED ASSETS

[Refer notes 1(b),1(c),1(d) and 3 - Schedule 16]

in Rs. ('000)

DESCRIPTION OF ASSETS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2008	Additions	Deductions / Adjustments	As at December 31, 2008	As at January 1, 2008	For the Year	Deductions / Adjustments	As at December 31, 2008	As at December 31, 2008	As at December 31, 2007
Goodwill [Refer note (a) below]	44,900	-	-	44,900	30,599	2,990	-	33,589	11,311	14,301
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	171,861	4,651	1,858	174,654	25,930	2,780	-	28,710	145,944	145,931
Office Equipment	74,312	28,832	2,103	101,041	25,888	6,002	1,183	30,707	70,334	48,424
Electrical Equipment	168,488	64,674	(301)	233,463	58,734	14,893	335	73,292	160,171	109,754
Computers	339,409	78,683	7,884	410,208	186,631	48,567	7,506	227,692	182,516	152,778
Computer Software	92,883	33,626	(407)	126,916	60,079	11,515	(285)	71,879	55,037	32,804
Furniture and Fittings	259,390	79,650	(934)	339,974	82,512	18,002	46	100,468	239,506	176,878
Vehicles	40,904	5,259	(1)	46,164	24,587	3,287	-	27,874	18,290	16,317
Aircraft Engines	123,698	-	1	123,697	114,489	2,494	-	116,983	6,714	9,209
Aircraft	527,246	-	1	527,245	130,049	35,540	-	165,589	361,656	397,197
Aircraft Components and Overhaul	205,170	-	-	205,170	141,745	13,701	-	155,446	49,724	63,425
D-check cost on Aircraft [Refer note (b) below]	114,598	-	-	114,598	89,563	6,014	1	95,576	19,022	25,035
Ground Handling Equipment	30,348	2,288	(44)	32,680	5,684	1,683	(44)	7,411	25,269	24,664
Total	2,589,490	297,663	10,160	2,876,993	976,490	167,468	8,742	1,135,216	1,741,777	1,613,000
Previous Year	2,459,826	171,190	41,526	2,589,490	760,675	242,066	26,251	976,490	1,613,000	

Notes:

- The balance amount and period over which goodwill will be amortised is as follows:
Blue Dart Express Limited - Rs. 3,372 ('000) - Two years and three months.
Concorde Air Logistics Limited - Rs. 7,941 ('000) - Five years and three months.
- D-check cost on Aircraft represents costs towards heavy maintenance mandatory checks.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 4			19,516,933 units (Previous Year 15,274,097) of ICICI Prudential Floating rate Plan D -Daily Dividend Reinvestment Plan (47,757,441 units purchased, 760,817 units cumulated and 44,275,422 units sold during the Year)	195,005	152,639
INVESTMENTS					
(Long Term, Unquoted, At Cost) [Refer Note 1(e) - Schedule 16]					
Trade					
11,760,000 (Previous Year - 9,600,000) equity shares of Rs 10 each in Blue Dart Aviation Limited - Associate Company	183,081	120,000	10,983,097 units (Previous Year Nil) of Kotak Flexi Debt Institutional - Daily Dividend Plan (51,271,909 units purchased, 99,303 units cumulated and 40,388,115 units sold during the Year)	110,000	-
Add: Group's share of Profit / (Loss) upto December 31, 2008	2,420	536			
Net Investments	185,501	120,536	11,996,354 units (Previous Year 16,088,116) of Birla Sunlife Liquid Plus - Institutional Plan- Daily Dividend Reinvestment (76,862,579 units purchased, 663,228 units cumulated and 81,617,569 units sold during the Year)	120,000	162,709
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50			
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	NIL units (Previous Year Nil) of Kotak Flexi Debt -Daily Dividend Plan (11,765,490 units purchased, 126,440 units cumulated and 11,891,930 units sold during the Year)	-	-
Non - Trade					
In Government Securities					
National Savings Certificates (6 Year NSCs - VIII issue) (Refer Note below)	50	50	NIL units (Previous Year 3,271,720) of Kotak Liquid Institutional Premium Daily Dividend plan (66,077,314 units purchased, 46,182 units cumulated and 69,395,216 units sold during the Year)	-	40,000
Others (Current)					
Units in Mutual Funds					
NIL units (Previous Year NIL) of ICICI Prudential Institutional Liquid Plan- Super Institutional Daily Dividend reinvestment plan (108,994,550 units purchased, 55,023 units cumulated and 109,049,573 units sold during the Year)	-	-	9,972,367 units (Previous Year 9,974,257) of HDFC Cash Management Fund - Savings Plus Plan Wholesale - Daily dividend Reinvestment option (74,533,753 units purchased, 493,750 units cumulated and 75,029,393 units sold during the Year)	100,000	100,000

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
NIL units (Previous Year Nil) of HDFC Cash Management Fund - Savings Plan- Daily dividend Reinvestment option (90,491,144 units purchased, 33,171 units cumulated and 90,524,315 units sold during the Year)	-	-	SCHEDULE 6		
NIL units (Previous Year 51,017) of UTI Liquid Cash plan Inst Daily dividend reinvestment (385,504 units purchased, 1,182 units cumulated and 437,703 units sold during the Year)	-	52,000	SUNDRY DEBTORS		
NIL units (Previous Year NIL) of UTI Liquid Plus fund Inst plan Daily dividend reinvestment (236,998 units purchased, 866 units cumulated and 237,864 units sold during the Year)	-	-	(Unsecured, considered good)		
NIL units (Previous Year NIL) of Birla Cash Plus Institutional Premium - Daily dividend - Reinvestment (102,200,709 units purchased, 35,687 units cumulated and 102,236,396 units sold during the Year)	-	-	Debts outstanding for a period exceeding six months	-	-
Total	710,616	627,994	Other debts	1,154,321	1,092,753
			Total	1,154,321	1,092,753
			SCHEDULE 7		
			CASH AND BANK BALANCES		
			Cash, cheques on hand and remittances in transit	57,762	129,433
			Balance with scheduled banks:		
			on current accounts	424,933	171,319
			on deposit accounts	24	9,451
			on margin money accounts	296	210
			on unpaid dividend accounts	1,505	1,639
			Balance with non-scheduled bank (Municipal Co-operative Bank)		
			on current account	1,078	418
			on deposit account	1,380	1,380
			{Maximum amount outstanding during the Year in current account Rs. 12,476('000) [Previous Year - Rs. 2,585 ('000)] and in deposit account Rs. 1,380 ('000) [Previous Year - Rs. 1,380 ('000)]}		
			Total	486,978	313,850
Note: National Saving Certificates are given as security to the Custom Authorities.			Note :		
SCHEDULE 5			The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company. The balances in the deposit accounts are given as security against overdraft facilities from bank.		
INVENTORIES					
[Refer Note 1(f) - Schedule 16]					
Packing and Stationery Consumables	13,699	11,631			
Spares	8,201	8,747			
Total	21,900	20,378			

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Aircraft Payload Deposit	215,000	215,000
Other advances to Blue Dart Aviation Limited	174,784	-
Advances recoverable in cash or in kind or for value to be received :		
Prepaid expenses	25,944	23,839
Deposits	218,670	143,345
Advance tax (Net of provision)	72,330	55,636
Other Advances	195,683	164,401
Total	902,411	602,221
SCHEDULE 9		
LIABILITIES		
Sundry Creditors :		
a) Micro, Small and Medium Enterprises [Refer Note 11 - Schedule 16]	1,854	4,332
b) Others	488,971	452,555
Unclaimed dividend *	1,505	1,639
Other liabilities	354,393	333,872
Total	846,723	792,398
*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
SCHEDULE 10		
PROVISIONS		
Provision for Gratuity [Refer Note 1(g) and 2-Schedule 16]	37,136	41,820
Provision for Leave Encashment [Refer Note 1(g) and 2-Schedule 16]	70,022	70,297
Proposed Dividend	23,728	23,728
Tax payable on Proposed Dividend	4,033	4,033
Total	134,919	139,878

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
SCHEDULE 11		
OTHER INCOME		
Dividend from Mutual Funds- (from non-Trade Investments)	26,129	19,499
Liability no longer required written back	39,709	5,463
Gain on account of Foreign exchange fluctuation (Net) [Refer Note 1 (i) - Schedule 16]	3,483	-
Miscellaneous income	12,794	6,504
Total	82,115	31,466
SCHEDULE 12		
FREIGHT, HANDLING AND SERVICING COSTS		
Aircraft Charter costs	3,693,902	2,950,463
Domestic network operating costs	1,416,200	1,045,310
International servicing charges	604,031	517,282
Domestic excess baggage	349,788	292,141
Handling and clearing charges	161,167	104,585
Printing, stationery and consumables	134,634	108,014
Total	6,359,722	5,017,795
SCHEDULE 13		
EMPLOYEE COSTS		
[Refer Notes 1(g), 2, 8(C) (ii) - Schedule 16]		
Salaries, bonus and leave encashment	1,189,424	1,023,698
Contribution to provident and other funds	93,600	113,625
Staff welfare expenses	54,974	35,829
Total	1,337,998	1,173,152

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
SCHEDULE 14		
OTHER COSTS		
Rent	307,146	186,401
Electricity charges	73,755	53,638
Office expenses	72,201	47,137
Legal and Professional charges	70,861	40,262
Communication expenses	66,370	58,380
Security Expenses	56,576	38,864
Repairs and maintenance - others	51,003	49,340
Travelling and conveyance	31,997	24,751
Rates and taxes	28,227	23,296
Sales promotion and advertising	19,334	46,237
Lease rentals (Refer Notes 1(j) and 9 - Schedule 16)	10,855	12,461
Bad debts/advances written off	10,204	17,258
Insurance	9,192	9,549
Miscellaneous expenses	2,233	2,410
Loss on sale / scrapping of fixed assets (net)	1,260	14,800
Loss on account of Foreign exchange fluctuation (Net) [Refer Note 1 (i) - Schedule 16]	-	1,681
Miscellaneous expenditure written off	-	1,634
Total	811,214	628,099
SCHEDULE 15		
INTEREST EXPENSE (NET)		
On Term Loans	-	4,092
On Bank Overdraft	133	66
Others	4,929	-
	5,062	4,158
Less: Interest on deposits with banks and others	26,725	960
{Tax deducted at source Rs. 4,071 ('000) [Previous Year - Rs. 7 ('000)]}		
Total	(21,663)	3,198

SCHEDULE 16

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.

(b) Fixed Assets and Depreciation/Amortisation

Fixed assets are stated at cost less accumulated depreciation/ amortisation. The Company capitalises all costs relating to the acquisition, installation and substantial modifications to fixed assets.

Modifications that enhance the operating performance or extend the useful life of fixed assets used but not owned by the Company are also capitalised, where there is a certainty of deriving future economic benefits from the use of such assets.

Depreciation on fixed assets is provided under straight line method at the rates specified in Schedule XIV to the Act, except in respect of the following assets where such rates are higher than the prescribed Schedule XIV rates, so as to ensure that such assets are written off over their estimated useful lives:

Description of Assets	Useful Life (in Years)
Office Equipment	2 to 16
Electrical Equipment	6 to 16
Computers	3 to 6
Aircraft Engines	2 to 7
Aircraft	14
D-Check on Aircraft	7

Individual assets costing upto Rs 5,000 are depreciated 100% on a pro-rata basis over one year from the date the asset is put to use.

Aircraft Components and Overhaul represent the cost of engines overhaul, components and modifications of airframes owned and contractually liable to be incurred by the Company. Such costs are depreciated/ amortised on the basis of hours flown or the life cycle of the overhaul program, as applicable.

SCHEDULES

Computer software is amortised under straight line method at the rates specified in Schedule XIV to the Act, as prescribed for computers.

Goodwill represents the excess of the value of the erstwhile partnership business as a whole over its net asset value as at the date of registration and is stated at cost less accumulated amortisation. Goodwill is amortised using the straight-line method over a period of 20 years, based upon the brand image of 'Blue Dart' upon acquisition and the consequential impact it has on the future business of the Company.

Blue Dart - 20 Years

Concorde - 10 Years

(c) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the year in which they are incurred.

(d) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

(e) Investments

Long Term Investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments. Current Investments are valued at lower of cost and market value.

(f) Inventories

Inventories primarily consist of packing and stationery consumables and spares. These are valued at lower of cost and net realisable value. Cost is calculated at purchase price and expenditure directly attributable to the acquisition of such inventories for bringing it to its present location.

(g) Employee Benefits

(i) Short Term Employee Benefits :

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment of short term nature is provided on an estimated basis.

(ii) Long Term Employee Benefits :

Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognised by the income tax authorities and administered through trustees.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company contributes to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

Defined Benefit Plans

The Company has a Defined Benefit plan namely Gratuity and Leave Encashment for all its employees. Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Life Insurance Corporation of India and is funded.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet Date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

(iii) Termination benefits are recognised as an expense as and when incurred.

(iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

SCHEDULES

(h) Service Charges

- (i) Service charges for transportation of shipments are recognised as income when shipments are manifested and represent amounts invoiced, net of service tax and all discounts and allowances.
- (ii) Commission is accrued when cargo is delivered to the custody of the airline and the master airway bill is issued.

(i) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit and Loss Account.

(j) Lease Rentals

All lease rentals are accounted for on accrual basis over the term of the lease and charged to the Profit and Loss Account under the straight line method.

(k) Taxes on Income

Provision for tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised for unabsorbed depreciation and carry forward of losses to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(l) Provision for Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

2. Employee Benefits

The Company has classified the various employee benefits provided to employees as under:-

I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
 - i. Employers' Contribution to Employee's State Insurance
 - ii. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account in Schedule 13 under "Contribution to Provident and Other Funds" -

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
- Employers' Contribution to Provident Fund	24,154	23,497
- Employers' Contribution to Superannuation Fund	6,756	5,987
- Employers' Contribution to Employee's State Insurance	14,978	11,734
- Employers' Contribution to Employee's Pension Scheme 1995.	24,324	20,440

II Defined Benefit Plans

GRATUITY:

Valuations in respect of Gratuity has been carried out by an independent actuary, as at the Balance sheet date, based on the following assumptions:

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Discount Rate (per annum)	8.00%/8.00%	7.75%/8.00%
Rate of increase in Compensation levels	7.25%/6.75%	7.25%/6.75%
Rate of Return on Plan Assets	8.00%/8.00%	7.75%/8.00%
Expected Average remaining working lives of employees (years)	20 / 18	20 / 17

SCHEDULES

A) Changes in the Present Value of Obligation

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)		As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Present Value of Obligation at the beginning of the year	161,295	117,299	Present Value of unfunded Obligation as at the Year end	(37,136)	(41,820)
Interest Cost	12,503	9,091	Unrecognised Actuarial (gains) / losses	Nil	Nil
Past Service Cost	Nil	Nil	Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(37,136)	(41,820)
Current Service Cost	16,316	12,513			
Curtailment Cost / (Credit)	Nil	Nil			
Settlement Cost / (Credit)	Nil	Nil			
Benefits Paid	(11,363)	(12,944)			
Actuarial (gain) / loss on obligations	(4,546)	35,336			
Present Value of Obligation as at Year end.	174,205	161,295			

B) Changes in the Fair value of Plan Assets

Fair Value of Plan Assets at the beginning of the year	119,475	79,431
Expected Return on Plan Assets	9,259	6,156
Actuarial Gains and (Loss) on Plan Assets	(436)	1,783
Contributions	20,135	45,049
Benefits Paid	(11,363)	(12,944)
Fair Value of Plan Assets at Year end	137,070	119,475

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets [Included in Provisions (Refer Schedule 10)]

Present Value of funded obligation as at the year end	137,070	119,475
Fair Value of Plan Assets as at the end of the year	137,070	119,475
Funded Status	(37,136)	(41,820)

D) Amount recognised in the Balance Sheet [Included in Provisions (Refer Schedule 10)]

Present Value of Obligation at the end of the year	(174,206)	(161,295)
Fair Value of Plan Assets at Year end	137,070	119,475
Liability recognised in the Balance Sheet	(37,136)	(41,820)

E) Expenses recognised in the Profit and Loss Account in Schedule 13 under "Salaries, Bonus and Leave Encashment"

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
Current Service Cost	16,316	12,513
Past Service Cost	Nil	Nil
Interest Cost	12,503	9,091
Expected Return on Plan Assets	(9,259)	(6,156)
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net actuarial (gain) / loss recognised in the Year	(4,110)	33,554
Total Expenses recognised in the Profit and Loss Account	15,450	49,002

SCHEDULES

LEAVE ENCASHMENT:

Valuations in respect of Leave encashment has been carried out by an independent actuary, as at the Balance sheet date, based on the following assumptions:

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Discount Rate (per annum)	8.00%/8.00%	7.75%/8.00%
Rate of increase in Compensation levels	7.25%/6.75%	7.25%/6.75%
Rate of Return on Plan Assets	8.00%/8.00%	7.75%/8.00%
Expected Average remaining working lives of employees (years)	20 / 18	20 / 17
A) Changes in the Present Value of Obligation		
Present Value of Obligation at the beginning of the year	57,138	49,850
Interest Cost	4,429	3,863
Past Service Cost	Nil	Nil
Current Service Cost	6,937	5,495
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(6,066)	(6,035)
Actuarial (gain) / loss on obligations	1,538	3,965
Present Value of Obligation as at Year end.	63,976	57,138
B) Changes in the Fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Actuarial Gains and (Loss) on Plan Assets	Nil	Nil
Contributions	6,066	6,036
Benefits Paid	(6,066)	(6,036)
Fair Value of Plan Assets at Year end	Nil	Nil

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets [Included in Provisions (Refer Schedule 10)]

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Present Value of funded obligation as at the year end	Nil	Nil
Fair Value of Plan Assets as at the end of the year	Nil	Nil
Funded Status	(63,976)	(57,138)
Present Value of unfunded Obligation as at the Year end	(63,976)	(57,138)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(63,976)	(57,138)
D) Amount recognised in the Balance Sheet		
Present Value of Obligation at the end of the year	(63,976)	(57,138)
Fair Value of Plan Assets at Year end	Nil	Nil
Liability recognised in the Balance Sheet	(63,976)	(57,138)

E) Expenses recognised in the Profit and Loss Account in Schedule 13 under "Salaries, Bonus and Leave Encashment"

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
Current Service Cost	6,937	5,495
Past Service Cost	Nil	Nil
Interest Cost	4,429	3,863
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net actuarial (gain) / loss recognised in the Year	1,538	3,965
Total Expenses recognised in the Profit and Loss Account	12,904	13,323

SCHEDULES

3. Capital Commitments

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	85,644	313,275

{Includes proportionate share of an associate of Rs 40,653 ('000) [Previous Year - Rs 200,704('000)]}

4. Contingent Liabilities not provided for

(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	1,660,000	1,138,000
(b) Bank Guarantees	59,210	26,942

{Includes proportionate share of an associate of Rs 37,363 ('000) [Previous Year - Rs 25,242 ('000)]}

Note : Future cash outflows can be determined only when guarantees are invoked by parties to whom given.

5. Earnings per share

	Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
(a) Profit after taxation for the year (Rs '000)	779,614	712,156
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In Rupees)	32.86	30.01
(d) Nominal value of shares outstanding (In Rupees)	10.00	10.00

6. Deferred Tax Balances

The components of deferred tax liabilities and assets arising on account of timing differences between taxable income and accounting income are as follows:

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
(a) Liabilities		
Depreciation/Amortisation	217,094	205,321
Total	217,094	205,321
(b) Assets		
Provision for leave encashment	22,442	21,251
Provision for Bonus	5,719	2,168
Preliminary expenses	1	5
Provision for gratuity	7,523	5,424
Others	3,059	-
Total	38,744	28,848
Net Deferred Tax Liabilities	178,350	176,473

7. Segment Information

The Company is primarily engaged in a single segment business of integrated air and ground transportation and distribution of time sensitive packages and is managed as one entity, for its various service offerings and is governed by a similar set of risks and returns.

8. Related party disclosures

(A) Enterprises where control exists

Deutsche Post AG, Germany	-	Ultimate Holding Company
DHL Express (Singapore) Pte. Limited	-	Holding Company
DHL Express India Private Limited	-	Fellow Subsidiary Company
DHL Danzas Private Limited (Previously known as DHL Lemuir Logistics Private Limited)	-	Fellow Subsidiary Company
Blue Dart Aviation Limited	-	Associate Company

SCHEDULES

(B) Related party relationships where transactions have taken place during the year:

		Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
(i) Holding/Fellow Subsidiaries/Associate Company			
DHL Express (Singapore) Pte. Limited	- Holding Company		
DHL Express India Private Limited	- Fellow Subsidiary Company		
DHL Danzas Private Limited	- Fellow Subsidiary Company		
Blue Dart Aviation Limited	- Associate Company		
(ii) Key Management Personnel			
Anil Khanna	Managing Director (from February 21, 2007)		
Malcolm Monteiro	Managing Director (upto February 21, 2007), (Director from February 21, 2007)		
		Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)

(C) Transactions with related parties during the year:

		Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)		Year ended December 31, 2008 in Rs. ('000)	Year ended December 31, 2007 in Rs. ('000)
(i) With Holding/Fellow Subsidiaries/Associate Company						
DHL Express (Singapore) Pte. Limited				Inter Corporate Deposit	494,563	-
Dividend paid	19,228	19,228		Other Advance	174,784	-
DHL Express India Private Limited				Interest income	(17,968)	-
International Servicing Cost	604,031	516,930		Reimbursements towards air freight, etc	19,629	18,390
Domestic Service charges income	(298,206)	(143,243)		Domestic Service charges income	7,081	5,058
Recoveries towards air freight, etc.	708	4,912		Recoveries towards Agency charges	6,318	4,267
Handling charges received	(73)	(328)		(ii) With Key Management Personnel		
Reimbursements of expenses	3,349	-		Managerial remuneration		
DHL Danzas Private Limited				Salary	6,975	16,279
Domestic service charges income	(83,538)	(21,528)		Commission	9,000	9,000
Deposit received	830	3,135		Contribution to provident fund	563	499
Blue Dart Aviation Limited				Contribution to Superannuation Fund	704	578
Aircraft charter cost	3,693,356	2,943,429		Leave Encashment paid	288	310
Additional aircraft payload deposit	-	20,000		Perquisites	1,164	1,210
				Directors' sitting fees	500	560
					19,194	28,436
				Incurring for :		
				- Anil Khanna	16,694	24,357
				- Malcolm Monteiro	-	1,519
					16,694	25,876
				Provision for Leave Encashment / compensated absences and Gratuity, which are based on actuarial valuations done on an overall company basis, are excluded above.		
					As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)

(D) Related party balances at the year end:

(i) Receivable/(payable) from/to Fellow subsidiary/Associate	
DHL Express India Private Limited (Net)	(89,960) (85,149)

SCHEDULES

	As at December 31, 2008 in Rs. ('000)	As at December 31, 2007 in Rs. ('000)
DHL Danzas Private Limited	28,978	6,139
Blue Dart Aviation Limited	394,908	215,000
(ii) Corporate Guarantee given on behalf of Blue Dart Aviation Limited (as at year end)	1,660,000	1,138,000
(iii) Payable to Key Management Personnel:		
Anil Khanna	7,000	7,000

9. Commitments under lease agreements

The Company has entered into non-cancellable operating lease agreements for rental of motor cars for a period of five years and commitments as at December 31, 2008 are as under:

Upto one year	12,726	8,711
One to five years	28,014	21,164

10. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

(a) The subsidiaries (which along with Blue Dart Express Limited, the parent, constitute the Group) considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power held as at December 31, 2008
Concorde Air Logistics Limited (with effect from May 11, 2004)	India	100%

(b) Investment in Associate

Blue Dart Aviation Limited (with effect from March 11, 2005)	India	49%
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11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31-12-2008. The disclosure pursuant to the said Act is as under:

Principal amount due to suppliers under MSMED Act, 2006	1,854	4,332
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 15)	-	-
Interest paid to suppliers under MSMED Act (Section 15)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

12. The provision for taxation for the year has been computed on the basis of the results for the year ended December 31, 2008, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2009 relevant to the assessment year 2009-2010.

13. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

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Fact Sheet

Description	: South Asia's premier and integrated air express package distribution company
Began Operations	: November, 1983
Headquarters	: Mumbai, India
Revenues Jan-Dec 2008	: Rs 98,253 Lacs
Destinations Serviced	: Domestic - over 21,000 locations International - more than 220 countries and territories worldwide through a sales alliance with DHL
Air Support	: 3 Boeing 737 and 4 Boeing 757 freighters
Ground Support	: 5,658 vehicles
Number of Shipments Handled (in Lacs)	: Jan - Dec 2008 Domestic - over 790 International - over 7
Tonnage handled	: Over 231,900
People Force	: Over 6,300
World Wide Web address	: www.bluedart.com

BLUE DART

Blue Dart Express Limited

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