



IT TAKES A LEADER TO DELIVER

BLUE DART

Our Vision

To be the best and set the pace in the air express 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.

Table of Contents

BLUE DART EXPRESS LIMITED

Our Guiding Principles	2	Directors' Report	18
Corporate Information	3	Corporate Governance Report	23
Board of Directors	4	Management Discussion and Analysis	31
Executive Management	5	Auditors' Certificate on Corporate Governance Report	34
Chairman's Statement	6	Auditors' Report	35
Financial Summary	8	Balance Sheet	38
Market	10	Profit and Loss Account	39
Product	11	Cash Flow Statement	40
Technology	13	Schedules	42
People	15	Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to Subsidiary Companies	54
Brand	16		

CONCORDE AIR LOGISTICS LIMITED

Board of Directors	55	Balance Sheet	64
Directors' Report	56	Profit and Loss Account	65
Auditors' Report	58	Cash Flow Statement	66
Compliance Certificate	61	Schedules	67

SKYLINE AIR LOGISTICS LIMITED

Board of Directors	74	Profit and Loss Account	81
Directors' Report	75	Cash Flow Statement	82
Auditors' Report	77	Schedules	83
Balance Sheet	80		

CONSOLIDATED ACCOUNTS

Auditors' Report	89	Cash Flow Statement	92
Balance Sheet	90	Schedules	94
Profit and Loss Account	91		

Our Guiding Principles

- We will treat each other fairly and with respect and dignity.
- We will encourage freedom in communication of thoughts and ideas in all our interactions.
- We value integrity and we will be uncompromising in upholding it at all times.
- We will give due importance to the health, safety and well being of our people.
- We will ensure that our PSP philosophy serves as a driving force behind the success of our organisation.
- We will encourage and inculcate in all a winning attitude.
- We will encourage learning, self-development and building effective leadership.
- We will expect our people to be accountable for all their actions related to the company.
- We will provide a workplace where each and every employee is nurtured and who in turn will nurture the organisation, thereby creating wealth for stakeholders.
- We will drive the First Time Right concept to achieve 100% Quality and Customer satisfaction.
- We will encourage passion and enthusiasm for Work, Service Quality and Customer Care.
- We will project a positive, caring and professional image of ourselves and our service at all times.
- We will avoid waste by being conscious of the impact of all our actions on the environment.
- We will continue to be a law abiding, apolitical and secular company.

Corporate Information

REGISTERED OFFICE

Blue Dart Centre,
Sahar Airport Road,
Andheri (East),
Mumbai-400 099
Tel : 28396444
Fax : 28244131/28311184
www.bluedart.com

PRINCIPAL BANKERS

Canara Bank
ICICI Bank Ltd.
IDBI Bank Ltd.

AUDITORS

Price Waterhouse

SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe
DSK Legal

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.

Board of Directors



**Air Marshal
S.S. Ramdas (Retd.)**
PVSM, AVSM, VM, VSM
Chairman



Clyde C. Cooper
Managing Director
(upto 12th March, 2006)
Director-effective 13th March, 2006



Malcolm Monteiro
Managing Director
(effective 13th March, 2006)



Greg Tanner
Director



Suresh G. Sheth
Director



Ross Allen
Additional Director



Stephen Fenwick
Alternate Director to
Ross Allen

Executive Management



Yogesh Dhingra
Finance Director & Group
Chief Financial Officer



Tulsi Nowlakra Mirchandaney
Sr. V.P.- Marketing & Projects



Arun Kulkarni
Sr. V.P.- Administration
& Ground Operations



V.N Iyer
V.P.- Corporate Accounts



Arun Nangpal
V.P.- Customer Service



Anil J. Gambhir
Head - Internal Audit



Tushar Gunderia
Company Secretary



Ashoka Kumar Jain
Sr. V.P.- North Region



Anil Khanna
Sr. V.P.- West 1 Region



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



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



Amod Dasgupta
V.P.- East Region



Samir Shah
General Mgr.-West 2 Region



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



Balfour Manuel
V.P.- West 1 Region

Chairman's Statement

Dear Shareholders,

I wish each one of you a very cordial and warm welcome to the 15th Annual General Meeting of your Company. You would be delighted to learn that your Company performed extremely well on its Sales during the nine month period from April 1, 2005 to December 31, 2005 with a turnover of Rs 4.23 billion as compared to Rs 3.37 billion, an increase of 25.52% over the corresponding period of the previous year. During the same period, your Company's net profit stood at Rs. 434.1 million, up from Rs 294.9 million over the same period of the previous year. The Board of Directors of your Company has recommended a dividend of 15% for the period of nine months ended December 31, 2005.

The year 2005 witnessed many natural disasters not just in our country, but around the world. We were impacted by the aftermath of the terrifying Tsunami, the earthquake in parts of Kashmir and our neighbouring country, and the unprecedented and devastating rain in Mumbai, India's financial and commercial hub.

However, despite these impacts, the Indian economy continues to report healthy growth. Advance estimates released by the Central Statistical Organisation place real GDP growth at 8.1 per cent for 2005-06. After growing by a poor rate of 3.8 percent in 2002-03, GDP growths were robust in subsequent years. In 2003-04 and 2004-05, real GDP was up by 8.5 per cent and 7.5 per cent, respectively. With these growth rates, the average growth for three years worked out to be fractionally above eight per cent. Led by manufacturing and services, the economy is expected to grow at 8.1 per cent in real terms for the Financial Year 2006-07.



This Year's National Budget seeks to carry forward this momentum. The budget focused on maintaining the growth momentum by providing money for infrastructure, agriculture, rural development and social sector spending. The Golden Quadrilateral

project is envisaged to enhance road connectivity and improve commerce and trade. All this spending is expected to drive and sustain future growth.

In 2005-06, the total organised Express Industry market size in India is estimated at approximately Rupees 26 billion, and the organised domestic segment at Rupees 11 billion. The Express Industry Council of India survey projects industry to grow at 20% each year. Currently, Blue Dart is the only player in the high quality segment, with all other players operating in the low-cost segment.

Blue Dart, today, is South Asia's premier courier and integrated air express package distribution company that offers secure and reliable delivery of consignments to over 13,880 locations in India and 220 countries worldwide. Between April to December 2005, your Company carried 37.67 million shipments weighing 96,024 tonnes, compared to 30.84 million shipments and 81,676 tonnes for the same nine-month period of the previous year, a creditable performance against an exceptionally challenging environment.

In the year 2005, your Company was awarded the Business Superbrand trophy, having been selected from over 854 brands across 82 product categories in India, adding to its Consumer Superbrand status in 2003-04 and its Brand Leadership Award in 2003.

Over the years, Blue Dart has been focusing on building a world-class network of infrastructure, technology, operations and services through a professional and committed workforce. Blue Dart has added quality capacity in the past years in response to increased demand, especially for air package services that play an important role in distribution for the B2B segment. Blue Dart's biggest opportunity is the growth potential of India. As consumption grows, it will drive a corresponding demand for distribution into smaller towns and within the region. Blue Dart is ideally positioned to provide the delivery capability required to support customers' growing needs, and will evolve ways to actively participate in the customers' businesses and serve them better.

During the period of nine months ended December 31, 2005, your Company added new premises for its regional headquarters for the North at Delhi, four expanded new state-of-the-art facilities of about 91,000 sq. ft. at Delhi, Bangalore, Ahmedabad and Jaipur, to facilitate the growing ground distribution, and a total of 30 operations and service centres in Delhi, U.P., Rajasthan, Punjab and Chandigarh in the North, Gujarat, Maharashtra and M.P. in the West, and Tamil Nadu and Karnataka in the South, to support the increased capacity requirements and future growths of the regions.

Technology support was further augmented during the year and connectivity infrastructure and hardware were upgraded at the Blue Dart Centre to support faster gigabyte networking at the central site. The powerful sales automation module, "Sa'fire", was rolled out in a phased manner to a salesforce of 252 users across the country to enhance sales efficiency, knowledge, management and measurements. Blue Dart also initiated migration from its earlier MSMail to a Microsoft Exchange Platform.

Your Company recently launched a unique SMS based service that enables customers to track their shipments via SMS from anywhere in the country. This service is a first of its kind in the Express Industry in India.

Your Company provides distribution services across industries and currently services over 62 industry segments. Those that have a requirement for reliability, speed, security and dataflow are regular users of our services. Among industries using Blue Dart's services regularly are the IT industry, Drugs and Pharmaceuticals, Telecommunications, Electronics, Consumer Durables, Readymade Garments and Banking and Financial Services.

In 2006, Blue Dart plans to further augment its domestic air and operational capacity with the addition of 45 new, world-class facilities, and with the induction of two Boeing 757 freighter aircraft by Blue Dart Aviation in mid-2006, as part of its fleet modernisation initiative and strengthening of its critical air infrastructure. This would be a maiden operation of the Boeing 757 by an Indian air operator.

Some of our concerns are the volatile and increasing prices of fuel, though we have a fuel mechanism surcharge to counter this to some extent. Further, the economy has a direct bearing on demand and consumption and, consequently, on distribution. A growing economy and newer markets would present interesting future opportunities, while a declining one would present a challenge. Additionally, the proposed amendments to the Postal Act have been under discussion for some time, and any changes that would have negative repercussions on the express industry and Blue Dart, could be a potential risk. Your Company views the proposals in its present form as regressive which does not reflect modern societal needs and is not in line with global best practices. With increased competition and the induction of more low-cost capacity and players into the market, pressures on yields are expected to be a challenge in the coming years.

As a prudent organisation, your Company views risk as an important item on its agenda and constantly reviews areas of concern.

The synergies of Blue Dart and DHL brought together two strong brands with premier offerings in the domestic

and international air express and logistics arena, and offer increasing future opportunities. Blue Dart's established domestic strengths and unique infrastructure complement DHL's market leadership in international air express to provide customers with a complete spectrum of domestic and international services that present a lifeline to trade and commerce.

The year closed with the announcement of Mr. Clyde Cooper relinquishing his position as Managing Director owing to personal reasons, and the leadership transition to Malcolm Monteiro, Chief Operating Officer, who takes over as Managing Director with effect from the March 13, 2006. Mr Clyde Cooper, one of the founders of Blue Dart, has been with the Company for over 22 years and was instrumental in building it into a dominant leader in the express industry in India and the South Asian region.

Good Corporate Governance has always been an integral part of the Company's business philosophy, and your Company continues to deliver value to our stakeholders through its People Philosophy and Corporate Governance, based on distinctive customer service, business ethics, accountability and profitability.

Our people have been and continue to be our greatest differentiator, because they deliver the quality of services that distinguish and sustain our brand. Your Company takes pride in its dedicated, diverse and professional team of over 4,100 people whose sustained and committed performance deliver our strong results.

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 your Company's customers, to deliver on our brand promise.

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

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 and participation in the growth of the Company.

I take this opportunity to thank Mr. Cooper on behalf of the Board Members, on behalf of your Company and on my own behalf for his valuable contribution to the growth and success of the Company.

Warm regards,

Mumbai
March 8, 2006

Air Marshal S.S.Ramdas (Retd.)
Chairman

Financial Summary

Financial Summary of Last Five Years

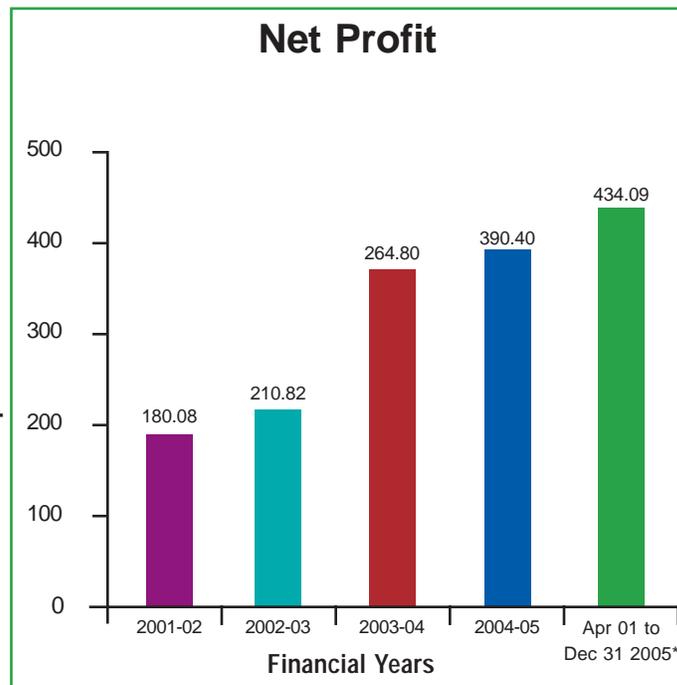
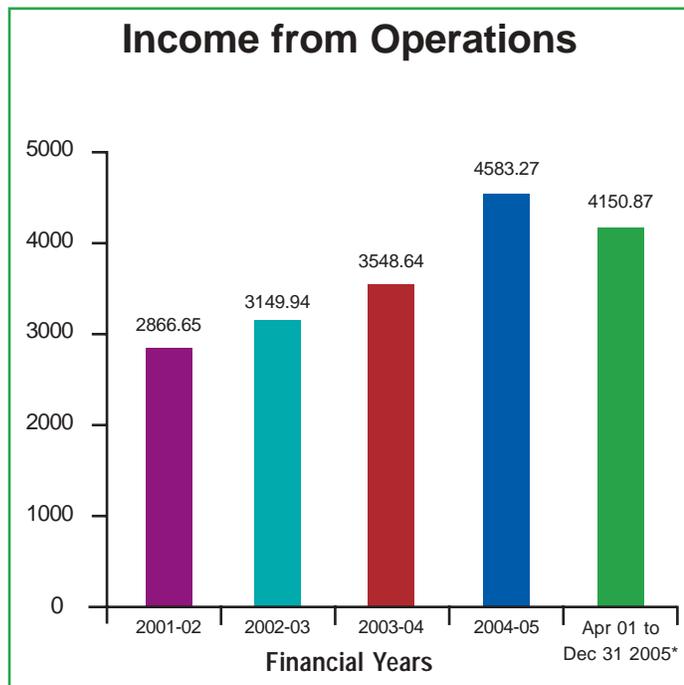
Rupees in Millions

Particulars	2001-02	2002-03	2003-04	2004-05	Apr 01 to Dec 31 2005*
Income from Operations	2,866.65	3,149.94	3,548.64	4583.27	4,150.87
Other Income	5.93	3.75	4.69	47.08	75.79
Total Income	2,872.58	3,153.69	3,553.33	4,630.35	4,226.66
Total Expenditure	2,469.05	2,706.71	2,996.71	3,828.63	3,411.07
Operating Profit	403.53	446.98	556.62	801.72	815.59
Interest (net)	88.74	56.87	43.52	47.23	22.59
Gross Profit	314.79	390.11	513.10	754.49	793.00
Depreciation	62.07	78.21	100.14	153.20	131.41
Profit Before Tax	252.72	311.90	412.96	601.29	661.59
Taxation	72.64	101.08	148.16	210.89	227.50
Profit After Tax	180.08	210.82	264.80	390.40	434.09
Equity	237.62	237.62	237.62	237.62	237.62
Reserves	847.86	942.26	1,086.60	1,395.85	1,789.36
Gross Fixed Assets	1,361.73	1,460.57	1,869.04	2,330.58	2,413.16
Book Value (in Rs.)	45.63	49.30	55.47	68.60	85.27
ROCE (in percentage)	23.03	25.76	28.95	35.42	32.73
Debt Equity (in times)	0.57	0.44	0.49	0.33	0.21
Networth	1,085.48	1,179.88	1,324.22	1,633.10	2,026.60

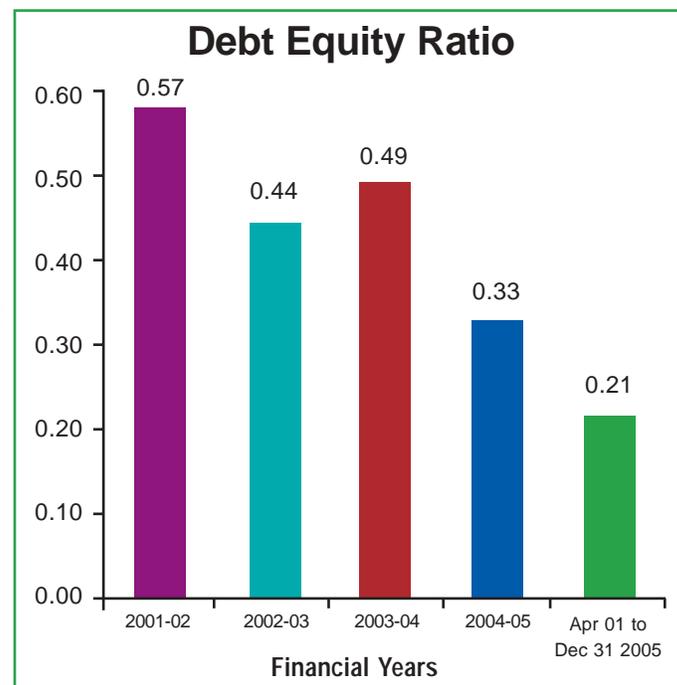
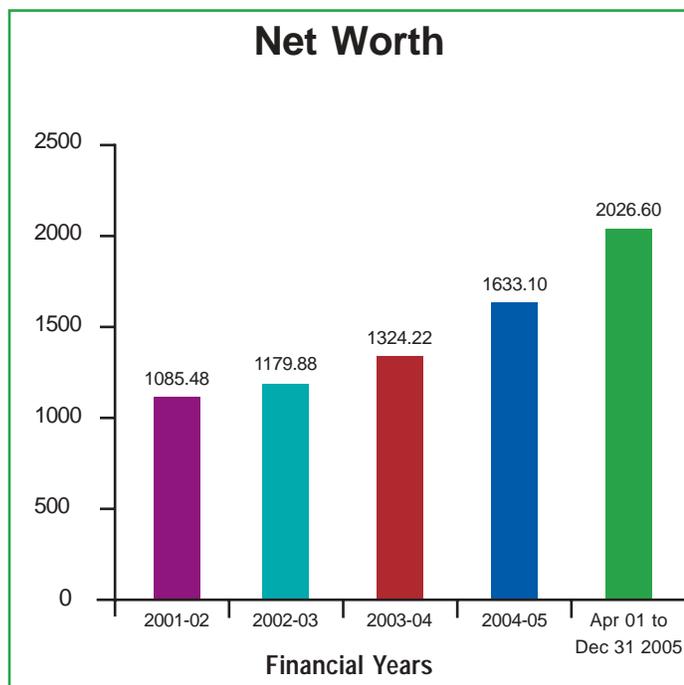
* The Company has changed its financial year to calendar year basis. Accordingly, the current accounting period of the Company is for the nine months ended December 31, 2005 and hence the current period financial figures are not comparable with the previous years.

Financial Summary

Five Years In Review



* The Company has changed its financial year to calendar year basis. Accordingly, the current accounting period of the Company is for the nine months ended December 31, 2005 and hence the current period financial figures are not comparable with the previous years.



Market



Till about twenty years ago, India's courier industry was essentially limited to carriage of high value items, such as diamonds and cash, by 'angadiyas' or traditional couriers who travelled with these items on their person. Parcels were primarily sent by post and air cargo agents were focused on large freight shipments. Time-definite delivery of small packages, door-to-door, was a niche waiting to be discovered.

With the growth of industries such as banking and financial services, pharmaceuticals, computer/IT and readymade garments, the need for express delivery services was acutely felt. Given this growing market, Blue Dart commenced operations.

Blue Dart has been a resounding success. It changed the environment and the way people corresponded, communicated and distributed packages. It was also able to accurately identify and anticipate changing customer needs and to respond and service them. From being a small package service provider, Blue Dart has, today, become an important part of the supply chain for many industries. It has almost single-handedly expanded the market.

Its technology support and customer software are in a state of continuous development and are the most advanced in the domestic courier space. No one else in the country provides the kind of integrated delivery capability offered by Blue Dart. A market study in 2002 revealed that Blue Dart is the most 'reliable' express company, with the highest spontaneous, top-of-mind recall among all users*.

India's express industry, projected to grow annually at 20% over the next five years, was estimated at Rs.36 billion for the year 2004-05**, growing at 20% each year to Rs. 62 billion by 2007-08.

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 Speedpost, account for the rest. The organised segment, including the international majors' share, constitutes approximately 65% of the total and is made up of a small group of fewer than two-dozen players.

* Drishti Strategic Research Services.

**Express Industry Report



EXPRESS SERVICE OFFERINGS

Domestic Priority:

For documents and packages, under 32kgs per piece, that require unfailing reliability and speed. This service is available to over 13,880 locations in India.

Dart Apex:

Efficient, time-definite supply-chain support for commercial shipments that require regulatory expertise and clearances. Shipments are handled door to door through an integrated air and surface network.

Smart Box:

A ready, convenient, cost-effective packaging unit that includes a personal pickup from a customer's doorstep and door delivery at the destination. The easy-to-assemble units come in sizes of 10kgs. and 25kgs., and are designed to securely accommodate a variety of products.

Dart Surfaceline:

An economical, domestic, door-to-door, ground distribution option, for shipments that are less time-sensitive. Surface vehicles operate around the country to fixed, pre-determined time-schedules from company warehouses, to ensure reliability and security.

International Services:

Deliveries to more than 220 countries and territories worldwide through Blue Dart's alliance partner and leading global express company, DHL Worldwide Express.

AIR FREIGHT SERVICES OFFERINGS

Domestic Airport-to-Airport:

Late cut-offs and early morning deliveries to the 6 cities of Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Mumbai. Shipments are security checked at screening facilities available in dedicated warehouses at the airports. A seventh city, Ahmedabad will come online in 2006.

Interline Services:

Transshipment of customs-bonded import and export loads to and from six of India's main international gateways. This facility is available with 24 major international airlines who are Blue Dart's interline partners.

Charters:

Blue Dart's freighters offer palletised capacity for carriage of urgent, time-sensitive, emergency material between major airports in India, and international airports in the region. Blue Dart's freighters offer the highest payload available in the Indian skies.



Technology



Technology has been an intrinsic part of Blue Dart's business since 1988, differentiating it from competition and positioning the company at the forefront of the industry.

Among the technology innovations by the in-house development team are: -

- **COSMAT II™** (Computerised On-line System for Management, Accounting and Tracking) is a complete ERP system indigenously developed by Blue Dart.
- **TrackDart™** - Users can Track the status of a shipment by using the **TrackDart™** box, which is available on the upper left panel of every page on the website. One may track multiple shipments sent on Blue Dart services between India, Bangladesh, Bhutan and Nepal.
- **MailDart™** - Users without net browsing access can track their shipments via e-mail using **MailDart™**. E-mails sent to track @ blue Dart.com with the waybill numbers will receive an automated response providing the latest status of the shipments.
- **InternetDart™** - For more advanced users, **InternetDart™** allows filtered views of tracking data for all packages dispatched over the last 45 days.
- **MobileDart™** - **MobileDart™** just got simpler. Track the status of a shipment from anywhere across the country by sending an SMS to 6767.
- **PackTrack™** - (Applications Program Interface) is designed for any client involved in logistics, distribution and inventory control. It has been designed to streamline and integrate shipping processes.
- **ImageDart™** will enable users of Blue Dart's Apex (Air Package Express) and Surfaceline services to download Proof Of Delivery (POD) and Delivery Challans (DC) online, from the Blue Dart website.

- **ShopTrack™** is designed specifically to support and enhance the services provided by a portal or any e-business. The customer needs to enter the order-number of their purchase and the shipping and delivery details are displayed on the same page.
- **ShipDart™** is especially created for the convenience of regular customers. It enables user control over the shipping and tracking processes. It is installed at the customer's premises in order to interface with their own system for the pre-shipping and post-tracking activities.
- **SENTOR™** (Status Entry Offline for Regional service participants/Remote locations) is an application program provided to Blue Dart channel partners and Blue Dart offices in remote areas.

Via the Internet, **SENTOR™** users receive detailed information on inbound packages for delivery.

- **CARESS™** (Complaint Appreciation, Resolution and Evaluation to Satisfaction System) - indigenously developed, this solution allows logging, resolution, closure and analysis of customer complaints.
- **SHIELD™** - the online security module simplifies tracking of any security incident across the country. It enables the regional security team to track the cases till closure, and derive trends as an effective management tool.
- **SMART™** - India's only real-time, computerised cargo reservation system with confirmed space booking.



People



A People-First-Philosophy forms the Core of our organisation culture and is our driving force.

The objective of this philosophy is to have a highly motivated people force deliver quality service to ensure profits and continuous growth.

A cross functional team, “Initiators”, was formed at all regions to carry out various activities in an informal environment throughout the year to create positive energy and bonding among Blue Darters.

The activities carried out by our Initiators team across the country in 2005 were:

- Blue Dart Anniversary Celebrations
- Republic Day Celebrations
- Cricket Tournaments
- Carrom Tournaments
- Family Picnics
- Talent Shows
- Valentine’s Day Celebrations
- Blood Donation Camps
- Dental Check-ups
- Health Awareness Talks
- Yoga
- Self-Development Discussions



Brand



Brand Values

When the company started out in 1983, the founders looked at values that they stood for and could be identified with; values that could stand the test of time and external forces. That was the genesis of Blue Dart. Blue has been associated with quality and strength – blue chip, blue steel, blue diamonds. Dart signifies a singular, unwavering focus towards a goal. These were the values that set Blue Dart apart from competition and positioned it as the most dependable and trusted express company. When a shipment is urgent and important, customers trust only Blue Dart. It has been like a proverbial rock, standing firm and delivering, through floods, riots, strikes and earthquakes.

Brand Achievements

Blue Dart has always been alive to market needs, and surveys the market regularly to listen to its customers, and actions gaps that are thrown up to continuously raise the bar on service excellence. This has helped Blue Dart retain its dominant position in India.

Blue Dart was nominated to 'The Emerging Company of the Year' award instituted by The Economic Times, and won the award for 'Brand Excellence and Leadership' at the India Brand Summit in November 2003. It was selected as a Superbrand for 2003-2004 by a jury comprising of eminent professionals from the Advertising and Marketing fraternity, from over

700 brands across 98 categories. It was selected a Business Superbrand for 2004-2006 from over 854 brands across 82 product categories.

Promotion

Initially, Blue Dart's thrust was on total customer experience – the brand tangibles such as the retail outlets (service counters), vehicles, signages, as well as the intangibles delivered by its skilled and committed people force at customer touchpoints - customer service, operations and sales communications.

Then, Blue Dart re-commenced its media campaign in 2004 to consolidate the 'Reliability' platform where Blue Dart is clearly differentiated from the rest of the players. The campaign also reinforced the delivery capability of Blue Dart in terms of its capacity, which is the largest in the country today.

Blue Dart rolled out a brand workshop campaign in 2003 for its internal customers. The campaign sought to heighten awareness of the brand's direct impact on customer perception and loyalty. It instilled in every Blue Darter a sense of personal contribution towards the brand and transformed front line employees into brand ambassadors for the company, so that brand image is no longer the preserve of marketing alone, but the responsibility of every employee of Blue Dart.

Blue Dart, Bangalore was awarded the Best Service Provider and Valued Partner Award for 2005 by Titan, one of our prestigious clients, at the Partnership Meet.



Things you did not know about Blue Dart

- Blue Dart is the largest express company in South Asia.
- Blue Dart's Kolkata office was blessed and inaugurated in 1995 by Nobel Peace Laureate, the late Mother Teresa of the Missionaries of Charity.
- In 2001, the Civil Aviation Ministry commissioned Blue Dart aircraft for relief operations in the earthquake-affected town of Bhuj in Gujarat.
- Between January to December 2005 Blue Dart carried about 125,000 tonnes of shipments on its network, which is more than the total air exports out of the major metros of Chennai, Bangalore or Kolkata.



DIRECTORS' REPORT

To the Members

Your Directors have great pleasure in presenting the Fifteenth Annual Report of your Company for the period April 1, 2005 to December 31, 2005.

FINANCIAL RESULTS

Particulars	(Rs. in millions)	
	For nine months ended December 31, 2005	For the year ended March 31, 2005
Revenues		
Services	4,151	4,583
Other Income	76	47
Less: Operating Expenses	3,411	3,829
Operating Profit (EBIDTA)	816	801
Less: Interest Cost (Net)	23	47
Depreciation /Amortisation	131	153
Earnings before tax	662	601
Less: Provision for Income tax	228	211
Earnings after tax	434	390
Profit & Loss A/c balance brought forward	792	522
Profit available for appropriation	1,226	912
Dividend	36	71
Tax on Dividend	5	10
Transfer to General Reserves	21	39
	1,164	792

FINANCIAL YEAR

In the Meeting of the Board of Directors of the Company held on April 26, 2005, the Board of Directors approved change of the Financial Year end of the Company to the Calendar Year, from March 31 to December 31, and accordingly the Accounts of the Company are for the period of Nine months from April 1, 2005 to December 31, 2005.

REVIEW OF PERFORMANCE

Your Company continued to improve its performance on all parameters during the period. Your Company has effectively leveraged its assets, infrastructure and investments, resulting in improved productivity and performance for the period under review. During the period, your Company has successfully added new facilities by setting up regional headquarters for its North Region at Delhi, expanded state-of-the-art facilities of about 91,000 sq. ft. at Bangalore, Ahmedabad, Delhi and

Jaipur, to facilitate the growing ground distribution, and 30 operations and service centres were set up in Delhi, U.P., Rajasthan, Punjab and Chandigarh (in the North), Gujarat, Maharashtra and M.P. (in the West) and Tamil Nadu and Karnataka (in the South), to support the increased capacity requirements and for future growth of the regions.

Your Company continues to strengthen its pre-eminent position in domestic markets and has significantly grown its operating profits, with a mixture of topline growth, effective cost management and the right product mix, resulting in profit after tax of Rs. 434 millions, as compared to Rs. 390 millions of the previous year.

During the period, there was an adverse impact on sales of approximately Rs. 30 millions on account of Mumbai floods on July 26, 2005 and its aftermath, including the infrastructure breakdown experienced by the city, disrupting and negatively affecting general economic activity.

Other income includes the reversal of Rs. 68 millions made earlier for a one-time retention compensation to the Managing Director, on account of rejection of application by the Central Government.

Your Company has been certified for ISO 9001 standards since 1996 and has been successfully re-certified in August, 2005 to the new global ISO 9001-2000 standards for iDesign, management and operations of countrywide express transportation and distribution services within the Indian sub-continent and to international destinations serviced through multinational express Companies.†

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.50 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 in the ensuing Annual General Meeting will be paid out of the profits of the Company for the period and will sum up to a total of Rs.41 millions including dividend distribution tax, as compared to Rs. 81 millions in the previous year.

OPERATIONS REVIEW

Revenue

Your Company is South Asia's premier courier and integrated air express distribution company and offers a comprehensive range of services and products for both domestic and international shippers. Blue Dart's continuous commitment towards identifying and addressing the needs and concerns of customers has enabled it to provide unmatched standards of service quality, with over 99.96% reliability levels, in the express industry. Over the years, Blue Dart has continuously evolved to meet the growing demands of business and customers, innovating new products and expanding its network and infrastructure, thereby increasing its market share in the country.

DIRECTORS' REPORT

During the period under review, your Company carried over 37.25 million domestic shipments and 0.42 million international shipments weighing over 96,024 tonnes.

Aviation System

The Company's ACMI Contract with Blue Dart Aviation Ltd., its Associate Company, for dedicated air carriage capacities helped to sustain Blue Dart's leadership position despite 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 99.53% despatch reliability during the period. Blue Dart Aviation Ltd. is in an advanced stage of increasing the dedicated air carriage capacities for the Company by inducting two Boeing 757-200 cargo aircraft with higher payload capacity.

Facilities

Your Company has Infrastructure facilities including the state-of-the-art warehousing facilities (220 nos.) of approximately 483,000 sq. ft. area across the country.

FINANCE

Your Company continues with various initiatives for bringing down the cost of borrowings, which includes application of new dynamic short-term instruments so as to have an efficient working capital management.

Credit Rating

Your Company continues to enjoy the highest credit quality rating for its Commercial Paper programme/ Short Term debt programme;

1F1+(ind) (F one plus (ind)) assigned by Fitch Ratings India Private Ltd. for the Company's short-term programme of Rs. 300 millions (outstanding Rs. 200 millions), indicating very high certainty of timely payment.

1A1+i (A one plus) assigned by ICRA Ltd. for Company's Commercial Paper / Short Term debt programme of Rs.250 millions (outstanding- Nil). The ratings indicate highest safety.

SUBSIDIARY COMPANIES AND ASSOCIATE COMPANY

During the period under review, Skyline Air Logistics Ltd. and Concorde Air Logistics Ltd. became Wholly Owned Subsidiaries of your Company with effect from December 13, 2005.

The audited statements of accounts for the period ended December 31, 2005 of Skyline Air Logistics Ltd. and Concorde Air Logistics Ltd., the Company's Wholly Owned Subsidiaries together with the report of Directors and the Auditors, as required pursuant to the provisions of Section 212 of the Companies Act, 1956 are attached.

The Consolidated Financial Results represent those of Blue Dart Express Limited and its Wholly Owned Subsidiaries, viz; Skyline Air Logistics Ltd. and 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.

ACQUISITION OF SHARES OF YOUR COMPANY BY DHL EXPRESS (SINGAPORE) PTE. LTD.

DHL Express (Singapore) Pte. Ltd. holds 81.03% of the Equity capital of the Company. The acquisition of majority share by DHL Express (Singapore) Pte. Ltd. provides the Company and its customers with firm strategic advantage. The service offerings that would emanate from the synergies of 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, with a trained and committed force of over 4,100 people, 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 Company plans to enhance capacities within the network by induction of additional dedicated air and ground carriage capacities, over a period, to capitalize on the future growth of the express industry.

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

SUPERBRAND

In the year 2005, your Company was awarded a Business Superbrand trophy, having been selected from over 854 brands across 82 product categories in India, adding to its Superbrand status in 2003-04 and its Brand Leadership Award in 2003.

The Superbrands organisation is committed to recognising enduring brands and encouraging brand development.

DIRECTORS

During the period ended December 31, 2005, Air Marshal S. S. Ramdas (Retd.), Director, was appointed as Chairman of the Board of Directors in the Board Meeting of the Company held on October 19, 2005.

DIRECTORS' REPORT

Mr. Bryan Jamison, the nominee of DHL Express (Singapore) Pte. Ltd. had resigned as a Director of the Company with effect from June 7, 2005 and Mr. Greg Tanner, the nominee of DHL Express (Singapore) Pte. Ltd. was appointed as a Director of the Company in the Board Meeting of the Company held on the same day i.e., June 7, 2005.

Mr. Anil Thadani, Nominee Director of Newfields Holdings Ltd. resigned as a Director with effect from July 4, 2005 and consequently Mr. Deepak Vaidya, an Alternate Director to Mr. Thadani ceased to be a Director with effect from July 4, 2005.

Mr. Ross Allen, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director at the Board Meeting held on December 13, 2005. Mr. Stephen Fenwick, also a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Ross Allen.

Mr. Clyde Cooper, Managing Director, tendered his resignation in the Board Meeting of the Company held on December 13, 2005 and requested that he be relieved from his responsibilities as Managing Director with effect from March 13, 2006. The Board accepted his resignation and placed on record, its sincere appreciation and thanks for the valuable contribution of Mr. Cooper to the growth and success of the Company ever since its inception. Mr. Cooper will, however, continue to function as a Non - Executive Director on the Board of the Company with effect from March 13, 2006.

In the Board meeting of the Company held on February 7, 2006, Mr. Malcolm Monteiro, Chief Operating Officer, has been appointed as Managing Director of the Company with effect from March 13, 2006.

Mr. Ross Allen and Mr. Malcolm Monteiro hold office upto the ensuing Annual General Meeting. The Company has received notices under the provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Ross Allen and Mr. Malcolm Monteiro as Directors of the Company.

Mr. Stephen Fenwick ceased to be an Alternate Director to Mr. Ross Allen on February 7, 2006 and was re-appointed by the Board as an Alternate Director to Mr. Ross Allen, with effect from February 8, 2006.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Clyde Cooper, Director and Mr. Suresh Sheth, Director, 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 of three Non-Executive Directors viz; Air Marshal S.S. Ramdas (Retd.), Mr. Greg Tanner and Mr. Suresh Sheth. The Chairman of the Committee is Air Marshal S.S. Ramdas (Retd.). Mr. Tushar Gunderia, Company Secretary, acts as the Secretary to the Committee.

The terms of reference of the Audit Committee are as stipulated in the provisions of Clause 49 of the Listing Agreement.

As Mr. Cooper, Managing Director tendered his resignation, effective from March 13, 2006, Mr. Malcolm Monteiro, who assumes the position of Managing Director, will be the permanent invitee to the Audit Committee in place of Mr. Cooper.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) that in the preparation of the 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 judgments 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 period;
- 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 accounts on a going concern basis.

LISTING ARRANGEMENT

The Company's equity shares are listed on the Stock Exchanges at Mumbai and The National Stock Exchange of India Ltd. (NSE). The Company has paid its Annual Listing fees to the above Stock Exchanges for Financial Year 2005 ñ 2006.

CORPORATE GOVERNANCE

Your Company has been practicing principles of good corporate governance over the years. The endeavour of your Company is not only to comply with the regulatory requirements but also to practice Corporate Governance principles that lay a strong emphasis on integrity, transparency and overall accountability. Your Company is fully committed to Good Corporate Governance and has complied with the Corporate Governance Code as stipulated under the provisions of the Listing Agreement entered into with the Stock Exchanges. A separate Section on Corporate Governance, along with a certificate from the Auditors confirming compliance, is annexed and forms part of the Directors' Report.

FIXED DEPOSITS

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

DIRECTORS' REPORT

AUDITORS

The Statutory Auditors of the Company M/s. Price Waterhouse, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received the 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 the Statutory Auditors of the Company.

HUMAN RESOURCE DEPLOYMENT

Harmonious employee relations continued to prevail in the Company. The Company continued its focus on training and development of people through internal and external management development programmes.

EMPLOYEES

Information on 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 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.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all our People, for their dedicated service and contribution made towards the growth of the Company and also for rendering impeccable service to every constituent of the Company's customers, without which our reputation for service excellence and leadership would not have been a household name. The enthusiasm and unstinting efforts of the employees have clearly positioned the Company as South Asia's premier courier and integrated air express distribution Company. Your Company's consistent growth has been made possible by their hard work, service excellence, solidarity, co-operation, commitment, and support.

Your Directors also express their deep sense of gratitude to our Customers, Associates, Banks & Financial Institutions, Suppliers, Solicitors, Advisors and all our well wishers for their continuous guidance and support.

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

Air Marshal S.S. Ramdas (Retd.)
Chairman

Clyde C. Cooper
Managing Director

Greg Tanner
Director

Suresh G.Sheth
Director

Ross Allen
Director

Mumbai,
February 7, 2006

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 'A'

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

A) Earnings in Foreign Currency

Earnings in foreign currency during the year was Rs. 43.51 millions (previous year ₹ Rs.84.58 millions)

B) Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs.57.21 millions (previous year ₹ Rs. 24.47 millions)

REPORT ON CORPORATE GOVERNANCE

1. Blue Dartis philosophy on Corporate Governance

The basic philosophy of Corporate Governance at eBlue Dartis is to achieve business excellence and to create and enhance the value for its Stakeholders, 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.

2. Board of Directors

During the period ended December 31, 2005, Air Marshal S. S. Ramdas (Retd.), Director, was appointed as a Chairman of the Board in the Board Meeting held on October 19, 2005.

Mr. Bryan Jamison, the nominee of DHL Express (Singapore) Pte. Ltd. had resigned as a Director of the Company with effect from June 7, 2005 and Mr. Greg Tanner, the nominee of DHL Express (Singapore) Pte. Ltd. was appointed as a Director of the Company in the Board Meeting held on June 7, 2005.

Mr. Anil Thadani, Nominee Director of Newfields Holdings Ltd. resigned as a Director with effect from July 4, 2005. Mr. Deepak Vaidya, an Alternate Director to Mr. Thadani also ceases to be a Director with effect from July 4, 2005.

Mr. Ross Allen, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director at the Board Meeting held on December 13, 2005. Mr. Stephen Fenwick, also a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Ross Allen.

Mr. Clyde Cooper, Managing Director, tendered his resignation at the Board Meeting of the Company held on December 13, 2005 and requested that he be relieved from his responsibilities as Managing Director with effect from March 13, 2006. Mr. Cooper, however, shall continue to function as a Non Executive Director on the Board of the Company with effect from March 13, 2006.

In the Board meeting of the Company held on the February 7, 2006, Mr. Malcolm Monteiro, Chief Operating Officer, has been appointed as Managing Director of the Company with effect from March 13, 2006.

Consequent to presence of Mr. Ross Allen at the Board Meeting of the Company held on February 7, 2006, Mr. Stephen Fenwick, an Alternate Director to Mr. Ross Allen had ceased to be a Director. Mr. Stephen Fenwick was re-appointed by the Board as an Alternate Director to Mr. Ross Allen with effect from February 8, 2006.

As at December 31, 2005, the composition of the Board of Directors consists of one Executive Director and four Non -Executive Directors. All key decisions are taken only after detailed deliberations and discussions by the Board. The members of the Board possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner. The Board acts with autonomy and independence in exercising strategic decision-making process and discharging its fiduciary responsibilities.

The Board members are presented with all the relevant information on all vital matters affecting the 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 Agreement entered into with the Stock Exchanges.

The meetings of the Board of Directors are scheduled well in advance and held at the Company's Registered Office at 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 the Directors.

During the period under review, five Board Meetings were held viz; April 26, 2005, June 7, 2005, July 19, 2005, October 19, 2005 and December 13, 2005.

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	
			Board Meetings	Last AGM		Member	Chairman
AirMshl. S. S. Ramdas (Retd.)	Independent & Non Executive Director	Chairman (from October 19, 2005)	5	Yes	0	0	0
Mr. Clyde Cooper	Executive Director	Managing Director	5	Yes	2	1	0
Mr. Greg Tanner	Non Independent & Non Executive Director	Director	3	Yes	0	0	0
Mr. Suresh G Sheth	Independent & Non Executive Director	Director	5	Yes	2	0	0
Mr. Ross Allen	Non Independent & Non Executive Director	Director	1	No	0	0	0
Mr. Stephen Fenwick (Alternate to Mr. Ross Allen)	Non Independent & Non Executive Director	Director	0	No	0	0	0
Mr. Bryan Jamison	Non Independent & Non Executive Director	Chairman (till June 7, 2005)	1	No	0	0	0
Mr. Anil Thadani*	Independent & Non Executive Director	Director	0	No	7	0	0
Mr. Deepak Vaidya* (Alternate to Mr. Anil Thadani)	Independent & Non Executive Director	Director	0	No	11	0	0

* Mr. Anil Thadani, Nominee Director of Newfields Holdings Ltd. resigned as a Director with effect from July 4, 2005. Mr. Deepak Vaidya, an Alternate Director to Mr. Thadani also ceased to be a Director with effect from July 4, 2005.

Notes : 1) Mr. Bryan Jamison resigned as a Director on June 7, 2005

2) During the period under review, Mr. Clyde Cooper and Mr. Suresh Sheth ceased to be Directors of Skyline Air Logistics Ltd. and Concorde Air Logistics Ltd. with effect from December 13, 2005.

3) Mr. Ross Allen has been appointed as an Additional Director with effect from December 13, 2005.

4) Mr. Malcolm Monteiro has been appointed as an Additional Director with effect from March 13, 2006 and shall assume the position of Managing Director with effect from that date.

5) Mr. Stephen Fenwick ceased to be an Alternate Director to Mr. Ross Allen on February 7, 2006 and was reappointed by the Board as an Alternate Director to Mr. Ross Allen, with effect from February 8, 2006

*Independent Director means director who, apart from receiving director's remuneration, does not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the judgment of the Board may affect independence of judgment of the director.

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 presently comprises two Independent Non-Executive Directors viz; Air Marshal S.S. Ramdas (Retd.) and Mr. Suresh Sheth, and one Non-Independent and Non-Executive Director, Mr. Greg Tanner. The Chairman of the Committee is Air Marshal S. S. Ramdas (Retd). Mr. Tushar Gunderia, Company Secretary, acts as the Secretary to the Committee.

The permanent invitees to the Audit Committee are Mr. Clyde Cooper, Managing Director and Mr. Yogesh Dhingra, Finance Director & Group Chief Financial Officer.

As Mr. Cooper, Managing Director tendered his resignation, effective from March 13, 2006, Mr. Malcolm Monteiro, who assumes the position of Managing Director, will be the permanent invitee to the Audit Committee in place of Mr. Cooper.

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) Reviewing with the management, Statutory and Internal auditors, the adequacy of internal control systems.
- (f) Recommending appointment and removal of External and Internal Auditors and fixation of their fees.
- (g) 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.
- (h) Reviewing with the management the quarterly financial statements before submission to the Board for approval.
- (i) Reviewing related party transactions.

The constitution of Audit Committee and other related information as on December 31, 2005 is as under:

Name of Director	Position	No. of Meetings	
		Held	Attended
Air Mshl.S.S. Ramdas(Retd.)	Chairman	3	3
Mr. Greg Tanner	Member	2	2
Mr. Suresh G. Sheth	Member	3	3
Mr. Deepak Vaidya (Resigned w.e.f. July 4, 2005)	Member	1	0

4. Compensation Committee

The Board of Directors of the Company had constituted a Compensation Committee of Directors in the Board Meeting held on May 7, 2002. The Compensation Committee comprises two Independent Non-Executive Directors viz; Mr. Suresh Sheth and Air Marshal S. S. Ramdas (Retd.) and Mr. Greg Tanner, Non-Independent and Non-Executive Director. The Committee is chaired by Mr. Suresh Sheth, Director.

The Executive Directors are paid remuneration in terms of the resolution passed by the members at the General Meetings.

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

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. In view of the above, sitting fees of Rs.20,000/- per meeting were paid to Non-Executive Directors for each meeting of the Board, Audit Committee and Compensation Committee attended by them.

In terms of the provisions of amended 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 of Air Marshal S. S. Ramdas (Retd.) and Mr. Suresh Sheth, who are Independent Directors on the Board of the Company.

Air Marshal S. S. Ramdas (Retd.), the Independent Director has an honours degree in Mechanical and Electrical Engineering from Pune University. He was the Chairman and Managing Director of Indian Airlines and Vayudoot Airlines, Director on the Board of Air India, and a member on the Board of the National Airports Authority. He is a Fellow of the Aeronautical Society of India (FAeSI), Fellow of the Institution of Engineers-India (FIE) and Chartered Engineer (CEng). He has been decorated by the President of India with the Param Vishisht Seva Medal (PVSM), as well as the Ati Vishisht Seva Medal (AVSM), the Vayu Sena Medal (VM) and the Vishisht Seva Medal (VSM).

Mr. Suresh Sheth, the Independent Director is a Commerce graduate from Sydenham College, and a Fellow Chartered Accountant (FCA) and Member of the Institute of Chartered Accountants for the past 35 years. Mr. Sheth is a partner in a firm of Chartered Accountants, M/s. Sheth & Company

In the meeting of the shareholders of the Company held on July 24, 2001, the shareholders of the Company had approved payment of commission to Non Executive Directors, not exceeding 1% of the Net Profit of the Company in accordance with the provisions of the Companies Act, 1956. 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 proposes to pay commission to Air Marshal S. S. Ramdas (Retd.) and Mr. Suresh Sheth, Non-Executive Directors, at such rate as determined by the Board of Directors of the Company and within the ceiling as prescribed under the provisions of the Companies Act, 1956.

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

REPORT ON CORPORATE GOVERNANCE

1. Mr. Clyde Cooper ñ Managing Director (upto March 12, 2006)

Category A

1. Salary : Rs.7,80,000/- (Rupees Seven Lacs Eighty Thousand only) per month.
2. a) Special Allowance: Rs.2,06,000/- (Rupees Two Lacs Six Thousand only) per month.
3. Perquisites :
 - a. Housing : An Unfurnished residential accommodation or an amount of Rs.3,30,000/- per month as House Rent Allowance in lieu thereof.
 - b. Medical Re-imbusement : Re-imbusement of medical expenses (including insurance premium for medical and hospitalization policy, if any) for self and family, subject to one month's salary in a year or five months salary over a period of five years.
 - c. Personal Accident Insurance: Personal Accident Insurance for self and his family, the premium of which shall not exceed Rs.75,000/- per annum.
 - d. Chauffeur Driven Car : Company will provide a Chauffeur driven car.
 - e. Leave and Travel Concession : For self and family, once in a year incurred in accordance with rules specified by the Company from to time.
 - f. Club fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

Category B

Commission :

At the rate of One percent (1%) of net profits of the Company for each financial year of the Company or part thereof computed in the manner laid down in Section 309 (5) of the Companies Act, 1956.

However, the total commission payable for any year shall not exceed the amount equal to salary for that year.

Category C

- (a) The Company's contribution to Provident Fund in accordance with the Rules and Regulations of the Company. Such Contributions will not be included in the computation of the ceiling on perquisites to the extent is not taxable under the provisions of the Income Tax Act, 1961.
- (b) Gratuity as per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company, whichever is higher.
- (c) Encashment of unavailed leave at the end of the tenure of the term. Such encashment shall not be included in the computation of the ceiling on remuneration specified in Schedule XIII to the Companies Act, 1956.

Category D

The Company shall provide telephone, telefax and other communication facilities at the residence of the Managing Director.

During the term of employment of the Managing Director, in the event 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, the remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.

2. Mr. Malcolm Monteiro ñ Managing Director (With effect from March 13, 2006)

Basic - Rs. 3,00,000/- per month

HRA - Rs. 2,07,000/- per month

Special Allowance ñ Rs. 2,06,000/- per month

In addition to the above amount, Mr. Monterio 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 the 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 the ceiling on the remuneration as specified in Schedule XIII to the Companies Act, 1956.
- (iii) Encashment of unavailed leave at the end of each year.
- (iv) In addition to the above, the following amounts will be reimbursed:
 - a) Running and Maintenance expense of motorcar including motorcar insurance.
 - b) Telephone expenses at residence.
 - (v) Coverage under Company's Group Insurance Cover.
 - (vi) Club Membership fees : Fees of club subject to a maximum of one club. This will not include admission and life membership fees.
 - (vii) Corporate Credit Card
Subscription and Annual fees for the Corporate Credit Card.
 - (viii) One time Special Incentive Amount for the period from April 2006 to December 2006 not exceeding the sum of Rs. 85,17,000/-.
 - (ix) In addition to the above, if the Company's Profit figures are achieved, Managing Director shall be entitled to an Incentive of Rs. 45,68,000/- for the financial year ending December 2006.
 - (x) Increment for each year from April 2006, shall be determined by the ñCompensation Committeeñ and which shall subject to approval of the Board of Directors and by shareholders of the Company in the General Meeting of Shareholders.
 - (xi) Special Incentive for each year shall be determined each year by the ñCompensation Committeeñ subject to the approval of Board of Directors and Members of the Company.

REPORT ON CORPORATE GOVERNANCE

(xii) In case, if Mr. Monterio opts for the contribution to superannuation fund, the corresponding amount contributed shall be reduced from the Special Allowance. Such contribution to superannuation fund will not be included in the computation of the ceiling on perquisites to the extent not taxable under the provisions of the Income Tax Act, 1961.

During the term of employment of the Managing Director, in the event 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, the remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.

The Company does not have any stock option scheme.

5. Change in financial year

In the Meeting of the Board of Directors of the Company held on April 26, 2005, the Board of Directors approved change of the Financial Year end of the Company to the Calendar Year, from March 31 to December 31. Accordingly, the Accounts of the Company for the current Financial Year are for the period of nine months from April 1, 2005 to December 31, 2005.

6. 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 redressal of complaints received from the 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 are held once in a fortnight to consider the matters placed before it.

The Committee consists of Mr. Suresh Sheth, Non Executive Director acting as the Chairman of the Committee and Mr. Clyde Cooper. Mr. Tushar Gunderia, Company Secretary, has been designated as the Compliance Officer.

As Mr. Cooper, Managing Director tendered his resignation, effective from March 13, 2006, Mr. Malcolm Monteiro, who assumes the position of Managing Director, has been inducted in the Investor Grievance Committee in place of Mr. Cooper.

During the period under review, Two Hundred and Seventy Five correspondence were received from the shareholders/ investors. All the correspondence have been attended to expeditiously.

All valid share transfers / transmission and other requests received during the period were approved and attended to by the Committee. There were no requests for transfer of Equity Shares pending as on December 31, 2005.

The details of Investors' Correspondence received during the period are as under:

Nature of Correspondence	No. of Correspondence received	No. of Correspondence resolved /attended
Change of Address	29	29
Non Receipt of Share certificate/Transfer / Transmission Request for loss / duplicate/ replacement of Share Certificates	27	27
Revalidation / Non Receipt of Dividend Warrants	31	31
Others *	46	46
Total	142	142
	275	275

* Others include correspondence pertaining to updating of new signatures, non receipt of rejected Dematerialisation Request Forms, registration of Power of Attornies, procedure for transmission, dividend mandate instructions, request for Annual Reports and such 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 period ended December 31, 2005.

M/s. Intime Spectrum Registry Limited are the Registrars and Share Transfer Agents of the Company.

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted, and implemented the Blue Dart Code of Conduct for Prevention of Insider Trading and the Code for Corporate Disclosure Practices and the same are strictly adhered to.

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.

7. General Body Meetings

Details of Annual General Meetings held during last three years:

AGM for Financial Year ended	Date	Time	Location
2002 ñ 2003	08.07.03	4.30 p.m	Walchand Hirachand Hall,
2003 ñ 2004	22.07.04	4.30 p.m	Indian Merchants Chamber, LNM IMC Building, Churchgate, Mumbai 400 020
2004 ñ 2005	19.07.05	4.00 p.m	Hotel Le Royal Meridien Mumbai, Sahar Airport Road, Andheri (East), Mumbai - 400 099

The Company had convened the Meeting of shareholders by Postal Ballot method on January 6, 2005, for the purpose of divestment upto 100 % of its equity shares in its erstwhile wholly owned subsidiary; Blue Dart Aviation Ltd.

Mr. B. H. Antia, Sr. Partner, Advocate and Solicitor from M/s. Mulla & Mulla, had acted as a Scrutinizer for the said Meeting.

All the resolutions set out in the respective Notices were passed by the Members. No resolution is proposed to be passed by postal ballot in the ensuing Annual General Meeting of the Company.

REPORT ON CORPORATE GOVERNANCE

The Company also had convened Extraordinary General meeting of the shareholders of the Company on April 8, 2005.

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 penalty or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or other statutory authorities on any matters related to capital markets during the last three years.

9. 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 at least seven days in advance, notice of the Board Meeting at which the financial results are proposed to be approved by the Board.

The Quarterly, Half yearly and Yearly results are published in Newspapers with adequate disclosures for the knowledge of shareholders. The Company does not have a system of intimating shareholders individually about the financial results but queries, if any, are replied 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 on the website at www.sebidifar.nic.in immediately.

10. General Shareholder Information

Annual General Meeting

: April 27, 2006 at 4.30 p.m. at Hotel Le Royal Meridien Mumbai , Chancellor II, Sahar Airport Road, Andheri (East), Mumbai - 400099

Financial Calendar

(tentative and subject to change)

: Schedule of Board Meetings Date

First Quarter ending March 31, 2006 April 27, 2006

Second Quarter & Half Year ending June 30, 2006 July 13, 2006

Third Quarter ending September 30, 2006 October 26, 2006

Last Quarter & Year ending December 31, 2006 January 25, 2007

Financial Calendar

(tentative and subject to change)

: Schedule of Audit Committee Meetings Date

First Quarter ending March 31, 2006 April 27, 2006

Second Quarter & Half Year ending June 30, 2006 July 13, 2006

Third Quarter ending September 30, 2006 October 26, 2006

Last Quarter & year ending December 31, 2006 January 25, 2007

Book Closure period

: April 20, 2006 to April 27, 2006

Dividend Payment Date

: April 30, 2006

Listing on Stock Exchanges

: 1. The Bombay Stock Exchange, Mumbai
2. The National Stock Exchange of India Limited

(The Company has paid its Annual Listing fees to all the above Stock Exchanges for Financial Year 2005 - 2006.)

REPORT ON CORPORATE GOVERNANCE

Stock market Performance

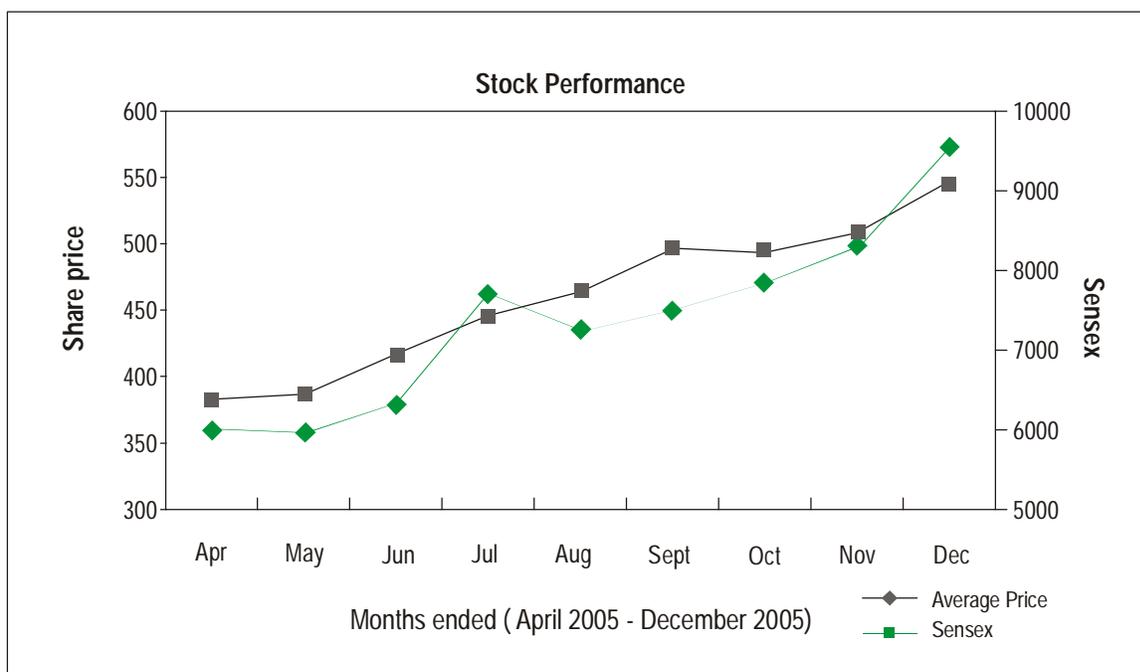
Stock Code / Symbol : BSE : 526612
 : NSE : Symbol - BLUEDART
 : Series ñ EQ
ISIN : INE233B01017

Stock Market Data:

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

2005			BSE		NSE	
			High	Low	High	Low
April	ñ	2005	399.00	320.05	414.00	318.00
May	ñ	2005	391.00	324.00	395.00	325.35
June	ñ	2005	405.00	352.00	403.65	339.00
July	ñ	2005	538.00	385.00	489.00	385.00
August	ñ	2005	497.00	375.00	497.00	428.10
September	ñ	2005	478.00	421.00	489.90	420.00
October	ñ	2005	520.00	420.00	500.00	421.00
November	ñ	2005	560.00	435.00	565.00	403.60
December	ñ	2005	599.70	544.90	605.00	539.05

Stock Price Performance in comparison to the BSE Sensex :



REPORT ON CORPORATE GOVERNANCE

Registrar & Share Transfer Agent

: M/s. 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
 Email : isrl@intimespectrum.com

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 the 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, 2005

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	4,501	93.73	6,31,795	2.66
501 - 1000	142	2.96	1,13,075	0.47
1001 - 2000	74	1.54	1,08,194	0.46
2001 - 3000	25	0.52	65,359	0.28
3001 - 4000	8	0.17	27,623	0.12
4001 - 5000	4	0.08	18,969	0.08
5001 - 10000	14	0.29	1,05,148	0.44
10001 - Above	33	0.71	2,26,57,771	95.49
Total	4,801	100.00	2,37,27,934	100.00

Categories of shareholders as on December 31, 2005

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoters	1	1,92,27,887	81.0348
Foreign Body Corporate	1	200	0.0008
Banks, Financial Institutions and Mutual Funds	21	26,27,593	11.0739
Individuals	4,504	11,91,953	5.0234
Companies	194	4,45,146	1.8760
NRIs & FIIs	71	2,30,142	0.9700
Clearing Members	9	5,013	0.0211
Total	4,801	2,37,27,934	100.0000

REPORT ON CORPORATE GOVERNANCE

Dematerialisation of Shares and Liquidity	: The trading in Company's equity shares is compulsory in the dematerialised mode for all investors with effect from August 28, 2000. As on December 31, 2005, 23,419,211 Equity Shares representing 98.70 % of the paid up Equity Share Capital of the Company are in the dematerialised mode. Dematerialisation of shares offers various advantages which, inter-alia, includes the following: <ol style="list-style-type: none">1. No scope for any risk of loss, theft or fraud with regard to share certificates2. 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. There is no requirement for lodging of transfer deeds and lodging / dispatching the transfer documents with the Company, thus avoiding a lot of paper work. In view of above, shareholders holding their equity shares in the physical form are 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 220 offices spread across India.
Address for communication	: Investors should address their correspondence to the Registrar & Share Transfer Agents, M/s. Intime Spectrum Registry Limited at the address mentioned hereinabove. Contact Person : Ms. Swati Uchil ñ Head : Share Registry Mr. Ganesh Umashankar ñ Deputy Head: Registry Investors may also contact Ms. Prabha Singh, Manager - Secretarial, or Mr. Vijay Kamath - Manager - Secretarial, at the Registered Office of the Company for any assistance and guidance in connection with investors' matters. Telephone : 2839 6444 Ext. Nos. : 3422 or 3499 Email : PrabhaS@bluedart.com VKamath@bluedart.com
Analyst Contact	: Mr. Yogesh Dhingra ñ Finance Director & Group Chief Financial Officer
General Information Contact	: Ms. Tulsi Mirchandaney ñ Sr. V. P. Marketing & Projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

In India, over a decade since the seeding of liberalisation, the power of monopolies is steadily giving way to another épower of oneñ that of the individual consumer. Today, consumer choice has grown multifold, fuelled by an increasing affluence and exposure to a wider, global net of communication, services and goods. Conditioned from a young age to a fiercely competitive environment, from access to schools and colleges to building a brighter future for themselves and their children, the Indian middle class has spawned a multitude of successful entrepreneurs who recognise and unhesitatingly seize opportunities in the new India. The new Indian entrepreneur has sprung up from urban India to smaller towns, and has struck out in industries as diverse as automotive, IT, pharmaceuticals, biotechnology, telecommunication, retail and aviation, to name a few, to create goods and services not just for the large Indian populace, but for a global marketplace that is becoming increasingly homogeneous. The outcome is a strong growth in manufacturing at *10.2% and services at 10%, and an economy projected to grow at **7.6% to 8%, rivalled only by China's economic growth. Concurrently, China and India have entered into the lexicon of numerous multi-national corporations who view their respective manufacturing and knowledge prowess as off-shoring and outsourcing opportunities and their large populations as attractive consumers.

The connotations of this unfolding scenario for the Indian express industry are somewhat unique. While world trade is driving the strategies of multi-national express companies who continue to invest in support infrastructure, networks, businesses and even financing customers, to extend their global reach and service offerings, India's express industry is grappling with a creaking infrastructure to find ways to support a booming domestic demand. Unlike other emerging economies that are driven by exports, like China, Brazil and Russia, the Indian economy is driven by domestic consumption and exports account for just 12% contribution to GDP. Currently, distribution is largely confined to the major metros where, though networks and process are defined, airport congestion, road and rail constraints present an impending threat to service quality and cost that would impact both service providers and customers. A graver challenge will be posed as demand expands to Tier II and Tier III cities where we are witnessing double-digit growths, and as the economy continues to develop as projected, if infrastructure fails to keep pace.

Blue Dart displayed an unusual foresight in building its own unique integrated air and surface infrastructure to chart a leadership position for itself in the domestic air express space. Nine years after the launch of India's first domestic cargo airline, Blue Dart's express model, with dedicated air services, is still the most unique in the domestic express space, to support the critical supply-chain distribution demands of Indian business, and provides the domestic capability to facilitate international trade throughout the country. Bolstered by a robust and innovative technology backbone and a professional, skilled workforce, Blue Dart presents a distinctive edge to business through reliability, reach, speed, security and information flow - a network and market access to distribute to an

individual target audience over the required geography; mitigation of uncertainty associated with extra inventory and cost; speed to market to gain competitive advantage; high quality and security to eliminate the cost of errors, loss and damage, and information flow in real time for increased visibility through the supply-chain and customer control. Finally, in close collaboration with DHL Worldwide Express, Blue Dart provides a one-stop, complete spectrum of services that is easy to access and manage instead of multiple, fragmented service providers.

Customer loyalty and market share are resounding endorsements of Blue Dart's relevance to its customers' business. An industry-sponsored research in 2004 put Blue Dart's market share at 39% in a rupees 6.7 billion organised, domestic industry, with a projected year-over-year growth of 20%. Internal market research and estimates place industry CAGR at a more reasonable 17.2%, which pegs the size of the total organized express industry at approximately rupees 26 billion, and the organized domestic segment at rupees 11 billion in 2005-06. The unorganized segment has been identified as consisting of a large number of low-cost, regional players and intra-city service providers.

Review of Performance

Blue Dart outpaced the market with a growth of 25.27% in the nine months period April, 2005 to December, 2005, with a sterling performance on the core products of Domestic Priority and Dart Apex. During the period, 37.67 million shipments weighing 96,024 tonnes were carried across Blue Dart's network, compared to 30.84 million shipments and 81,676 tonnes for the same period of the previous year, a creditable performance against an exceptionally challenging environment.

The year 2005 will perhaps go down as a year of manifestation of nature's overpowering might in various forms across the globe. For our Southern shores, the year began struggling with the aftermath of the terrifying Tsunami that had struck a week earlier, and ended with unprecedented rains and floods. An earthquake and aftershocks levelled parts of Kashmir and our neighbouring country, and a few hours of incessant, torrential rain brought India's financial hub, Mumbai, to its knees almost literally. Nature's fury exposed our weak infrastructure and vulnerability to climatic deviations, but also validated the resilience of the human spirit to prevail over disaster.

The Blue Dart team epitomised this spirit. When Mumbai was deluged and local communication lines collapsed on the 26th July 2005, the Blue Dart Centre established connectivity with all regions within a few hours and was back to normalcy the next day, while the rest of Mumbai was still reeling from the disaster. Air carriage was resumed on the 28th July, all surface vehicles that were widely dispersed across the region were accounted for, backlogs cleared, people evacuated from flooded facilities and customers kept informed. Similar scenes were re-enacted across the country in Ahmedabad, Chennai, Bangalore, Delhi and Kolkata during the year ñ no region was spared the onslaught, and none faltered in a fitting response to the crisis.

*CSO (Central Statistical Organisation: Apr-Sep 2005)

** CMIE (Centre for Monitoring Indian Economy: Dec 2005)

MANAGEMENT DISCUSSION AND ANALYSIS

Strengthening of infrastructure remained an important activity through the year, with the addition of new regional headquarters for the North at Delhi, four expanded, new, state-of-the-art facilities of about 91,000 sq. ft. at Delhi, Bangalore, Ahmedabad and Jaipur, to facilitate the growing ground distribution, and a total of 30 operations and service centres that were set up in Delhi, U.P., Rajasthan, Punjab and Chandigarh (in the North), Gujarat, Maharashtra and M.P. (in the West), and Tamil Nadu and Karnataka (in the South), to support the increased capacity requirements and future growths of the regions.

Technology support was further augmented during the year with enhanced bandwidth between regional offices for improved user experience, and connectivity infrastructure and hardware was upgraded at the Blue Dart Centre to support faster gigabyte networking at the central site. The powerful sales automation module, Saifire, was rolled out in a phased manner to a salesforce of 252 users across the country to enhance sales efficiency, knowledge, management and measurements. Blue Dart also initiated migration from its earlier MSMail to a Microsoft Exchange Platform.

Blue Dart Aviation helped sustain Blue Dart's leadership position with its dedicated services despite the turbulence in the Indian aviation segment, with infrastructure and human resources failing to cope with the demands of the numerous low-cost start-up carriers. Blue Dart Aviation posted an excellent 99.53% despatch reliability during the period.

Service excellence has evolved into a Company philosophy, and is the underlying thread that binds all activities in Blue Dart. Blue Dart maintained its reliability levels of 99.96% through the nine month period, with a greatly increased volume of shipments.

The Company's performance during the nine months period :

- Operating profit margin of 19.30%.
- Profit before tax growth of 41.01%.
- Profit after tax growth of 47.21%.

Blue Dart's steady progress over the past five years continue unabated, with a clear focus on remaining relevant to the customer, anticipating his needs and delivering an unmatched level of service. Customers have rewarded Blue Dart with their loyalty and growing business.

Risks and Concerns

The high perishability of space and the irredeemable nature of lost capacity due to even a day's closure was highlighted in 2005 as never before, because of the number of natural calamities that struck the country, especially Mumbai. Three working days were lost mainly due to the inability of customers to accept or hand over shipments at Mumbai because of the floods that caused widespread damage. The air express business operates on a backbone of speed and quality capacity and a loss of either would impact business.

Fuel costs during the year touched new highs not witnessed in the past fourteen years. Between April to December 2005, the cost of

aviation turbine fuel escalated by 26% compared to the previous year, and the increased fuel surcharge was correspondingly levied on customers to neutralise escalated fuel price. The fuel surcharge mechanism has been a recourse that has gained acceptance amongst customers over the years because of the transparency of the linkages to the WTI international fuel price index. Blue Dart would continue to utilise this mechanism to counter volatility of this material cost head but, should this cost spiral out of control, Blue Dart as well as the entire world economy would be adversely impacted.

The services sector has shown strong growths and, with further expansion, availability of qualified manpower in this sector may be a concern as, unlike a product, people play a primary and powerful role in the delivery of services and the brand.

While increased competition would serve to stimulate the market, higher low-cost capacity would create a pressure on yields, and maintaining our value proposition would pose a greater challenge.

The proposed amendment to the Postal Act has been under discussion for some time but details have not yet been made public. Any changes that would have negative repercussions on the express industry and Blue Dart could be a potential risk.

As a prudent organisation, Blue Dart views risk as an important item on its agenda and reviews of concern areas are ongoing. Additionally, risk assessment workshops have been conducted during the year to create awareness and alert senior management to business risks.

Opportunities

In 2006, Blue Dart plans to further augment its domestic air and operational capacity with the addition of 45 new, world-class facilities and the induction of two Boeing 757 freighter aircraft by Blue Dart Aviation, in mid-2006, as part of its fleet modernisation initiative. This would be a maiden operation of the Boeing 757 by an Indian air operator.

The Boeing-757 is a fuel-efficient and quiet aircraft, complying with the latest noise regulations, and has a versatile range capability. The payload capacity at about 30 tonnes will be double that of the current Boeing-737s, raising daily capacity to 250 tonnes from the current 166 tonnes. Blue Dart also plans to connect Ahmedabad as its 7th aviation hub and establish outbound connectivity from Hyderabad to the country during the year. With this initiative, Blue Dart moves a step further towards consolidating its unmatched air capacity in the Indian skies, and its unique concept of a 'eWarehouse in the Sky' to facilitate trade and domestic commerce for those that seek distribution of the highest quality and efficiency.

Internet penetration, though low, is increasing in India with an estimated 40 million users as per a recent *study, complemented by communication and convergence. The low-cost airline model has driven increased internet usage for the purchase of tickets to lower their distribution costs, villages in India are using the internet to trade foodgrains, and recent reports indicate that 18% of Indian Railways tickets are booked online, which is an amazing phenomenon for a mode

of transportation used by the common man. Fishermen in Kerala are using cellphones to enhance trading and reduce wastage. With the proliferation and progress of technology, hardware costs are coasting downwards significantly, making access possible to a greater percentage of our masses. Physical borders are also no longer an impediment to business. An entrepreneur can create his storefront on the web and make it his marketplace. His target audience becomes the world. Distribution will be the engine that will power his business across borders directly to his customers. The opportunities are limitless, and Blue Dart, with its robust infrastructure and technology, is ideally positioned to capture this market when it reaches a critical mass in India.

Outlook

The outlook for India is very encouraging, with the economy projected to grow at 8%, surprisingly absorbing the high fuel costs and displaying a new maturity. The stockmarket witnessed a phenomenal rise, with the sensex crossing the 9,000 mark by the year end, riding on the back of foreign investments of close to 12 billion U.S. dollars. Industry is posting healthy returns and numerous acquisitions overseas by Indian companies point to a greater confidence displayed by business. India participated in various trade pacts during the year, extending its hand to more countries in the region, a move that is expected to boost its trade within the region in the years to come. With the opening up of retail, banking, real estate, and foreign direct investment in various other sectors, we can expect more players in India to participate in the creation of wealth leading to more consumption and more distribution.

Infrastructure - highways, airports, ports, power generation and water supply to name a few areas - remains a glaring drag on the country's progress and the most severe constraint on business that needs to be addressed before it presents a roadblock to economic development. Airport infrastructure, especially, is a vital lifeline not just for our industry, but for trade and travel, and is in urgent need of attention.

Brand Building Initiatives

The year 2005 was ushered in with the assimilation of Blue Dart into the global giant Deutsche Post World Net's (DPWN) assets in a professional and smooth transition. It is a tribute to its brand strength that Blue Dart has retained its brand identity while maintaining synergy with the global brands of DPWN, and adding value to the DHL brand in India. To further reinforce the Blue Dart brand to the retail customer, 38 DHL retail outlets were identified to display Blue Dart signages, and leverage DHL's infrastructure in prime locations. The results in the first month, December 2005, have been extremely encouraging.

Blue Dart continued its critical customer feedback activity through the quarterly customer satisfaction surveys covering 11 metros and 9 emerging markets. The value that the customer satisfaction surveys deliver is in terms of tactical activities to address gaps in order to raise the bar on service excellence towards customer satisfaction, loyalty and advocacy.

In 2005, Blue Dart was awarded a Business Superbrand trophy, having been selected from over 854 brands across 82 product categories in India, adding to its Superbrand status in 2003-04 and its Brand Leadership Award in 2003.

Blue Dart's television campaign focused on reliability, through its delivery capability of large packages, where it occupies a pre-dominant position. The impact on brand image has been positive, reflecting enhanced scores on the hard and soft parameters, and taking our brand preference scores to 72%. A new tagline was also introduced during the year "IT TAKES A LEADER TO DELIVER" to communicate and consolidate our leadership position.

Developments in Human Resources

Our people are our greatest differentiator, because they represent our touchpoints and take on the mantle of the brand "in communication, attitude and service delivery. Blue Dart has always believed that people are the prime movers of business, and employee pride and motivation equals customer satisfaction and shareholder return. The Employee Satisfaction Survey registered a mean score of 89.8%, and "Pride in Working for Blue Dart" continue to receive the highest ratings with a vote of 97.4% In 2005. The emotional equity embedded in employee sentiment and association with the brand has been and continues to be the most significant contributor to Blue Dart's success.

Developing people has been an ongoing thrust area and 8,184 mandays were devoted to training during the year.

Finally, the year closed with the announcement of Mr. Clyde Cooper relinquishing his position as Managing Director owing to personal reasons, and the leadership transition to Malcolm Monteiro, Chief Operating Officer, who will be taking over as Managing Director with effect from the 13th March 2006. Clyde, one of the founders of Blue Dart, has been with the Company for over 22 years and was instrumental in building it into a dominant leader in the express industry in India and the South Asian region. Clyde leaves behind a legacy of service excellence and a winning work culture that has nurtured a highly-motivated and result-oriented team. Continued success of the company would be a tribute to his foresight, and the professionalism and capability of the team he leaves behind "as well as an exemplary validation of Blue Dart's new tagline, "IT TAKES A LEADER TO DELIVER".

Cautionary Statement

The statements forming part of this Report may contain certain forward looking remarks within the meaning of applicable Securities Laws 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 (the Company) for the period April 1, 2005 to December 31, 2005 as stipulated in clause 49 of the Listing Agreements of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the 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 in respect of investor grievances received during the period April 1, 2005 to December 31, 2005, no investor grievances are pending against the Company as on December 31, 2005 as per records maintained by the Company and presented to the Investors Grievance Committee.

We further 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 7, 2006

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

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 December 31, 2005, and the related Profit and Loss Account and Cash Flow Statement for the period April 1, 2005 to December 31, 2005 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 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 December 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2005 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 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, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit for the period April 1, 2005 to December 31, 2005; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the period April 1, 2005 to December 31, 2005.

Mumbai, February 7, 2006

Thomas Mathew
Partner
Membership No. 50087
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 period April 1, 2005 to December 31, 2005)

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 period 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 period.
2. a) The inventory of consumables and spares has been physically verified by the management during the period. 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 and have been properly dealt with in the books of account.
3. 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, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the period.
- 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, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the period.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items of inventory and certain expenditure of a capital nature are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, 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 we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. 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 period to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
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, customs duty, cess and other material statutory dues with the appropriate authorities in India. As informed to us, excise duty and sales tax are not applicable to the Company for the period.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax, service tax, customs duty and cess as at December 31, 2005, which have not been deposited on account of any dispute. The particulars of dues of income-tax as at December 31, 2005, which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount Rs. (₹000)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax, including interest	9,168	Assessment Year 2002- 03	Commissioner of Income-tax (Appeals)

10. The Company has no accumulated losses as at December 31, 2005 and has not incurred any cash losses in the financial period ended on that date or in the immediately preceding financial year.
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.

ANNEXURE TO AUDITORS' REPORT

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, Blue Dart Aviation Limited from banks and financial institutions during the period, 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 a 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 period.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by public issues during the period.
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 period. Further a few cases of frauds on the Company committed by way of theft/ misutilisation of credit cards meant to be delivered to third parties/ misappropriation of cash by an employee were noticed and reported, which as represented to us do not involve material amounts and are specifically covered by insurance/ recovered from the employee.

Mumbai, February 7, 2006

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

BALANCE SHEET AS AT DECEMBER 31, 2005

	Schedule No.	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	1,789,359	1,395,849
		2,026,987	1,633,477
Loan Funds			
Secured Loans	3	219,743	338,103
Unsecured Loans	4	200,000	200,000
		419,743	538,103
Deferred Tax Liabilities (Net) [Refer Notes 1(h) and 5 - Schedule 19]			
Deferred Tax Liabilities		206,016	211,544
Less : Deferred Tax Assets		8,583	31,835
		197,433	179,709
TOTAL		2,644,163	2,351,289
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,413,158	2,330,577
Less: Depreciation/Amortisation		620,721	566,958
Net Block		1,792,437	1,763,619
Capital Work in Progress (including capital advances)		4,118	11,151
		1,796,555	1,774,770
Investments	6	182,010	139,300
Current Assets, Loans and Advances			
Inventories	7	16,124	17,796
Sundry Debtors	8	671,107	563,281
Cash and Bank Balances	9	107,740	76,161
Loans and Advances	10	383,140	321,834
		1,178,111	979,072
Less: Current Liabilities and Provisions			
Liabilities	11	444,610	441,504
Provisions	12	71,717	105,797
		516,327	547,301
Net Current Assets		661,784	431,771
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	3,814	5,448
TOTAL		2,644,163	2,351,289
Notes to Accounts	19		

Schedules 1 to 13 and 19 referred to above form an integral part of the Balance Sheet.

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

Thomas Mathew
Partner
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Air Marshal S. S. Ramdas (Retd.)
Chairman

Clyde C. Cooper
Managing Director

Greg Tanner
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 7, 2006

Ross Allen
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Tushar Gunderia
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2005 TO DECEMBER 31, 2005

	Schedule No.	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
INCOME			
Service Charges [Refer Note 1(e) - Schedule 19]		4,150,872	4,583,267
Other Income	14	75,790	47,082
		4,226,662	4,630,349
EXPENDITURE			
Freight, Handling and Servicing Costs	15	2,482,397	2,700,485
Employee Costs	16	597,052	768,911
Other Costs	17	331,621	359,229
		3,411,070	3,828,625
Profit before Interest, Depreciation and Taxation		815,592	801,724
Interest Expense (Net)	18	22,591	47,232
Depreciation / Amortisation		131,409	153,199
Profit before Taxation		661,592	601,293
Provision for Taxation [Refer Notes 1(h) and 5 - Schedule 19]			
Current Tax		203,274	193,106
Deferred Tax		17,724	17,777
Fringe Benefits Tax		6,500	-
		227,498	210,883
Profit after Taxation		434,094	390,410
Balance brought forward from previous year		791,745	521,540
Available for Appropriation		1,225,839	911,950
Proposed Dividend		35,592	71,184
Tax on Proposed Dividend		4,992	9,980
Transfer to General Reserve		21,705	39,041
		1,163,550	791,745
Balance carried forward to Balance Sheet			
Earnings Per Share (Refer Note 4 - Schedule 19)			
Basic and diluted Earnings Per Share (in Rupees)		18.29	16.45
Nominal value per equity share (in Rupees)		10.00	10.00
Notes to Accounts	19		

Schedules 14 to 19 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.

Thomas Mathew
Partner
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Air Marshal S. S. Ramdas (Retd.)
Chairman

Clyde C. Cooper
Managing Director

Greg Tanner
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 7, 2006

Ross Allen
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Tushar Gunderia
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD APRIL 1, 2005 TO DECEMBER 31, 2005

	Period ended December 31, 2005 in Rs.(₹000)	Year ended March 31, 2005 in Rs.(₹000)
A. Cash flows from Operating activities :		
Profit before Taxation	661,592	601,293
Adjustments for :		
Depreciation / Amortisation	131,409	153,199
Interest expense	23,551	53,579
Interest income	(960)	(6,347)
Income from Investment - Dividends	(1,211)	(722)
Loss on sale/scraping of fixed assets (Net)	40,468	10,661
Miscellaneous expenditure written off	1,634	2,179
Bad debts /advances written off	4,713	10,599
Unadjusted credits/liabilities no longer required written back	(4,300)	(8,490)
Provision for leave encashment	6,500	5,166
Provision for gratuity	8,552	15,728
Retention amount payable to Managing Director	-	68,000
Retention amount payable to Managing Director - written back	(68,000)	-
Foreign exchange rate difference	-	218
Profit on sale of shares of Blue Dart Aviation Limited	-	(36,000)
Provision for Directors commission/Professional fees	9,020	8,915
Operating profit before working capital changes	812,968	877,978
Adjustments for changes in working capital :		
(Increase) / Decrease in Inventories	1,672	(5,824)
(Increase) / Decrease in Sundry Debtors	(108,239)	(106,996)
(Increase) / Decrease in Other Receivables	(67,276)	(10,994)
Increase / (Decrease) in Trade and Other Payables	48,912	2,691
Cash generated from Operations	688,037	756,855
Taxes paid (net of Tax Deducted at Source)	(205,027)	(202,760)
Net cash from/(used in) Operating activities	483,010	554,095
B. Cash flows from Investing activities :		
Purchase of fixed assets	(197,379)	(495,338)
Changes in Capital Work in Progress	7,382	41,991
Proceeds from sale of fixed assets	729	564
Interest received	2,183	6,408
Income received from Dividends	1,211	722
Proceeds from sale of shares in Blue Dart Aviation Limited	-	216,000
Investment in subsidiary - Skyline Air Logistics Limited	(5)	(14,595)
Investment in subsidiary - Concorde Air Logistics Limited	(5)	(3,345)
Investment in Mutual Funds (Net)	(44,000)	-
Proceeds from maturity of Investments	1,300	-
Net cash from/(used in) Investing activities	(228,584)	(247,593)
C. Cash flows from Financing activities :		
Proceeds from Long term borrowings	-	270,000
Repayment of Long term borrowings	(113,333)	(346,168)
Repayment of Short term borrowings (Net)	-	(40,000)
Movement in bank overdrafts (Net)	(5,027)	1,276

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	Period ended December 31, 2005 in Rs.(€000)	Year ended March 31, 2005 in Rs.(€000)
Interest paid	(23,559)	(52,838)
Borrowing cost - capitalised	-	(4,554)
Dividend paid	(70,948)	(106,651)
Dividend tax paid	(9,980)	(13,680)
Foreclosure charges paid	-	(893)
Net cash from/(used in) Financing activities	(222,847)	(293,508)
Net Increase in Cash and Cash Equivalents	31,579	12,994
Cash and cash equivalents at the beginning of the period / year	76,161	63,167
Cash and cash equivalents at the end of the period / year	107,740	76,161
	As at December 31, 2005 in Rs.(€000)	As at March 31, 2005 in Rs.(€000)
Cash and cash equivalents comprise of :		
Cash, cheques and remittances in transit	30,608	38,549
Balance with Scheduled Banks		
on current accounts	72,749	33,197
on margin money accounts	155	520
on unpaid dividend accounts	1,928	1,685
Balance with non scheduled Bank		
on current account	920	830
on deposit account	1,380	1,380
	107,740	76,161

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 period's classification.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs.13 (€000) [(Previous year - Rs.142 (€000)].
- Cash and cash equivalents includes Rs. 3,463 [(Previous year - Rs. 3,585 (€000))] which are not available for use by the Company. (Refer Schedule 9 in the Financial Statements)

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

Thomas Mathew
Partner
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Air Marshal S. S. Ramdas (Retd.)
Chairman

Clyde C. Cooper
Managing Director

Greg Tanner
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 7, 2006

Ross Allen
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Tushar Gunderia
Company Secretary

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 1		
CAPITAL		
Authorised		
40,000,000 equity shares of Rs. 10/- each	400,000	400,000
Issued and Subscribed		
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

Note:

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

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Securities Premium	394,057	394,057
General Reserve		
At the beginning of the period / year	210,047	171,006
Add: Transfer from Profit and Loss Account	21,705	39,041
At the end of the period / year	231,752	210,047
Profit and Loss Account	1,163,550	791,745
Total	1,789,359	1,395,849

SCHEDULE 3

SECURED LOANS

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
From Banks		
Term Loans [Refer Note (a) below]	216,667	330,000
{Amount payable within a year Rs. 116,668 (€000) [Previous Year - Rs. 110,001 (€000)]}		
Bank Overdrafts [Refer Note (b) below]	3,076	8,103
Total	219,743	338,103

- (a) Term Loans from banks are secured by pari passu first charge on movable and immovable properties of the Company.
- (b) Bank Overdrafts are secured by hypothecation of book debts, collateral security on the Company's property at Bhiwandi and second charge on the Company's movable and immovable properties.

SCHEDULE 4

UNSECURED LOANS

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Short term		
Commercial Paper from Banks { 400 units of Rs. 500 (€000) each [Previous Year - 400 Units of Rs. 500 (€000) each]}	200,000	200,000
{Maximum amount outstanding during the period Rs. 200,000 (€000) [Previous Year Rs. 200,000 (€000)]}		
Total	200,000	200,000

Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

[Refer notes 1(b), 1(g), 1(k) and 2 - Schedule 19]

in Rs. (€000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2005	Additions	Deductions	As at December 31, 2005	As at April 1, 2005	For the period	Deductions	As at December 31, 2005	As at December 31, 2005	As at March 31, 2005
Goodwill [Refer note (a) below]	30,000	-	-	30,000	21,000	1,130	-	22,130	7,870	9,000
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	166,734	78	66	166,746	15,673	2,050	9	17,714	149,032	151,061
Office Equipment	68,662	7,662	5,446	70,878	24,493	3,806	3,299	25,000	45,878	44,169
Electrical Equipment	129,489	11,785	12,185	129,089	43,797	6,876	8,739	41,934	87,155	85,692
Computers	259,061	31,132	20,655	269,538	164,140	22,754	20,610	166,284	103,254	94,921
Computer Software	73,612	9,189	1,259	81,542	48,168	7,154	1,201	54,121	27,421	25,444
Furniture and Fittings	188,024	35,746	10,853	212,917	55,644	9,610	7,154	58,100	154,817	132,380
Vehicles	37,123	2,854	3,074	36,903	20,548	2,376	2,856	20,068	16,835	16,575
Aircraft Engines	166,379	22,624	65,305	123,698	67,775	18,243	33,778	52,240	71,458	98,604
Aircraft [Refer note (b) below]	527,246	-	-	527,246	32,057	26,814	-	58,871	468,375	495,189
Aircraft Components and Overhaul	164,440	40,208	-	204,648	53,287	18,216	-	71,503	133,145	111,153
Aircraft parts	18,680	-	-	18,680	10,921	1,126	-	12,047	6,633	7,759
D-check on aircraft [Refer note (c) below]	74,452	40,146	-	114,598	8,185	10,078	-	18,263	96,335	66,267
Ground Handling Equipment	30,392	-	-	30,392	1,270	1,176	-	2,446	27,946	29,122
Total	2,330,577	201,424	118,843	2,413,158	566,958	131,409	77,646	620,721	1,792,437	1,763,619
Previous Year	1,869,036	503,921	42,380	2,330,577	444,914	153,199	31,155	566,958	1,763,619	

Notes:

- The balance period over which goodwill will be amortised is five years and three months.
- Borrowing Costs capitalised to the cost of aircraft purchased during the period amount to Rs. Nil [Previous Year Rs. 4,554 (€000)].
- D-Check on aircraft represents costs towards heavy maintenance mandatory checks.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)		As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 6					
Investments					
(Long Term, Unquoted, At Cost) [Refer Note 1(c) - Schedule 19]			Nil units (Previous year Nil) of HDFC Liquid Fund Dividend Plan (6,440,149 units purchased, 3,203 units cumulated and 6,443,352 units sold during the period)	-	-
Trade			1,893,845 units (Previous year Nil) of SBI Magnum Institutional Income Savings-Dividend (145,626,713 units purchased, 68,546 units cumulated and 143,801,414 units sold during the period)	19,000	-
9,600,000 (Previous Year - 9,600,000) equity shares of Rs. 10 each in Blue Dart Aviation Limited.	120,000	120,000			
110,000 (Previous Year - 109,500) equity shares of Rs. 10 each in Concorde Air Logistics Limited, a subsidiary company	14,600	14,595	9,837 units (Previous year Nil) of UTI Mutual Fund Institutional Dividend Plan (41,807 units purchased, 8 units cumulated and 31,978 units sold during the period)	10,000	-
60,000 (Previous Year - 59,500) equity shares of Rs. 10 each in Skyline Air Logistics Limited, a subsidiary company	3,350	3,345	Total	182,010	139,300
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50	SCHEDULE 7		
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	INVENTORIES		
Non - Trade			[Refer Note 1(i) - Schedule 19]		
<i>In Government Securities</i>			Packing and Stationery Consumables	6,757	6,041
National Savings Certificates (6 year NSCs - VIII issue)	-	1,300	Spares	9,367	11,755
<i>Others (Current)</i>			Total	16,124	17,796
Units in Mutual Funds			SCHEDULE 8		
1,500,000 units (Previous year Nil) of PRUDENTIAL ICICI Mutual Liquid Plan Institutional and Institutional Plus - Daily Dividend Plan (104,932,905 units purchased, 42,203 units cumulated and 103,475,108 units sold during the period)	15,000	-	SUNDRY DEBTORS		
			(Unsecured, considered good)		
			Debts outstanding for a period exceeding six months	-	-
			Other debts	671,107	563,281
			Total	671,107	563,281

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash, cheques on hand and remittances in transit	30,608	38,549
Balance with scheduled banks :		
on current accounts	72,749	33,197
on margin money accounts	155	520
on unpaid dividend accounts	1,928	1,685
Balance with non-scheduled bank (Municipal Co-operative Bank)		
on current account	920	830
on deposit account	1,380	1,380
{Maximum amount outstanding during the period in current account Rs.1,497 (€000) [Previous year Rs. 830 (€000)] and in deposit account Rs.1,380 (€000) [Previous year Rs.1,380 (€000)]}		
Total	107,740	76,161

Note:

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.

SCHEDULE 10

LOANS AND ADVANCES

(Unsecured, considered good)

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Aircraft Payload Deposit with Blue Dart Aviation Limited	154,085	129,000
Advances recoverable in cash or in kind or for value to be received :		
Prepaid expenses	17,864	19,429
Deposits	92,362	87,549
Advance Tax (Net of Provision)	38,354	43,088
Interest accrued on Investments	90	1,326
Other advances	80,385	41,442
Total	383,140	321,834

SCHEDULE 11

LIABILITIES

Sundry Creditors:

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Small Scale Industrial Undertakings [Refer Note 10 - Schedule 19]	3,136	3,432
Others	166,300	325,697
Unclaimed dividend *	1,928	1,692
Other Liabilities	273,246	110,675
Interest accrued but not due on loans	-	8
Total	444,610	441,504

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE 12

PROVISIONS

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Provision for Leave Encashment [Refer Note 1(f) - Schedule 19]	31,133	24,633
Proposed Dividend	35,592	71,184
Tax payable on Proposed Dividend	4,992	9,980
Total	71,717	105,797

SCHEDULE 13

MISCELLANEOUS EXPENDITURE

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
(to the extent not written off or adjusted) [Refer Note 1(d) - Schedule 19]		
Long-term Contract Negotiation costs		
At the beginning of the period / year	5,448	7,627
Add : Additions during the period / year	-	-
Less: Amortisation during the period / year	(1,634)	(2,179)
At the end of the period / year	3,814	5,448

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)		As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 14			SCHEDULE 17		
OTHER INCOME			OTHER COSTS		
Lease rentals	-	154	Rent	84,495	86,952
Profit on sale of shares	-	36,000	Electricity	28,619	33,483
Dividend income	1,211	722	Repairs and maintenance -others	26,181	25,444
Unadjusted credits/Liability no longer required written back [Refer Note 9(a) (ii) - Schedule 19]	72,300	8,490	Insurance	5,963	7,277
Miscellaneous income	2,279	1,716	Rates and taxes	10,932	13,632
Total	75,790	47,082	Lease rentals [Refer Notes 1(j) and 8 - Schedule 19]	6,652	8,401
SCHEDULE 15			Bad debts/advances written off	4,713	10,599
FREIGHT, HANDLING AND SERVICING COSTS			Communication expenses	34,919	41,697
Aircraft charter costs	1,391,057	1,463,648	Legal and professional charges [Refer Note 9(c) - Schedule 19]	19,247	30,886
Domestic network operating costs	513,629	574,192	Office expenses	21,599	25,877
International servicing charges	331,448	386,083	Travelling and conveyance	11,177	12,072
Domestic excess baggage	145,294	162,644	Sales promotion and advertising	13,829	27,255
Printing, stationery and consumables	54,375	63,548	Miscellaneous expenditure written off	1,634	2,179
Handling and clearing charges	46,594	50,370	Loss on sale/scraping of fixed assets (Net)	40,468	10,661
Total	2,482,397	2,700,485	Miscellaneous expenses	21,193	22,814
SCHEDULE 16			Total	331,621	359,229
EMPLOYEE COSTS			SCHEDULE 18		
[Refer Notes 9(a) and 9(b) - Schedule 19]			INTEREST EXPENSE (NET)		
Salaries, Bonus and Leave Encashment	460,737	574,091	On Term loans	14,641	35,915
Contribution to provident and other funds	43,284	78,290	On Commercial Paper	8,441	9,900
Staff welfare expenses	93,031	116,530	On Bank Overdraft	469	1,164
Total	597,052	768,911	On Non - Convertible Debentures/ Short Term Loans	-	5,896
			On other loans	-	704
				23,551	53,579
			Less : Interest income on income tax refunds	558	5,282
			Interest on deposits with banks and others [Tax deducted at source Rs. 13 (€000)(Previous Year - Rs. 142 (€000)]	402	1,065
			Total	22,591	47,232

SCHEDULES

Schedules forming part of the Balance Sheet

SCHEDULE 19

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 issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(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 lives 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 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	Depreciation Rate per annum %
Office Equipment	6.33
Electrical Equipment	6.33
Aircraft Engines	13.55
Aircraft	6.75
Aircraft Parts	8.00
D-Check cost on aircraft	12.50

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 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 20 years, based upon the brand image of eBlue Dart upon acquisition and the consequential impact it has on the future business of the Company.

(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) Miscellaneous Expenditure

Miscellaneous expenditure constituting long-term contract negotiation costs incurred upto March 31, 2003 are deferred and amortised under the straight line method over the period of the contract, which is five years.

(e) Service Charges

Service charges for transportation 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.

(f) Retirement Benefits

Retirement benefits to employees comprise of payments towards gratuity, superannuation and provident fund in accordance with the approved schemes of the Company and leave encashment entitlements, in accordance with the policies of the Company.

The Company's employees, as per policy, are covered under the group gratuity and superannuation schemes with the Life Insurance Corporation of India (eLIC). The group gratuity scheme is funded in line with LIC's actuarial valuation carried out during the year.

The liability in respect of leave encashment is provided, based on an actuarial valuation carried out by an independent actuary as at the year end. Contributions to the above funds/schemes are charged to the Profit and Loss Account.

(g) 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, except those relating to the acquisition of fixed assets, which are adjusted to the cost of such assets.

(h) 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 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.

SCHEDULES

(i) 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.

(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) 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 period in which they are incurred.

4. Earnings Per Share :

	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
(a) Profit after Taxation for the period / year	434,094	390,410
(b) Weighted average number of shares	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share	Rs.18.29	Rs.16.45
(d) Nominal value of shares outstanding	Rs.10	Rs.10

5. 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, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
(a) Liabilities		
Depreciation/Amortisation	204,733	208,697
Heavy maintenance expenditure	-	854
Long term contract negotiation costs	1,283	1,993
Total	206,016	211,544
(b) Assets		
Provision for leave encashment	7,867	6,174
Bonus payable	716	778
Retention compensation payable to the Managing Director	-	24,883
Total	8,583	31,835
Net Deferred Tax Liabilities	197,433	179,709

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
2. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	21,169	52,324
3. Contingent Liabilities not provided for :		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	478,000	368,000
(b) Bank Guarantees	2,430	33,197

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

SCHEDULES

6. 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.

7. Related Party Disclosures

(a) Enterprises where control exists :

(i) Holding Company

DHL Express (Singapore) Pte Limited

(ii) Ultimate Holding Company

Deutsche Post AG, Germany

(iii) Subsidiary Companies

Concorde Air Logistics Limited (An enterprise where Key Management Personnel had significant influence until May 10, 2004 and a subsidiary company with effect from May 11, 2004)

Skyline Air Logistics Limited (An enterprise where Key Management Personnel had significant influence until May 10, 2004 and a subsidiary company with effect from May 11, 2004)

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

(i) Holding/Fellow Subsidiary/Associate Company/Subsidiaries

DHL Express (Singapore) Pte Limited- Holding Company

DHL Express India Private Limited- Fellow Subsidiary Company

Blue Dart Aviation Limited- Associate Company, (Wholly owned subsidiary upto March 10, 2005 and an associate company thereafter)

Concorde Air Logistics Limited- Subsidiary Company

Skyline Air Logistics Limited- Subsidiary Company

(ii) Key Management Personnel

Air Marshal S.S. Ramdas (Retd.) Chairman

Clyde C. Cooper Managing Director

Suresh G. Sheth Director

Tushar K. Jani Director (upto March 10, 2005)

Khushroo M. Dubash Director (upto March 10, 2005)

(iii) Relatives of Key Management Personnel

Farida Cooper

Johann Cooper

Ayesha Cooper

Anjani Jani

Bhairavi Jani

	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
(c) Transactions with related parties during the period / year:		
(i) With Holding Company		
DHL Express (Singapore) Pte Limited		
Dividend paid	57,684	-
(ii) With Subsidiaries/Fellow Subsidiary/Associate Company		
Blue Dart Aviation Limited :		
Aircraft charter costs	1,386,769	1,463,648
Additional Aircraft payload deposit placed	25,085	11,659
Interest (income)/expenditure on current account (net)	-	608
Courier charges income	3,264	3,140
Lease rent income	-	153
Reimbursement of capital expenditure incurred (CWIP)	1,030	26,593
Payment for D check carried out on Aircraft	29,525	49,020
Recoveries towards excess baggage and handling charges	-	4,773
DHL Express India Private Limited:		
International Servicing Cost	331,336	384,792
Linehaul Income	61,708	57,121
Concorde Air Logistics Limited :		
Investment in Share capital	-	14,500
Reimbursements towards air freight, etc.	66,592	87,216
Reimbursement towards expenses capitalised	1,206	29
Skyline Air Logistics Limited:		
Investment in Share capital	-	3,250
Reimbursements towards air freight, etc.	3,303	6,879

SCHEDULES

	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)		Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
Contribution to provident and other funds	842	1,369	Commission to whole time Directors at 1 per cent of net profit per director, limited to annual salary of whole time director.	7,020	8,915
Gratuity paid	-	1,454	Commission to independent directors at 1 per cent of net profit limited to Rs.1,000 (€000) per director.	2,000	-
Leave encashment paid	-	144		9,020	8,915
Perquisites	2,565	4,648			
Directors' sitting fees	460	480			
	23,821	110,897			
(i) Provision for / Contribution to employee retirement / post retirements, which are based on actuarial valuations done on an overall company basis, are excluded above.			(c) Legal and Professional Charges include Auditors' Remuneration as follows :		
(ii) Liability no longer required represents reversal of one-time retention compensation of Rs.68,000 (€000) payable to the Managing Director due to rejection by the Central Government of the application made by the Company.			Audit Fees		
(b) Computation of net profit in accordance with Sections 198 and 349 of the Companies Act, 1956 and commission payable to the whole-time directors (including Managing Director) :			- Statutory Audit Fees	2,600	2,600
			- Tax Audit Fees	300	300
			For other matters	550	550
			Reimbursement of expenses	50	50
				3,500	3,500
			(d) Earnings in foreign currency		
			Service charges	43,512	84,580
			(e) Expenditure in foreign currency		
			Foreign travel	255	361
			Others	4,539	1,658
				4,794	2,019
			(f) Value of imports (C&F Basis)*		
			Aircraft and other capital items (including components and spares)	40,208	240,067
				40,208	240,067
Profit before Tax	661,592	601,293			
Add: Directors' remuneration [Refer (a) above]	23,821	110,897			
Depreciation/Amortisation provided in the books of account	131,409	153,199			
Loss on sale / scrapping of fixed assets (Net)	40,468	10,661			
	857,290	876,050			
Less: Depreciation under Section 350 of the Companies Act, 1956	131,409	153,199			
Profit on sale of shares	-	36,000			
Net profit as per Sections 198 and 349 of the Companies Act, 1956	725,881	686,851			

*The above information is disclosed on C&F basis since the Company has taken a global insurance policy for all stocks and it is not possible to allocate the same to individual purchases.

SCHEDULES

	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
(g) Remittance in foreign currency on account of dividends		
Number of Non-resident shareholders	1	1
Number of Equity Shares held	19,227,887	4,951,598
Amount of dividend remitted	57,684	22,282
Year to which dividend relates	2004-05	2003-04

10. Outstanding dues to Small Scale Industrial (SSI) undertakings

The small scale industrial undertakings to whom amounts are outstanding for more than 30* days at December 31, 2005 are :

Alpha Carbonless Manufacturing Co.	Sago Paper Products
Meghna Laminates	Sago Printing Systems
Pioneer packaging	Supac Packaging Private Limited
Royal Art	

The above information and that given in Schedule 11 - Liabilities regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

* In accordance with the terms of contracts, the credit period is generally upto 60 days.

11. Profit on sale of shares in previous year represents surplus on disinvestment of its 60% [14,400 (€000) equity shares] holding in Blue Dart Aviation Limited at a price of Rs. 15 per share, being a fair value of Blue Dart Aviation Limited in accordance with the valuation report of an independent firm of chartered accountants.
12. The figures of the current period are not comparable to those of the previous year as the figures of the current period are for a period of nine months from April 1, 2005 to December 31, 2005.
13. Previous year's figures have been regrouped / reclassified / restated wherever necessary to conform to the current period's classification.

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

Name of the Subsidiary Company	:	Concorde Air Logistics Limited	Skyline Air Logistics Limited
Holding Company's Interest	:	110,000 Equity Shares of Rs. 10 each fully paid up	60,000 Equity Shares of Rs. 10 each fully paid up
Extent of Holding	:	100%	100%
The Financial Year of the Subsidiary Company ended of	:	December 31, 2005	December 31, 2005
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	Nil
For the previous financial years	:	N.A	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)	:	3,044	5,363
For the previous financial years (Rs.in thousand)	:	N.A	N.A

Air Marshal S. S. Ramdas (Retd.)
Chairman

Clyde C. Cooper
Managing Director

Greg Tanner
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 7, 2006

Ross Allen
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Tushar Gunderia
Company Secretary

CONCORDE AIR LOGISTICS LIMITED

BOARD OF DIRECTORS

Vaidhyanathan Iyer

Tushar Gunderia

Kamlesh Kataria

PRINCIPAL BANKERS

Canara Bank

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 pleasure in presenting the Second Annual Report of your Company for the period April 1, 2005 to December 31, 2005.

BACKGROUND

Blue Dart Express Ltd. acquired 99.55% of the paid up Equity Share Capital of your Company on May 11, 2004 and thus, your Company had become a subsidiary of Blue Dart Express Ltd. with effect from May 11, 2004. In accordance with the approval accorded by the Board of Directors in its Board Meeting held on December 13, 2005, Blue Dart Express Ltd. further acquired the balance 500 (Five Hundred) Equity shares of your Company from the existing Shareholders on December 13, 2005. Accordingly, your Company became a Wholly Owned Subsidiary of Blue Dart Express Ltd. with effect from December 13, 2005.

FINANCIAL RESULTS

(Rs. in millions)

	For the period ended December 31, 2005	For the period May 7, 2004 to March 31, 2005
Revenues		
Services	9.06	8.55
Other Income	0.91	1.11
Less : Operating Expenses	5.68	6.83
Operating Profit (EBIDTA)	4.29	2.83
Less : Depreciation / Amortisation	1.25	1.31
Earnings before Tax	3.04	1.52
Less : Provision for income tax	1.45	1.05
Earnings after tax	1.59	0.47

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

FINANCIAL YEAR

In the meeting of the Board of Directors of the Company held on April 25, 2005, the Board of Directors approved the change of Financial Year end of the Company to the Calendar Year, from March 31st to December 31st, and accordingly, the Accounts of the Company are for the period of Nine months from April 1, 2005 to December 31, 2005.

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

DIRECTORS

During the period under review, Mr. Tushar Gunderia, Mr. Adi Soonawalla and Mr. Kamlesh Kataria were appointed as an Additional Directors of the Company with effect from December 13, 2005 at the Board Meeting held on December 13, 2005.

Mr. Clyde Cooper, Mr. Ashok Jani and Mr. Suresh Sheth resigned as Directors of the Company with effect from December 14, 2005.

Your Directors place on record their sincere appreciation and thanks for the contribution of Mr. Cooper, Mr. Jani and Mr. Sheth for the growth of the Company and wish them success for their future endeavours.

Mr. Adi Soonawalla resigned as a Director of the Company with effect from January 23, 2006 and Mr. Vaidhyanathan Iyer was appointed as an Additional Director of the Company with effect from January 23, 2006.

Mr. Vaidhyanathan Iyer, Mr. Tushar Gunderia and Mr. Kamlesh Kataria holds office upto the ensuing Annual General Meeting. The Company has received notices under the provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Vaidhyanathan Iyer, Mr. Tushar Gunderia and Mr. Kamlesh Kataria as Directors of the Company.

As all the above Directors are Additional Directors and shall hold office upto the date of Annual General Meeting, none of the Directors shall be liable to retire by rotation at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) that in the preparation of the accounts the applicable accounting standards have been followed, along with proper explanation relating to material departures;

DIRECTORS' REPORT

- II) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 period and of the profit of the Company for that period;
- 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 Accounts on a going concern basis.

AUDITORS

The Statutory Auditors of the Company M/s. Price Waterhouse, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received the 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 the Statutory Auditors of the Company.

FIXED DEPOSIT

The Company has not accepted any deposits within the meaning 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 has issued 'Compliance Certificate' which has been attached as an Annexure to this 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, the Company did not have any employee falling under the provisions of Section 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.10 millions (previous Year Rs. 9 millions)

ACKNOWLEDGEMENT

Your Directors express their grateful appreciation for the assistance and co-operation received from the customers, suppliers, solicitors, advisors, banks and government authorities for their ongoing support during the period under review.

For and on behalf of the Board Directors

Vaidhyanathan Iyer
Director

Tushar Gunderia
Director

Kamlesh Kataria
Director

Mumbai,
February 6, 2006

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, 2005, and the related Profit and Loss Account and Cash Flow Statement for the period April 1, 2005 to December 31, 2005, 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 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 December 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2005 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, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit for the period April 1, 2005 to December 31, 2005; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the period April 1, 2005 to December 31, 2005.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, February 6, 2006

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 period April 1, 2005 to December 31, 2005]

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 period 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 period.
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, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the period.
- (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, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the period.
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 period to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. 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.
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 Company.
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 regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues with the appropriate authorities in India. As informed to us, investors' education and protection fund, wealth tax, excise duty, customs duty and sales tax are not applicable to the Company for the period.
- (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 as at December 31, 2005, 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 period.
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 period.
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 period.
18. The Company has not issued any debentures during the period.
19. The Company has not raised any money by public issues during the period.
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 period, nor have we been informed of such case by the management.
21. The matters specified under clause (ii) of paragraph 4 of the Order are not applicable to the Company for the period.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, February 6, 2006

COMPLIANCE CERTIFICATE

Company No. : 11 - 146141
Authorised Capital : 20,00,000/-

To,
The Members,
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 period ended on 31st December, 2005. 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 period:

1. The Company has kept and maintained all registers as stated in Annexure iAi 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 iBi 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 5 (five) times on 25-04-2005, 18-07-2005, 18-10-2005, 13-12-2005 and 14-12-2005 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 period under review.
6. The Annual General Meeting for the period ended 31st March, 2005 was held on 18th July, 2005 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held on 10th August, 2005 during the period under review after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors and / or persons or firms or Companies referred in the Section 295 of the Act, during the period under review.
9. The Company has not entered into any 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 issued duplicate share certificates consequent upon request from members for split of certificate during the period under review and complied with the provisions of the Act.
13. The Company has:
 - (i) delivered all the certificate on transfer / split of securities within the time specified in the Act and in accordance with the provisions of the Act. The Company has not had any instances of allotment or transmission of shares during the period under review and hence no comment is invited in this respect.
 - (ii) not declared any dividend during the period and hence the Company was not required to deposit any amount as unpaid dividend /interim dividend in a separate Bank Account.
 - (iii) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of additional directors was duly made in accordance with the provisions of the Act. There were no appointment of alternate directors and directors to fill casual vacancies, during the period under review.
15. The Company has not appointed any Managing Director / Whole time Director / Manager during the period under review.
16. The Company has not appointed any sole-selling agents during the period 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 period 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.
19. The Company has not allotted any equity shares or any other securities during the period under review and complied with the provisions of the Act.
20. The Company has not bought back any shares during the period under review.

COMPLIANCE CERTIFICATE

- | | |
|---|--|
| <p>21. The Company has not redeemed any preference shares / debentures during the period under review.</p> <p>22. There were no transactions necessitating the Company to keep in abeyance any corporate benefits of the members pending registration of transfer of shares.</p> <p>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 period under review.</p> <p>24. The amount borrowed by the Company during the period ended 31st December, 2005 is within the borrowing limits of the Company in terms of the provisions of Section 293 (1)(d) of the Act.</p> <p>25. The Company has not made any loans or advances or investments or given guarantees or provided securities to other bodies corporate and consequently no entries were required to be made in the register required to be kept for the purpose.</p> <p>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 period under review.</p> <p>27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the period under review.</p> | <p>28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the period under review.</p> <p>29. The Company has not altered any provisions of its Articles of Association during the period under review.</p> <p>30. 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 period under review.</p> <p>31. The Company has not received any money as security from its employees during the period under review.</p> <p>32. The provisions of Section 418 of the Act do not apply to the Company.</p> |
|---|--|

For Nilesh Shah & Associates
Company Secretaries
(Nilesh Shah)

Place : Mumbai
Date : February 6, 2006

Partner (FCS - 4554)
C.P.No.: 2631

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 Renewed and Duplicate Certificate	Issue of Share Certificate Rules
7.	Register of Share Application and Allotment	voluntary
8.	Register of Directors Attendance	voluntary
9.	Register of Members Attendance	voluntary
10.	Register of Share Transfer	voluntary (108)

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

Place : Mumbai
Date : February 6, 2006

COMPLIANCE CERTIFICATE

Annexure B

Sr. No.	Form No.	Section	Purpose	Filed on
1	Annual Return dated 18-07-2005	159	As per requirement of the Act.	14-09-2005
2	Balance Sheet dated 31-03-2005	220	As per the requirement of the Act.	10-08-2005
3	Compliance Certificate dated 18-07-2005	383A	As required under Companies (Compliance Certificate) Rules, 2001.	10-08-2005
4	Form No. 32 dated 18-07-2005	303 (2)	Appointment of Director in Annual General Meeting	01-08-2005
5	Form No. 32 dated 14-12-2005	303 (2)	Resignation of Directors	27-12-2005
6	Form No. 32 dated 13-12-2005	303 (2)	Appointment of Additional Directors	27-12-2005
7	Form No. 29 dated 13-12-2005	264 (2)	Consent to act as Director	27-12-2005
8	Form No. 29 dated 13-12-2005	264 (2)	Consent to act as Director	27-12-2005
9	Form No. 29 dated 13-12-2005	264 (2)	Consent to act as Director	27-12-2005

Place : Mumbai
Date : February 6, 2006

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

Concorde Air Logistics Limited

Balance Sheet as at December 31, 2005

	Schedule No.	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	1,100	1,100
Reserves and Surplus	2	15,556	13,961
TOTAL		16,656	15,061
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	19,061	19,061
Less: Depreciation / Amortisation		5,576	4,326
Net Block		13,485	14,735
Investments	4	75	75
Deferred Tax Assets (Net) [Refer Notes 2(g) and 5 - Schedule 14]			
Deferred Tax Assets		244	212
Less : Deferred Tax Liabilities		98	73
		146	139
Current Assets, Loans and Advances			
Sundry Debtors	5	3,978	69
Cash and Bank Balances	6	4,502	6,914
Loans and Advances	7	1,268	468
		9,748	7,451
Less: Current Liabilities and Provisions			
Liabilities	8	6,111	6,760
Provisions	9	687	579
		6,798	7,339
Net Current Assets		2,950	112
TOTAL		16,656	15,061
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.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

Kamlesh Kataria
Director

Place : Mumbai
Dated: February 6, 2006

Concorde Air Logistics Limited

Profit and Loss Account for the period April 1, 2005 to December 31, 2005

	Schedule No.	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
INCOME			
Service Charges [Refer Note 2(d) - Schedule 14]		9,059	8,547
Other Income	10	914	1,105
		9,973	9,652
EXPENDITURE			
Freight, Handling and Servicing Costs	11	1,217	1,230
Employee Costs	12	3,567	4,454
Other Costs	13	895	1,141
		5,679	6,825
Profit before Depreciation and Taxation		4,294	2,827
Depreciation / Amortisation		1,250	1,312
Profit before Taxation		3,044	1,515
Provision for Taxation [Refer Notes 2(g) and 5 -Schedule 14]			
Current Tax		1,439	1,193
Deferred Tax		(7)	(139)
Fringe Benefits Tax		17	-
		1,449	1,054
Profit after Taxation		1,595	461
Balance brought forward from previous period		461	-
Balance carried forward to Balance Sheet		2,056	461
Earnings Per Share (Refer Note 4 - Schedule 14)			
Basic and diluted Earnings Per Share (in Rupees)		14.50	4.24
Nominal value per equity share (in Rupees)		10.00	10.00
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.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

Kamlesh Kataria
Director

Place : Mumbai
Dated: February 6, 2006

Concorde Air Logistics Limited
Cash Flow Statement for the period April 1, 2005 to December 31, 2005

	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
A. Cash flows from Operating activities :		
Profit before Taxation	3,044	1,515
Adjustments for :		
Depreciation / Amortisation	1,250	1,312
Interest Income	(87)	(41)
Profit on sale of fixed asset	-	(109)
Bad debts written off	-	12
Provision for gratuity	121	429
Provision for leave encashment	(13)	150
Operating profit before working capital changes	4,315	3,268
Adjustments for changes in working capital :		
(Increase)/Decrease in Sundry Debtors	(3,909)	3,197
(Increase)/Decrease in Other Receivables	(27)	(315)
Increase/(Decrease) in Trade and Other Payables	(649)	744
Cash generated from Operations	(270)	6,894
Tax paid (net of Tax Deducted at Source)	(2,142)	(1,390)
Net cash from / (used in) Operating activities	(2,412)	5,504
B. Cash flows from Investing activities :		
Purchase of fixed assets	-	(833)
Proceeds from Sale of fixed asset	-	109
Proceeds from maturity of investments	-	25
Interest received	-	162
Net cash from / (used in) Investing activities	-	(537)
C. Cash flows from Financing activities		
Proceeds from issue of share capital	-	14,500
Repayment of unsecured loans	-	(17,663)
Net cash from / (used in) Financing activities	-	(3,163)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,412)	1,804
Cash and cash equivalents at the beginning of the period	6,914	5,110
Cash and cash equivalents at the end of the period	4,502	6,914
Cash and cash equivalents comprise of :		
Cash on hand	25	16
Balance with Scheduled Banks		
on current accounts	2,217	5,638
on deposit accounts	2,200	800
on margin money accounts	60	460
	4,502	6,914

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 period's figures have been regrouped and recasted wherever necessary to conform to the current period's classification.
- Cash and cash equivalents include Rs 60(€000) [Previous period Rs. 460(€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.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

Kamlesh Kataria
Director

Place : Mumbai
Dated: February 6, 2006

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)		As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 1			SCHEDULE 2		
CAPITAL			RESERVES AND SURPLUS		
Authorised 200,000 equity shares of Rs. 10/- each	2,000	2,000	Securities Premium		
Issued and Subscribed 110,000 equity shares of Rs. 10/- each fully paid up	1,100	1,100	At the beginning of the period	13,500	-
Total	1,100	1,100	Add: Received during the period	-	13,500
			At the end of the period	13,500	13,500
			Profit and Loss Account	2,056	461
			Total	15,556	13,961

Note :

Of the above 110,000 (Previous period 109,500) equity shares are held by Blue Dart Express Limited, the Holding Company.

SCHEDULE 3

FIXED ASSETS

[Refer Note 2 (b) - Schedule 14]

in Rs. (€000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2005	Additions	Deductions / Adjustments	As at December 31, 2005	As at April 1, 2005	For the period	Deductions / Adjustments	As at December 31, 2005	As at December 31, 2005	As at March 31, 2005
Goodwill [Refer note below]	14,900	-	-	14,900	1,366	1,123	-	2,489	12,411	13,534
Buildings	2,022	-	-	2,022	2,018	-	-	2,018	4	4
Office Equipment	257	-	-	257	231	7	-	238	19	26
Electrical Equipment	426	-	-	426	152	20	-	172	254	274
Computers	137	-	-	137	131	6	-	137	-	6
Computer Software	24	-	-	24	3	3	-	6	18	21
Furniture and Fittings	486	-	-	486	402	23	-	425	61	84
Vehicles	809	-	-	809	23	68	-	91	718	786
Total	19,061	-	-	19,061	4,326	1,250	-	5,576	13,485	14,735
Previous Period	18,586	833	358	19,061	3,372	1,312	358	4,326	14,735	

Note :

The balance period over which the goodwill will be amortised is eight years and three months.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 4		
INVESTMENTS		
(Long Term, Unquoted, At Cost) [Refer Note 2(c) - Schedule 14]		
Non - Trade		
<i>In Government Securities</i>		
National Savings Certificates (6 year NSCs - VIII issue)	75	75
Total	75	75
SCHEDULE 5		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	3,978	69
Total	3,978	69
SCHEDULE 6		
CASH AND BANK BALANCES		
Cash on hand	25	16
Balance with scheduled banks :		
on current accounts	2,217	5,638
on deposit accounts	2,200	800
on margin money accounts	60	460
Total	4,502	6,914

Note :

The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company.

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received :		

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Prepaid expenses	68	74
Other Deposits	66	38
Advance Tax (Net of Provision)	1,020	330
Other Advances	114	26
Total	1,268	468
SCHEDULE 8		
LIABILITIES		
Sundry Creditors :		
Small Scale Industrial Undertakings [Refer Note 8 - Schedule 14]	-	-
Others	5,114	5,650
Deposits	800	800
Other liabilities	197	310
Total	6,111	6,760
SCHEDULE 9		
PROVISIONS		
[Refer Note 2(e)- Schedule 14]		
Provision for Leave Encashment	137	150
Provision for Gratuity	550	429
Total	687	579

Schedules forming part of the profit and Loss Account

	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
SCHEDULE 10		
OTHER INCOME		
Facility Charges earned	720	877
Profit on sale of asset	-	109
Interest income	87	41
Miscellaneous income	107	78
Total	914	1,105

Note :

Miscellaneous income includes Exchange Gain (Net) of Rs. 107(€000)
[Previous period - Rs. 41(€000)]

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
SCHEDULE 11		
FREIGHT, HANDLING AND SERVICING COSTS		
Handling and clearing charges	1,039	1,107
Printing, stationery and consumables	42	71
Domestic network operating costs	136	52
Total	1,217	1,230
SCHEDULE 12		
EMPLOYEE COSTS		
Salaries, bonus and leave encashment	3,324	3,846
Contribution to provident and other funds	222	577
Staff welfare expenses	21	31
Total	3,567	4,454
SCHEDULE 13		
OTHER COSTS		
Legal and professional charges [Refer Note 6(a)- Schedule 14]	348	283
Office expenses	98	216
Electricity	177	187
Communication expenses	142	170
Rates and taxes	23	109
Repairs and maintenance - others	61	106
Travelling and conveyance	36	39
Insurance	10	19
Bad debts written off	-	12
Total	895	1,141

SCHEDULE 14

NOTES TO ACCOUNTS

1 Background

Concorde Air Logistics Limited (the Company) was incorporated on May 7, 2004, as a private limited company pursuant to the registration of M/s. Concorde International, a partnership firm, under Part IX of the Companies Act, 1956. Accordingly, the entire business undertaking of M/s. Concorde International (including all the assets, liabilities, rights, obligations etc.) vested in the Company at their values as recorded in the books of M/s. Concorde International as on the above mentioned date.

The Company is a registered International Air Cargo Agent with International Air Transport Association (IATA) and licensed Custom House Agent under the Customs Act, 1962. The Company is engaged in the business of clearing and forwarding of time sensitive air cargo packages.

2 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 issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(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	Depreciation Rate per annum %
-----------------------	----------------------------------

Office Equipment	6.33
Electrical Equipment	6.33

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.

SCHEDULES

(d) Service Charges

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.

(e) Retirement Benefits

Retirement benefits to employees comprise of payments towards gratuity and provident funds in accordance with the approved schemes of the Company and leave encashment entitlements in accordance with the policies of the Company.

The liability in respect of gratuity and leave encashment is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

Contribution /Provision to the above funds/schemes are charged to the Profit and Loss Account.

(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, except those relating to the acquisition of fixed assets, which are adjusted to the cost of such assets.

(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 for future tax consequences attributable to timing differences between income as determined by the financial statements and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised under income / expense using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets, other than those which arise on account of unabsorbed depreciation and carried forward losses are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income is available against which such deferred tax assets can be realised

Deferred tax assets which arise on account of unabsorbed depreciation and carried forward losses are recognised and carried forward only to the extent that management is virtually certain and supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
3 Contingent liability not provided for :		
Bank Guarantee	240	640

Note : Future cash outflows can be determined only when guarantee is invoked by the party to whom given.

	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
4 Earnings per share :		
(a) Profit after Taxation for the period	1,595	461
(b) Weighted average number of shares	110,000	108,784
(c) Basic and Diluted Earnings Per Share	Rs.14.50	Rs.4.24
(d) Nominal value of shares outstanding	Rs.10.00	Rs.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, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
(a) Assets		
Provision for Leave Encashment	47	55
Provision for Gratuity	185	157
Preliminary Expenses	12	-
Total	244	212
(b) Liabilities		
Depreciation/Amortisation	98	73
Total	98	73
Net Deferred Tax Assets	146	139

SCHEDULES

Schedules forming part of the Balance Sheet

	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)		Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
6 (a) Legal and Professional Charges include Auditors' Remuneration as follows :			(iv) Relatives of Key Management Personnel Johann Cooper Farida Cooper		
Audit Fees					
- Statutory Audit Fees	100	100	(c) Transactions with related parties during the period :		
- Tax Audit Fees [includes Rs. 50 (€000) for the previous period]	100	-	(i) With Holding company,		
Reimbursement of expenses	5	-	Blue Dart Express Limited		
	205	100	Subscription of share capital	-	14,500
(b) Expenditure in foreign currency			Recoveries towards excess baggage and handling charges	67,798	78,764
Towards Freight charges	10,096	8,492	Sale of Fixed asset	-	29
Towards IATA agency fees and examination fees	36	59	(ii) Fellow Subsidiary		
	10,132	8,551	Skyline Air Logistics Limited		
7 Related party disclosures			Facilities charges earned	720	877
(a) Enterprises where control exists			Commission paid	71	73
Blue Dart Express Limited, Holding Company			Recoveries towards air freight, etc.	13,139	11,754
DHL Express (Singapore) Pte. Limited, Holding Company of Blue Dart Express Limited			(iii) With Key Management Personnel		
(b) Related party relationships where transactions have taken place during the period			Clyde C. Cooper		
(i) Holding Company			Repayment of current account loan	-	4,607
Blue Dart Express Limited			Subscription in share capital	-	26
(ii) Fellow Subsidiary			Ashok Jani		
Skyline Air Logistics Limited			Repayment of current account loan	-	1,597
(iii) key Management Personnel			Subscription in share capital	-	9
Clyde C Cooper Director (upto December 14, 2005)			(iv) With Relatives of key management personnel		
Ashok Jani Director (upto December 14, 2005)			Johann Cooper		
			Repayment of current account loan	-	2,646
			Subscription in share capital	-	15

SCHEDULES

	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
Farida Cooper		
Repayment of current account loan	-	2,068
Subscription in share capital	-	10
	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
(d) Related party balances at the period end :		
Skyline Air Logistics Limited		
Deposits payable	800	800
Blue Dart Express Limited		
Receivable	3,874	-

8. Outstanding dues to Small Scale Industrial Undertakings

There are no Small Scale Industrial Undertakings to whom the Company owes any amount, which is outstanding for a period exceeding 30 days as at the Balance Sheet date.

The above information and that given in Schedule 8 - iLiabilitiesi regarding Small Scale Undertakings, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

9. Segment information

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

10. The figures of the current period are not comparable to those of the previous period as the figures of the current period are for a period of nine months from April 1, 2005 to December 31, 2005 and those relating to the previous period are for a period from May 7, 2004 to March 31, 2005.

11. Previous period figures have been regrouped / reclassified / restated wherever necessary to conform to the current period's classification.

SCHEDULES

Schedule forming part of the Accounts

12. 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	Rights Issue
<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"/>	<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	Private Placement
<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"/>	<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	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="4"/>
Sources of Funds	Reserves & Surplus
Paid-up Capital	<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"/>
Secured Loans	Unsecured Loans
<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"/>	<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"/>
Application of Funds	Investments
Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="5"/>
Deferred Tax Asset (Net)	Net Current Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="0"/>

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

Turnover *	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="9"/>

* Including Other Income

+ -	Profit/Loss before tax	+ -	Profit/Loss after tax
<input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="4"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="5"/>
+ -	Earning Per Share in Rs.	+ -	Dividend rate %.
<input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="0"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	<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"/>

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

Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description



Board of Directors

SKYLINE AIR LOGISTICS LIMITED

BOARD OF DIRECTORS

Vaidhyanathan Iyer

Tushar Gunderia

Abraham Titus

PRINCIPAL BANKERS

Canara Bank

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 pleasure in presenting the Second Annual Report of your Company for the period April 1, 2005 to December 31, 2005.

BACKGROUND

Blue Dart Express Ltd. acquired 99.55% of the paid up Equity Share Capital of your Company on May 11, 2004 and thus, your Company had become a subsidiary of Blue Dart Express Ltd. with effect from May 11, 2004. In accordance with the approval accorded by the Board of Directors in its Board Meeting held on December 13, 2005, Blue Dart Express Ltd. further acquired the balance 500 (Five Hundred) Equity shares of your Company from the existing Shareholders on December 13, 2005. Accordingly, your Company became a Wholly Owned Subsidiary of Blue Dart Express Ltd. with effect from December 13, 2005.

FINANCIAL RESULTS

	(Rs. in millions)	
	For the period ended December 31, 2005	For the period May 7, 2004 to March 31, 2005
Revenues		
Services	11.57	12.20
Other Income	0.11	0.22
Less : Operating Expenses	6.02	6.89
Operating Profit (EBIDTA)	5.66	5.53
Less : Depreciation / Amortisation	0.29	0.34
Earnings before Tax	5.37	5.19
Less : Provision for income tax	2.01	2.02
Earnings after tax	3.36	3.17

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

FINANCIAL YEAR

In the meeting of the Board of Directors of the Company held on April 25, 2005, the Board of Directors approved the change of Financial Year end of the Company to the Calendar Year, from March 31st to December 31st, and accordingly, the Accounts of the Company are for the period of Nine months from April 1, 2005 to December 31, 2005.

INDUSTRY

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

Your Company is licensed Customs House Agent under the provisions of Customs Act, 1962.

DIRECTORS

During the period under review, Mr. Tushar Gunderia, Mr. Adi Soonawalla and Mr. Abraham Titus were appointed as an Additional Directors of the Company with effect from December 13, 2005 at the Board Meeting held on December 13, 2005.

Mr. Clyde Cooper, Mr. Tushar Jani and Mr. Suresh Sheth resigned as Directors of the Company with effect from December 14, 2005.

Your Directors place on record their sincere appreciation and thanks for the contribution of Mr. Cooper, Mr. Jani and Mr. Sheth for the growth of the Company and wish them success for their future endeavours.

Mr. Adi Soonawalla resigned as a Director of the Company with effect from January 23, 2006 and Mr. Vaidhyanathan Iyer was appointed as an Additional Director of the Company with effect from January 23, 2006.

Mr. Vaidhyanathan Iyer, Mr. Tushar Gunderia and Mr. Abraham Titus holds office upto the ensuing Annual General Meeting. The Company has received notices under the provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Vaidhyanathan Iyer, Mr. Tushar Gunderia and Mr. Abraham Titus as Directors of the Company.

As all the above Directors are `Additional Directors and shall hold office upto the date of Annual General Meeting, none of the Directors shall be liable to retire by rotation at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- I) that in the preparation of the 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 judgments 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 period and of the profit of the Company for that period;
- 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 Accounts on a going concern basis.

DIRECTORS' REPORT

AUDITORS

The Statutory Auditors of the Company M/s. Price Waterhouse, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received the 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 the Statutory Auditors of the Company.

FIXED DEPOSIT

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

EMPLOYEES

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

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

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING 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.NIL
		(Previous year- NIL)

ACKNOWLEDGEMENT

Your Directors express their grateful appreciation for the assistance and co-operation received from the customers, suppliers, solicitors, advisors, banks and government authorities for their ongoing support during the period under review.

For and on behalf of the Board Directors

Vaidhyanathan Iyer
Director

Tushar Gunderia
Director

Abraham Titus
Director

Mumbai,
February 6, 2006

AUDITORS' REPORT

To The Members Of

SKYLINE AIR LOGISTICS LIMITED

1. We have audited the attached Balance Sheet of Skyline Air Logistics Limited, as at December 31, 2005, and the related Profit and Loss Account and Cash Flow Statement for the period April 1, 2005 to December 31, 2005, 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 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 December 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2005 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, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit for the period April 1, 2005 to December 31, 2005; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the period April 1, 2005 to December 31, 2005.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai, February 6, 2006

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Skyline Air Logistics Limited on the financial statements for the period April 1, 2005 to December 31, 2005]

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 period 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 period.
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, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the period.

(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, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the period.
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 purchase of 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 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 period to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. 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.
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 Company.
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 regular in depositing undisputed statutory dues including provident fund, income-tax, service tax, cess and other material statutory dues with the appropriate authorities in India. As informed to us, employees' state insurance, investors' education and protection fund, wealth tax, excise duty, customs duty and sales tax are not applicable to the Company for the period.

(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 as at December 31, 2005, 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 period.
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 period.
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.
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 period.

ANNEXURE TO AUDITORS' REPORT

18. The Company has not issued any debentures during the period.
19. The Company has not raised any money by public issues during the period.
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 period, nor have we been informed of such case by the management.
21. The matters specified under clause (ii) of paragraph 4 of the Order are not applicable to the Company for the current period.

Mumbai, February 6, 2006

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Skyline Air Logistics Limited

Balance Sheet as at December 31, 2005

	Schedule No.	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	600	600
Reserves and Surplus	2	9,281	5,925
TOTAL		9,881	6,525
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	4,164	4,078
Less : Depreciation / Amortisation		983	691
Net Block		3,181	3,387
Investments	4	50	50
Deferred Tax Assets (Net)			
[Refer Notes 2(f) and 4 - Schedule 14]			
Deferred Tax Assets		210	192
Less : Deferred Tax Liabilities		56	17
		154	175
Current Assets, Loans and Advances			
Sundry Debtors	5	1,151	15
Cash and Bank Balances	6	5,259	3,411
Loans and Advances	7	1,090	844
		7,500	4,270
Less: Current Liabilities and Provisions			
Liabilities	8	398	404
Provisions	9	606	953
		1,004	1,357
Net Current Assets		6,496	2,913
TOTAL		9,881	6,525
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.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

Abraham Titus
Director

Place : Mumbai
Dated: February 6, 2006

Skyline Air Logistics Limited
Profit and Loss Account for the period April 1, 2005 to December 31, 2005

	Schedule No.	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
INCOME			
Service Charges [Refer Note 2(d) - Schedule 14]		11,569	12,203
Other Income	10	109	219
		11,678	12,422
EXPENDITURE			
Freight, Handling and Servicing Costs	11	2,623	2,594
Employee Costs	12	2,152	2,756
Other Costs	13	1,248	1,535
		6,023	6,885
Profit before Depreciation and Taxation		5,655	5,537
Depreciation / Amortisation		292	340
Profit before Taxation		5,363	5,197
Provision for Taxation [Refer Notes 2(f) and 4 - Schedule 14]			
Current Tax		1,911	2,197
Deferred Tax		21	(175)
Fringe Benefits Tax		10	-
Taxation in respect of earlier period		65	-
		2,007	2,022
Profit after Taxation		3,356	3,175
Balance brought forward from previous period		3,175	-
Balance carried forward to Balance Sheet		6,531	3,175
Earnings Per Share (Refer Note 3 - Schedule 14)			
Basic and diluted Earnings Per Share (in Rupees)		55.93	53.48
Nominal value per equity share (in Rupees)		10.00	10.00
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.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

Abraham Titus
Director

Place : Mumbai
Dated: February 6, 2006

Skyline Air Logistics Limited
Cash Flow Statement for the period April 1, 2005 to December 31, 2005

	Period Ended December 31, 2005 in Rs. (€000)	Period Ended March 31, 2005 in Rs. (€000)
A. Cash flows from Operating activities :		
Profit before Taxation	5,363	5,197
Adjustments for :		
Provision for leave encashment	(21)	100
Provision for gratuity	103	424
Depreciation / Amortisation	292	340
Interest income	(121)	(32)
Profit on sale of fixed asset	-	(120)
Liabilities no longer required written back	-	(67)
Interest expense	12	-
Operating profit before working capital changes	5,628	5,842
Adjustments for changes in working capital :		
(Increase)/Decrease in Sundry Debtors	(1,136)	1,873
(Increase)/Decrease in Other Receivables	(3)	(1,196)
Increase/(Decrease) in Trade and Other Payables	(6)	(598)
Cash generated from operations	4,483	5,921
Tax paid (net of Tax Deducted at Source)	(2,577)	(1,744)
Net cash from / (used in) Operating activities	1,906	4,177
B. Cash flows from Investing activities :		
Purchase of fixed assets	(86)	(308)
Proceeds from Sale of fixed assets	-	120
Proceeds from maturity of investments	-	25
Interest received	40	26
Net cash from / (used in) Investing activities	(46)	(137)
C. Cash flows from Financing activities :		
Proceeds from Issue of share capital	-	3,250
Repayment of unsecured loans	-	(9,075)
Interest paid	(12)	-
Net cash from / (used in) Financing activities	(12)	(5,825)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,848	(1,785)
Cash and cash equivalents at the beginning of the period	3,411	5,196
Cash and cash equivalents at the end of the period	5,259	3,411
Cash and cash equivalents comprise of :		
Cash and cheques on hand	34	398
Balance with Scheduled Banks		
on current accounts	2,185	1,013
on deposit accounts	3,040	2,000
	5,259	3,411

Notes :

- 1 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.
- 2 Cash flows in brackets indicate cash outgo.
- 3 Previous periodis figures have been regrouped and recasted wherever necessary to conform to the current periodis classification.
- 4 Following non cash transactions have not been considered in the Cash Flow Statement - Tax Deducted at Source [on interest income Rs. 50 (€000) [Previous period - Rs. 26 (€000)].

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

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

Abraham Titus
Director

Place : Mumbai
Dated: February 6, 2006

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 1		
CAPITAL		
Authorised 100,000 equity shares of Rs. 10/- each	1,000	1,000
Issued and Subscribed 60,000 equity shares of Rs. 10/- each fully paid up	600	600
Total	600	600

SCHEDULE 2

Reserves and Surplus

Securities Premium

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
At the beginning of the period	2,750	-
Add: Received during the period	-	2,750
At the end of the period	2,750	2,750
Profit and Loss Account	6,531	3,175
Total	9,281	5,925

Note :

Of the above 60,000 (Previous period 59,500) equity shares are held by Blue Dart Express Limited, the holding company.

SCHEDULE 3

FIXED ASSETS

[Refer Note 2(b) - Schedule 14]

in Rs. (€000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2005	Additions	Deductions Adjustment	As at December 31, 2005	As at April 1, 2005	For the year	Deductions Adjustment	As at December 31, 2005	As at December 31, 2005	As at March 31, 2005
Goodwill [Refer note below]	3,400	-	-	3,400	312	256	-	568	2,832	3,088
Office Equipment	29	8	-	37	29	1	-	30	7	-
Electrical Equipment	110	-	-	110	100	4	-	104	6	10
Computers	231	78	-	309	231	8	-	239	70	-
Computer Software	24	-	-	24	3	3	-	6	18	21
Cars	284	-	-	284	16	20	-	36	248	268
TOTAL	4,078	86	-	4,164	691	292	-	983	3,181	3,387
Previous period	4,128	308	358	4,078	709	340	358	691	3,387	

Note:

The balance period over which the goodwill will be amortised is eight years and three months.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 4		
INVESTMENTS		
(Long Term, Unquoted, At Cost) [Refer Note 2(c) - Schedule 14]		
Non - Trade		
<i>In Government Securities</i>		
National Savings Certificates (6 year NSCs - VIII issue)	50	50
Total	50	50
SCHEDULE 5		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	1,151	15
Total	1,151	15
SCHEDULE 6		
CASH AND BANK BALANCES		
Cash and cheques on hand	34	398
Balance with scheduled banks :		
on current accounts	2,185	1,013
on deposit accounts	3,040	2,000
Total	5,259	3,411
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received :		
Prepaid expenses	13	14
Deposits	803	801
Advance Tax (Net of Provision)	174	-
Other Advances	100	29
Total	1,090	844

SCHEDULE 8

LIABILITIES

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Sundry Creditors :		
Small Scale Industrial Undertakings [Refer Note 7 - Schedule 14]	-	-
Others	198	291
Other liabilities	200	113
Total	398	404

SCHEDULE 9

PROVISIONS

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Provision for Leave Encashment [Refer Note 2(e) - Schedule 14]	79	100
Provision for Gratuity [Refer Note 2(e) - Schedule 14]	527	424
Provision for Taxation (Net)	-	429
Total	606	953

Schedule forming part of the Profit and Loss Account

	Period Ended December 31, 2005 in Rs. (€000)	Period Ended March 31, 2005 in Rs. (€000)
SCHEDULE 10		
OTHER INCOME		
Profit on sale of fixed asset	-	120
Liabilities no longer required written back	-	67
Interest income (Net)	109	32
Total	109	219

Note : Interest income net of interest expense of Rs. 12(€000) [Previous period - Nil]

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Period Ended December 31, 2005 in Rs. (€000)	Period Ended March 31, 2005 in Rs. (€000)
SCHEDULE 11		
FREIGHT, HANDLING AND SERVICING COSTS		
Handling and clearing charges	2,536	2,521
Printing, stationery and consumables	39	42
Domestic network operating costs	48	31
Total	2,623	2,594
SCHEDULE 12		
EMPLOYEE COSTS		
Salaries, bonus and leave encashment	1,972	2,229
Contribution to provident and other funds	158	499
Staff welfare expenses	22	28
Total	2,152	2,756
SCHEDULE 13		
OTHER COSTS		
Service charges	720	877
Legal and professional charges [Refer Note 5 - Schedule 14]	441	479
Travelling and conveyance	50	67
Rates and taxes	16	40
Office expenses	14	38
Repairs and maintenance - others	-	24
Insurance	7	10
Total	1,248	1,535
SCHEDULE 14		
NOTES TO ACCOUNTS		
1 Background		

Skyline Air Logistics Limited (the Company) was incorporated on May 7, 2004 as a private limited company pursuant to the registration of M/s. Skyline International, a partnership firm, under Part IX of the Companies Act, 1956. Accordingly, the entire business

undertaking of M/s. Skyline International (including all the assets, liabilities, rights, obligations etc.) vested in the Company at their values as recorded in the books of M/s. Skyline International as on the above mentioned date.

The Company is a licensed Custom House Agent under the Customs Act, 1962 and the Company is engaged in the business of clearing and forwarding of time sensitive air cargo packages.

2 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 issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(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	Depreciation Rate per annum %
Office Equipment	6.33
Electrical Equipment	6.33

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

Service charges for transportation 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.

SCHEDULES

(e) Retirement Benefits

Retirement benefits to employees comprise of payments towards gratuity and provident funds in accordance with the approved schemes of the Company and leave encashment entitlements in accordance with the policies of the Company.

The liability in respect of gratuity and leave encashment is provided, based on an actuarial valuation carried out by an independent actuary at the year end.

Contribution /Provision to the above† funds/schemes are charged to the Profit and Loss Account.

(f) 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 for future tax consequences attributable to timing differences between income as determined by the financial statements and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised under income / expense using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets, other than those which arise on account of unabsorbed depreciation and carried forward losses are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income is available against which such deferred tax assets can be realised.

Deferred tax assets which arise on account of unabsorbed depreciation and carried forward losses are recognised and carried forward only to the extent that management is virtually certain and supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
(a) Assets		
Provision for Leave Encashment	27	37
Provision for Gratuity	177	155
Preliminary Expenses	6	-
Total	210	192
(b) Liabilities		
Depreciation/Amortisation	56	17
Total	56	17
Net Deferred Tax Assets	154	175
	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
5 Legal and Professional Charges include Auditors' Remuneration as follows :		
Audit Fees		
- Statutory Audit Fees	100	100
- Tax Audit Fees [includes Rs. 50(€000) for the previous period]	100	-
Reimbursement of expenses	6	-
	206	100

6 Related party disclosures

(a) Enterprises where control exists

Blue Dart Express Limited, Holding Company

DHL Express (Singapore) Pte. Limited, Holding Company of Blue Dart Express Limited

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

(i) Holding Company
Blue Dart Express Limited

(ii) Enterprise over which Blue Dart Express Limited is able to exercise significant influence

Blue Dart Aviation Limited

3 Earnings per share :

	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
(a) Profit after Taxation for the period	3,356	3,175
(b) Weighted average number of shares	60,000	59,392
(c) Basic and Diluted Earnings Per Share	Rs.55.93	Rs.53.48
(d) Nominal value of shares outstanding	Rs.10.00	Rs.10.00

4 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 :

SCHEDULES

	Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)		Period ended December 31, 2005 in Rs. (€000)	Period ended March 31, 2005 in Rs. (€000)
(iii) <u>Fellow Subsidiary</u>			Tushar Jani		
Concorde Air Logistics Limited			Repayment of current account loan	-	826
(iv) <u>Key Management Personnel</u>			Subscription in share capital	-	8
Clyde C Cooper			(v) <u>With Relatives of Key Management Personnel</u>		
Director (upto December 14, 2005)			Ayesha Cooper		
Tushar Jani			Repayment of current account loan	-	1,865
Director (upto December 14, 2005)			Subscription in share capital	-	20
(v) <u>Relatives of Key Management Personnel</u>			Bhairavi Jani		
Ayesha Cooper			Repayment of current account loan	-	41
Bhairavi Jani			Subscription in share capital	-	1
(c) Transactions with related parties during the period :					
(i) <u>With Holding company</u>				As at December 31, 2005	As at March 31, 2005
Blue Dart Express Limited				in Rs. (€000)	in Rs. (€000)
Subscription of share capital	-	3,250	(d) Related party balances at the period end :		
Recoveries towards Agency charges	963	5,810	Concorde Air Logistics Limited		
Recoveries towards excess baggage and handling charges	4,218	1,056	Deposits recoverable	800	800
Sale of Fixed asset	-	120	Blue Dart Express Limited		
(ii) <u>With Enterprises over which Blue Dart Express Limited is able to exercise significant influence</u>			Receivable	1,151	-
Blue Dart Aviation Limited					
Recoveries towards Agency charges	1,941	4,810	7 Outstanding dues to Small Scale Industrial Undertakings		
Reimbursements towards air freight, etc	14,895	9,702	There are no Small Scale Industrial Undertakings to whom the Company owes any amount, which is outstanding for a period exceeding 30 days as at the Balance Sheet date.		
(iii) <u>Fellow Subsidiary</u>			The above information and that given in Schedule 8 - iLiabilitiesi regarding Small Scale Undertakings, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.		
Concorde Air Logistics Limited			8 Segment information		
Facilities charges	720	877	The Company is primarily engaged in a single segment business of clearing and forwarding of time sensitive shipments within India.		
Commission Income	71	73	9 The figures of the current period are not comparable to those of the previous period as the figures of the current period are for a period of nine months from April 1, 2005 to December 31, 2005 and those relating to the previous period are for a period from May 7, 2004 to March 31, 2005.		
Reimbursements towards air freight, etc	13,139	11,754	10 Previous period figures have been regrouped / reclassified / restated wherever necessary to conform to the current period's classification.		
(iv) <u>With Key Management Personnel</u>					
Clyde C. Cooper :					
Repayment of current account loan	-	2,795			
Subscription in share capital	-	30			

AUDITORS' REPORT ON CONSOLIDATED ACCOUNTS

1. We have audited the attached Consolidated Balance Sheet of Blue Dart Express Limited and its subsidiaries (the Group), as at December 31, 2005, and the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the period April 1, 2005 to December 31, 2005 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 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. 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 December 31, 2005;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the period April 1, 2005 to December 31, 2005; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the period April 1, 2005 to December 31, 2005.

Mumbai, February 7, 2006

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Blue Dart Express Limited (Consolidated) Balance Sheet as at December 31, 2005

	Schedule No.	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SOURCES OF FUNDS			
Shareholderis Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	1,790,629	1,387,329
		2,028,257	1,624,957
Minority Interests			
		-	39
Loan Funds			
Secured Loans	3	219,743	338,103
Unsecured Loans	4	200,000	200,000
		419,743	538,103
Deferred Tax Liability (Net) [Refer Notes 1(h) and 5 - Schedule 19]			
Deferred Tax Liabilities		206,170	211,634
Less : Deferred Tax Assets		9,037	32,239
		197,133	179,395
TOTAL		2,645,133	2,342,494
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,436,383	2,353,716
Less: Depreciation / Amortisation		627,280	571,975
Net Block		1,809,103	1,781,741
Capital work in progress (including capital advances)		4,118	11,151
		1,813,221	1,792,892
Investments			
	6	156,870	109,359
Current Assets, Loans and Advances			
Inventories	7	16,124	17,796
Sundry Debtors	8	671,211	563,365
Cash and Bank Balances	9	117,501	86,486
Loans and Advances	10	385,498	323,146
		1,190,334	990,793
Less: Current Liabilities and Provisions			
Liabilities	11	446,096	448,669
Provisions	12	73,010	107,329
		519,106	555,998
Net Current Assets		671,228	434,795
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	3,814	5,448
TOTAL		2,645,133	2,342,494
Notes to Accounts	19		

Schedules 1 to 13 and 19 referred to above form an integral part of the Balance Sheet.
This is to the Balance Sheet referred to in our report of even date.

Thomas Mathew
Partner
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Air Marshal S. S. Ramdas (Retd.)
Chairman

Clyde C. Cooper
Managing Director

Greg Tanner
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 7, 2006

Ross Allen
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Tushar Gunderia
Company Secretary

Blue Dart Express Limited (Consolidated)
Profit and Loss Account for the period April 1, 2005 to December 31, 2005

	Schedule No.	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
INCOME			
Service Charges [Refer Note 1(e) - Schedule 19]		4,166,401	4,598,211
Other Income	14	75,897	53,238
		4,242,298	4,651,449
EXPENDITURE			
Freight, Handling and Servicing Costs	15	2,481,139	2,305,222
Employee Costs	16	602,771	1,029,164
Other Costs	17	333,044	437,561
		3,416,954	3,771,947
Profit before Interest, Depreciation and Taxation		825,344	879,502
Interest Expense (Net)	18	22,395	64,662
Depreciation / Amortisation		132,951	193,032
Profit before Taxation		669,998	621,808
Provision for Taxation [Refer Notes 1(h) and 5 - Schedule 19]			
Current Tax		206,624	228,650
Deferred Tax		17,738	17,402
Fringe Benefits Tax		6,527	-
Taxation in respect of earlier years		65	169
		230,954	246,221
Profit after Taxation, before Share of Associate's Profit		439,044	375,587
Share of Associate's Profit		4,811	(12,126)
Profit before Minority Interests		443,855	363,461
Share of Minority Interests		-	(29)
Net Profit		443,855	363,432
Balance brought forward from previous year		779,776	484,750
Adjustments on divestment in subsidiary		-	51,799
Available for Appropriation		1,223,631	899,981
Proposed dividend		35,592	71,184
Tax on Proposed Dividend		4,992	9,980
Transfer to General Reserve		21,705	39,041
Balance carried forward to the Balance Sheet		1,161,342	779,776
Earnings Per Share			
[Refer Note 4 - Schedule 19]			
Basic and diluted Earnings Per Share (in Rupees)		18.71	15.32
Nominal value per equity share (in Rupees)		10.00	10.00
Notes to Accounts	19		

Schedules 14 to 19 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.

Thomas Mathew
Partner
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Air Marshal S. S. Ramdas (Retd.)
Chairman

Clyde C. Cooper
Managing Director

Greg Tanner
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 7, 2006

Ross Allen
Director

Yogesh Dhangra
Finance Director &
Group Chief Financial Officer

Tushar Gunderia
Company Secretary

Blue Dart Express Limited (Consolidated)
CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2005

	Period ended December 31, 2005 Rs.(€000)	Year ended March 31, 2005 Rs.(€000)
A. Cash flow from Operating activities :		
Profit before Taxation	669,998	621,808
Adjustments for :		
Depreciation / Amortisation	132,951	193,032
Interest expense	23,563	71,529
Interest income	(1,168)	(6,867)
Income from Investment - Dividends	(1,211)	(722)
Loss on sale/write off of Fixed Assets (Net)	40,468	11,358
Miscellaneous expenditure written off	1,634	2,479
Bad Debts /Advances written off	4,713	10,611
Unadjusted credits/liabilities no longer required written back	(4,300)	(8,557)
Provision for Leave encashment	6,466	6,065
Provision for Gratuity/ Superannuation	8,776	18,393
Retention amount payable to Managing Director	-	68,000
Retention amount payable to Managing Director - written back	(68,000)	-
Foreign exchange rate difference	-	218
Profit on sale of investment in Blue Dart Aviation Ltd.	-	(41,767)
Net adjustments on account of investment/disinvestment in subsidiaries	-	(5,470)
Loss on scrapping of Rotables	-	16,026
Provision for Directors' commission	9,020	8,915
Operating profit before working capital changes	822,910	965,051
Adjustments for changes in working capital :		
(Increase) / Decrease in Inventories	1,672	(11,061)
(Increase) / Decrease in Sundry Debtors	(108,259)	(148,493)
(Increase) / Decrease in Other Receivables	(67,299)	(95,142)
Increase / (Decrease) in Trade and other payables	43,233	80,909
Net cash from / (used in) operating activities	692,257	791,264
Taxes paid (net of Tax deducted at source)	(209,751)	(208,945)
Net cash from operating activities	482,506	582,319
B. Cash flow from Investing activities :		
Purchase of fixed assets	(197,466)	(518,962)
Changes in Capital Work in Progress	7,382	45,983
Proceeds from Sale of Fixed Assets	729	1,274
Interest received	2,222	7,075
Income received from Dividends	1,211	722
Proceeds from sale of shares of Blue Dart Aviation Limited	-	216,000
Investment in subsidiaries	-	(190)
Investment in Mutual funds (Net)	(44,000)	-
Proceeds from maturity of Investments	1,300	50
Repayment of share capital to share holders	(10)	-
Net cash from / (used in) Investing activities	(228,632)	(248,048)
C. Cash flow from Financing activities :		
Proceeds from Long term borrowings	-	283,333
Repayment of Long term borrowings	(113,333)	(346,168)
Repayment of Unsecured loans	-	(26,738)
Repayment of Short term borrowings (Net)	-	(40,000)
Movement in bank overdrafts (Net)	(5,027)	2,334
Interest paid	(23,571)	(70,411)
Borrowing cost - capitalised	-	(4,554)
Dividend paid	(70,948)	(106,651)

	Period ended December 31, 2005 Rs.(€000)	Year ended March 31, 2005 Rs.(€000)
Dividend tax paid	(9,980)	(13,680)
Foreclosure charges paid	-	(893)
Net cash from/(used in) financing activities	(222,859)	(323,428)
Net Increase/(Decrease) in Cash and Cash Equivalents	31,015	10,843
Cash and cash equivalents at the beginning of the period / year	86,486	75,643
Cash and cash equivalents at the end of the period / year	117,501	86,486
	As at December 31, 2005 Rs.(€000)	As at March 31, 2005 Rs.(€000)
Cash and cash equivalents comprise of :		
Cash, cheques on hand and remittances in transit	30,667	38,575
Balance with Scheduled Banks :		
on current accounts	77,151	40,236
on deposit accounts	5,240	2,800
on margin money accounts	215	980
on unpaid dividend accounts	1,928	1,685
Balance with non scheduled Bank		
on current account	920	830
on deposit account	1,380	1,380
	117,501	86,486

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 period's classification.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs.23 (€000) [(Previous year - Rs.414 (€000))].
- Cash and cash equivalents includes Rs. 3,523 (€000) [(Previous year - Rs.4,045 (€000))] which are not available for use by the Group. (Refer Schedule 9 in the Financial Statements)

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

Thomas Mathew
Partner
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Air Marshal S. S. Ramdas (Retd.)
Chairman

Clyde C. Cooper
Managing Director

Greg Tanner
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Suresh G. Sheth
Director

Place : Mumbai
Dated : February 7, 2006

Ross Allen
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Tushar Gunderia
Company Secretary

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 1		
Capital		
Authorised 40,000,000 equity shares of Rs. 10/- each	400,000	400,000
Issued and Subscribed 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

Note :

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		
At the beginning of the period / year	213,496	174,455
Add: Transfer from Profit and Loss Account	21,705	39,041
Add: On purchase of shares from minority	29	-
At the end of the period / year	235,230	213,496
Profit and Loss Account	1,161,342	779,776
Total	1,790,629	1,387,329

As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
---	--

SCHEDULE 3

Secured Loans

From Banks		
Term Loans [Refer Note (a) below]	216,667	330,000
{Amount payable with in a year Rs. 116,668 (€000) [Previous Year - Rs. 110,001 (€000)]}		
Bank Overdrafts [Refer Note (b) below]	3,076	8,103
Total	219,743	338,103

Notes :

- a) Term Loans from banks are secured by pari passu first charge on movable and immovable properties of the Company.
- b) Bank Overdrafts are secured by hypothecation of book debts, collateral security on the Company's property at Bhiwandi and second charge on the Company's movable and immovable properties.

SCHEDULE 4

Unsecured Loans

Short term		
Commercial Paper from Banks	200,000	200,000
{400 units of Rs. 500 (€000) each [Previous year - 400 Units of Rs. 500 (€000) each]}		
{Maximum amount outstanding during the period Rs. 200,000 (€000) [Previous year Rs. 200,000 (€000)]}		
Total	200,000	200,000

Schedule forming part of the Balance Sheet

SCHEDULE 5

Fixed Assets

[Refer Notes 1(b), 1(g), 1(k) and 2 - Schedule 19]

in Rs. (€000)

Description of Assets	GROSS BLOCK (At Cost)					DEPRECIATION/AMORTISATION				NET BLOCK		
	As at April 1, 2005	Adjustments consequent to acquisitions / divestments	Additions	Deductions	As at December 31, 2005	As at April 1, 2005	Adjustments consequent to acquisitions / divestments	For the period	Deductions	As at December 31, 2005	As at December 31, 2005	As at March 31, 2005
Goodwill [Refer note (a) below]	48,300	-	-	-	48,300	22,678	-	2,509	-	25,187	23,113	25,622
Land - Freehold	396,283	-	-	-	396,283	-	-	-	-	-	396,283	396,283
Buildings	168,756	-	78	66	168,768	17,690	-	2,050	9	19,731	149,037	151,066
Office Equipment	68,948	-	7,670	5,446	71,172	24,753	-	3,814	3,299	25,268	45,904	44,195
Electrical Equipment	130,025	-	11,785	12,185	129,625	44,050	-	6,900	8,739	42,211	87,414	85,975
Computers	264,648	-	31,210	20,655	275,203	167,234	-	22,768	20,610	169,392	105,811	97,414
Computer software	68,441	-	9,189	1,259	76,371	45,442	-	7,160	1,201	51,401	24,970	22,999
Furniture and Fittings	188,510	-	35,746	10,853	213,403	56,078	-	9,633	7,154	58,557	154,846	132,432
Vehicles	38,216	-	2,854	3,074	37,996	20,555	-	2,464	2,856	20,163	17,833	17,661
Aircraft [Refer note (b)]	527,246	-	-	-	527,246	32,057	-	26,814	-	58,871	468,375	495,189
Aircraft Engines	166,379	-	22,624	65,305	123,698	67,775	-	18,243	33,778	52,240	71,458	98,604
Aircraft Components and Overhaul	164,440	-	40,208	-	204,648	53,287	-	18,216	-	71,503	133,145	111,153
Aircraft Parts	18,680	-	-	-	18,680	10,921	-	1,126	-	12,047	6,633	7,759
D-check cost on aircraft [Refer note (c) below]	74,452	-	40,146	-	114,598	8,185	-	10,078	-	18,263	96,335	66,267
Ground Handling Equipments	30,392	-	-	-	30,392	1,270	-	1,176	-	2,446	27,946	29,122
Total	2,353,716	-	201,510	118,843	2,436,383	571,975	-	132,951	77,646	627,280	1,809,103	1,781,741
Previous Year	2,403,517	(511,767)	505,062	43,096	2,353,716	652,920	(241,938)	193,032	32,039	571,975	1,781,741	

Notes :

a) The balance amount and period over which goodwill will be amortised is as follows :

- Blue Dart Express Limited - Rs. 7,870 (€000) - Five years and three months.
- Concorde Air Logistics Limited - Rs. 12,411 (€000) - Eight years and three months.
- Skyline Air Logistics Limited - Rs. 2,832 (€000) - Eight years and three months.

b) Borrowing Costs capitalised to the cost of aircraft purchased during the period is Rs. Nil [Previous year Rs. 4,554 (€000)].

c) D-check cost on aircraft represents costs towards heavy maintenance mandatory checks.

SCHEDULE 6**Investments**

(Long Term, Unquoted, At Cost)
[Refer Note 1(c) - Schedule 19]

Trade

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

9,600,000 (Previous Year -
9,600,000) equity shares
of Rs 10 each in Blue Dart
Aviation Limited -
Associate Company

120,000

120,000

Add: Group's share of
Profit / (Loss) upto
December 31, 2005

(7,315)

(12,126)

Net Investments

112,685

107,874

Non - Trade

In Government Securities

National Savings Certificates
(6 year NSCs - VIII issue)

125

1,425

Others (Current)

Units in Mutual Funds

1,500,000 units (Previous
year Nil) of PRUDENTIAL
ICICI Mutual Fund Liquid Plan
Institutional and Institutional
Plus-Daily Dividend Plan
(104,932,905 units purchased,
42,203 units cumulated and
103,475,108 units sold
during the period)

15,000

-

Nil units of HDFC Liquid Fund
Dividend Plan (6,440,149 units
purchased, 3,203 units
cumulated and 6,443,352 sold
during the period).

-

-

As at March
31, 2005
in Rs. (€000)

As at December
31, 2005
in Rs. (€000)

As at March
31, 2005
in Rs. (€000)

1,893,845 units (Previous
year Nil) of SBI Magnum
Institutional Income Savings-
Dividend (145,626,713 units
purchased, 68,546
units cumulated and
143,801,414 units sold
during the period).

19,000

-

9,837 units (Previous year Nil)
of UTI Mutual Fund
Institutional Dividend Plan
(41,807 units purchased,
8 units cumulated
and 31,978 units sold
during the period).

10,000

-

Total

156,870

109,359

SCHEDULE 7**Inventories**

[Refer Note 1(i) - Schedule 19]

Packing and Stationery
Consumables

6,757

6,041

Spares

9,367

11,755

Total

16,124

17,796

SCHEDULE 8**Sundry Debtors**

(Unsecured, considered good)

Debts outstanding for a period
exceeding six months

-

-

Other debts

671,211

563,365

Total

671,211

563,365

SCHEDULE 9**Cash and Bank Balances**

Cash, cheques on hand and
remittances in transit

30,667

38,575

Balance with scheduled banks :

on current accounts

77,151

40,236

on deposit accounts

5,240

2,800

on margin money accounts

215

980

on unpaid dividend accounts

1,928

1,685



	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
Balance with non - scheduled bank : (Municipal Co-operative Bank)				
on current account	920	830		
on deposit account	1,380	1,380		
{Maximum amount outstanding during the period in current account Rs. 1,497 (€000) [Previous year Rs. 830 (€000)] and in deposit account Rs. 1,380(€000) [Previous year Rs. 1,380 (€000)]}				
Total	117,501	86,486	446,096	448,669

Note :

The balances in the margin money accounts are given as security against guarantees issued by banks. The balances in the deposit accounts are given as security against overdraft facilities from bank.

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
SCHEDULE 10		
Loans and Advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received :		
Prepaid expenses	17,945	19,517
Deposits	93,231	88,388
Advance Tax (Net of provision)	39,548	43,418
Aircraft Payload Deposit	154,085	129,000
Interest accrued on Investments	304	1,381
Other Advances	80,385	41,442
Total	385,498	323,146

SCHEDULE 11**Liabilities**

Sundry Creditors :

Small Scale Industrial Undertakings (Refer Note 9 - Schedule 19)	3,136	3,432
Others	152,472	316,722

Unclaimed dividend *	1,928	1,693
Other liabilities	288,560	126,814
Interest accrued but not due on loans	-	8
Total	446,096	448,669

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE 12**Provisions**

Provision for Gratuity [Refer Note 1(f) - Schedule 19]	1,077	853
Provision for Leave Encashment [Refer Note 1(f) - Schedule 19]	31,349	24,883
Proposed Dividend	35,592	71,184
Tax payable on Proposed Dividend	4,992	9,980
Provision for Taxation (Net)	-	429
Total	73,010	107,329

SCHEDULE 13**Miscellaneous Expenditure**

(to the extent not written off or adjusted) (Refer Note 1(d) - Schedule 19)		
Long-term Contract Negotiation costs		
At the beginning of the period / year	5,448	7,627
Additions during the period / year	-	-
Amortised during the period / year	(1,634)	(2,179)
At the end of the period / year	3,814	5,448
Air Crew Augmentation expenses		
At the beginning of the period / year	-	4,766
Additions during the period / year	-	-
Amortised during the period / year	-	-

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)		Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
Adjusted on divestment of subsidiary	-	(4,766)	Domestic excess baggage	145,294	167,143
At the end of the period / year	-	-	Printing, stationery and consumables	54,456	63,662
Share Issue Expenses			Handling and clearing charges	45,071	68,805
At the beginning of the period / year	-	900	Total	2,481,139	2,305,222
Additions during the period / year	-	-	SCHEDULE 16		
Amortised during the period / year	-	(300)	Employee Costs		
Adjusted on divestment of subsidiary	-	(600)	Salaries, bonus and leave encashment	466,033	802,940
At the end of the period / year	-	-	Contribution to provident and other funds	43,664	87,504
Total	3,814	5,448	Staff welfare expenses	93,074	138,720
			Total	602,771	1,029,164
	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)	SCHEDULE 17		
SCHEDULE 14			Other Costs		
Other Income			Rent	84,495	106,199
Profit on Sale of Shares (Refer Note 11 - Schedule 19)	-	41,767	Electricity charges	28,796	39,445
Dividend income	1,211	722	Repairs and maintenance - others	26,242	31,598
Unadjusted credits/ Liabilities no longer required written back [Refer Note 7(c)(iv)(ii) - Schedule 19]	72,300	8,490	Insurance	5,980	9,375
Miscellaneous income	2,386	2,259	Rates and taxes	10,971	13,822
Total	75,897	53,238	Lease rentals (Refer Notes 1(j) and 8 - Schedule 19)	6,652	8,830
			Bad debts/advances written off	4,713	10,611
SCHEDULE 15			Communication expenses	35,061	44,591
Freight, Handling and Servicing Costs			Legal and Professional charges	20,036	35,751
Aircraft Charter costs	1,391,057	971,013	Office expenses	21,711	26,058
Aircraft lease rentals [Refer Notes 1(j) and 8 - Schedule 19]	-	74,241	Travelling and conveyance	11,263	39,623
Domestic network operating costs	513,813	574,275	Sales promotion and advertising	13,829	27,255
International servicing charges	331,448	386,083	Miscellaneous expenditure written off	1,634	2,479
			Loss on sale / scrapping of fixed assets (net)	40,468	11,358
			Miscellaneous expenses	21,193	30,566
			Total	333,044	437,561

SCHEDULE 18

Interest Expense (Net)

	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
On Term Loans from Banks	14,653	44,706
On Commercial Paper	8,441	9,900
On Bank Overdraft	469	9,180
On Non - Convertible Debentures/ Short Term Loans	-	5,896
On Others	-	1,847
	23,563	71,529
Less : Interest income from Income Tax refunds	558	5,282
Interest on deposits with banks and others	610	1,585
{Tax deducted at source Rs. 23(€000) [Previous Year - Rs. 414(€000)]}		
Total	22,395	64,662

SCHEDULE 19

Notes to Accounts

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The consolidated financial statements are prepared to comply in all material aspects with the applicable accounting principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India.

(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 lives 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 the 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	Depreciation Rate per annum %
-----------------------	----------------------------------

Office Equipment	6.33
Electrical Equipment	6.33
Aircraft	6.75
Aircraft Parts	8.00
D-check cost on aircraft	12.50
Aircraft Engines	13.55

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 the 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 as mentioned below based upon the respective brands and the consequential impact it has on the future business of the Company.

Blue Dart	-	20 years
Concorde	-	10 years
Skyline	-	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. Investments in Associate is accounted for using the equity method.

(d) Miscellaneous expenditure

Long-term contract negotiation costs incurred upto March 31, 2003 are deferred and amortised under the straight line method over the period of the contract, which is five years.

(e) Service charges

Service charges for transportation 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.

(f) Retirement benefits

Retirement benefits to employees comprise of payments towards gratuity, superannuation and provident fund in accordance with the approved schemes of the Company and leave encashment entitlements, in accordance with the policies of the Company. Contributions to the above funds/schemes are charged to the Profit and Loss Account.

The employees of Blue Dart Express Limited, as per policy, are covered under the group gratuity scheme with the Life Insurance Corporation of India (LIC). The group gratuity scheme is funded in line with LIC's actuarial valuation carried out during the year. Liability in respect of gratuity is provided for Skyline Air Logistics Limited and Concorde Air Logistics Limited based on the actuarial valuation carried out by an independent actuary as at the year end.

The employees of Blue Dart Express Limited, as per policy, are covered under Superannuation scheme with LIC.

The liability in respect of leave encashment is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

(g) 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, except those relating to the acquisition of fixed assets, which are adjusted to the cost of such assets.

(h) 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 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.

(i) 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.

(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) 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 period in which they are incurred.

	As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
2. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	21,169	52,324
3. Contingent Liabilities not provided for :		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	478,000	368,000
(b) Bank Guarantees	2,670	33,197

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

	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)		9,020	8,915
(C) Transactions with related parties during the period / year :			Commission		
(i) Holding Company :			Contribution to Provident and Other Funds	842	1,369
DHL Express (Singapore) Pte Limited			Gratuity paid	-	1,454
Dividend paid	57,684	-	Leave Encashment paid	-	144
(ii) Fellow subsidiary :			Perquisites	2,565	4,648
DHL Express India Private Limited			Directors sitting fees	460	480
International Servicing Cost	331,336	384,792		23,821	110,897
Linehaul Income	(61,708)	(57,121)	Incurred for :		
(iii) With Associate Company :			- Clyde C. Cooper	21,361	99,352
Blue Dart Aviation Limited			- Tushar K. Jani	-	5,589
Aircraft charter cost	1,386,769	84,436	- Khushroo M. Dubash	-	5,476
Payment for D check carried out on aircraft	29,525	-	- Air Marshal S. S. Ramdas (Retd.)	1,000	-
Additional aircraft payload deposit paid	25,085	-	- Suresh G. Sheth	1,000	-
Reimbursement of capital expenditure	1,030	-	- Others	460	480
Courier charges income	3,264	-		23,821	110,897
Recoveries towards Agency charges	1,941	-	(i) Provision for/ Contribution to employee retirement / post retirements which are based on actuarial valuations done on a overall company basis are excluded above.		
Reimbursements towards air freight, etc	14,895	-	(ii) Liability no longer required represents reversal of one-time retention compensation of Rs.68,000 (€000) payable to the Managing Director due to rejection by the Central Government of the application made by the Company.		
(iv) With Key Management Personnel :				Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)
a) Managerial remuneration			(b) Professional fees paid to Air Marshal S. S. Ramdas (Retd.)	1,000	1,000
Salary	10,934	25,887	(c) Professional fees paid to Suresh G. Sheth	1,000	1,000
One time Retention Compensation [Refer (ii) below]	-	68,000	(d) Purchase of investments		
			Clyde C. Cooper	-	51
			Tushar K. Jani	-	6

	Period ended December 31, 2005 in Rs. (€000)	Year ended March 31, 2005 in Rs. (€000)		As at December 31, 2005 in Rs. (€000)	As at March 31, 2005 in Rs. (€000)
(e) Repayment of Current Account Loans			(d) Related party balances at the year end		
Clyde C. Cooper	-	7,400	Receivable / (payable) from / to Fellow subsidiary/ Associate		
Tushar K. Jani	-	826			
(f) Subscription in Share Capital			DHL Express India Private Limited	(74,053)	(68,788)
Clyde C. Cooper	-	56	Blue Dart Aviation Limited	147,669	128,296
Tushar K. Jani	-	8	Corporate Guarantee given on behalf of Blue Dart Aviation Limited (as at period / year end)	478,000	368,000
(v) With Relative of Key Management Personnel :			Remuneration payable to Key Management Personnel :		
(a) Consultancy charges - Farida Cooper	-	216	- Clyde C. Cooper	7,020	75,233
(b) Repayment of Current Account Loans			- Air Marshal S. S. Ramdas (Retd.)	1,000	-
Anjani Jani	-	4,116	- Suresh G. Sheth	1,000	-
Johann Cooper	-	2,646			
Bhairavi Jani	-	2,607			
Farida Cooper	-	2,068			
Ayesha Cooper	-	1,865			
(c) Subscription in Share Capital					
Anjani Jani	-	24			
Ayesha Cooper	-	20			
Bhairavi Jani	-	16			
Johann Cooper	-	15			
Farida Cooper	-	10			
(d) Purchase of Investments					
Anjani Jani	-	24			
Ayesha Cooper	-	20			
Bhairavi Jani	-	16			
Johann Cooper	-	15			
Farida Cooper	-	10			

8. Commitments under lease agreements

The Company has entered into a non-cancellable operating lease agreement for rental of vehicles for a period of five years and commitments as at December 31, 2005 are as under:

Upto one year	3,662	2,091
One to five years	12,209	8,364

9. Outstanding dues to Small Scale Industrial (SSI) undertakings

The small scale industrial undertakings to whom amounts are outstanding for more than 30* days at December†31,†2005 are :

Alpha Carbonless Manufacturing Co. Products	Sago Paper
Meghna Laminates Systems	Sago Printing
Pioneer Packaging	Supac Packaging Private Limited
Royal Art	

The above information and as provided under Schedule 11 - 'Liabilities' regarding Small Scale Industrial Undertakings has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

* In accordance with the terms of contracts, the credit period is generally upto 60 days.

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 31st December, 2005
Concorde Air Logistics Limited (with effect from May 11, 2004)	India	100%
Skyline Air Logistics Limited (with effect from May 11, 2004)	India	100%
Blue Dart Aviation Limited (upto March 10, 2005)	India	100%

(b) Investment in Associate

Blue Dart Aviation Limited (with effect from March 11, 2005)	India	40%
--	-------	-----

11. Profit on sale of shares in the previous year represents surplus on disinvestment of its 60% [14,400 (€000) equity shares] holding in Blue Dart Aviation Limited at a price of Rs.15 per share, being a fair value of Blue Dart Aviation Limited in accordance with the valuation report of an independent firm of chartered accountants.

12. The figures of the current period are not comparable to those of the previous year as the figures of the current period are for a period of nine months from April 1, 2005 to December 31, 2005. Further, Concorde Air Logistics Limited and Skyline Air Logistics Limited became subsidiaries with effect from May 11, 2004 and Blue Dart Aviation Limited ceased to be a subsidiary with effect from March 11, 2005.

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



Blue Dart Centre, Mumbai

Fact Sheet

Description	:	South Asia's premier courier and integrated air express package distribution company.	
Began Operations	:	November, 1983	
Headquarters	:	Mumbai, India	
Revenues (Apr - Dec -2005)	:	Rs. 4,226 million	
Destinations Serviced	:	Domestic - Over 13,880 locations	
	:	International - More than 220 countries and territories worldwide through a sales alliance with DHL.	
Air Support	:	5 Boeing 737 freighters	
Ground Support	:	3,429 vehicles	
Number of Shipments	:	Jan-Dec 2005	Apr-Dec 2005
Handled (in millions)	:	Domestic	48.73
	:	International	0.58
Tonnage handled:	:	125,000	96,000
(In tonnes)	:		
People Force	:	Over 4,100	
World Wide Web address	:	http://www.bluedart.com	

