

BLUE DART EXPRESS LIMITED
FINANCIAL SUMMARY OF LAST 4 YEARS

(Rs.in crores)

Year End March	FY 99-00	FY 98-99	FY 97-98	FY 96-97
Income from Operations	205.31	168.67	160.85	148.65
Other Income	0.15	7.35	10.07	8.74
Total Income	205.46	176.02	170.92	157.39
Total Expenditure	178.88	156.90	162.87	146.51
Operating Profit	26.57	19.12	8.05	10.88
Interest (Net)	8.77	7.15	5.17	4.80
Gross Profit	17.80	11.97	2.88	6.08
Depreciation	3.79	4.96	5.33	4.67
Extraordinary Items	-	-	1.79	0.85
Profit Before Tax	14.01	7.01	(4.24)	0.56
Taxation	1.70	1.01	-	0.07
Profit After Tax	12.31	6.00	(4.24)	0.49
Equity	11.89	11.88	8.82	8.82
Reserves	77.33	67.55	46.18	50.41
Gross Fixed Assets	100.72	36.31	63.13	60.32
Book Value	73.70	64.00	57.74	64.76

BLUE DART EXPRESS LIMITED
DIRECTORS' REPORT

To the Members

The Directors have great pleasure in presenting the Ninth Annual Report of your Company for the year ended 31st March, 2000.

Financial Results

	(Rs. in thousands)	
	31 st March, 2000	31 st March, 1999
Revenues		
Services	2,053,059	1,686,724
Lease Income	1,500	73,495
Less : Operating Expenses	<u>1,788,846</u>	<u>1,569,054</u>
Operating Profit	265,713	191,165
Less : Finance Cost (net)	87,715	71,464
Depreciation	<u>37,878</u>	<u>49,596</u>
Profit before tax	140,120	70,105
Less : Provision for Income tax		
-- current year	17,000	3,507
-- prior year, net	--	6,566
Profit after tax	<u>123,120</u>	<u>60,032</u>
Profit and Loss A/c balance bought forward	25,915	(10,978)
Profit available for appropriation	<u><u>149,034</u></u>	<u><u>49,054</u></u>

Performance

Your Company has improved its overall performance on all parameters during the year. The Company continues to strengthen its dominance in Domestic Markets and has significantly grown its operating profits with a mixture of topline growth and effective cost management.

The Company recorded a profit before interest and depreciation of Rs.2657 lacs as compared to Rs.1912 lacs of previous year and profit after interest and depreciation of Rs.1401 lacs, as compared to Rs.701 lacs of previous year.

Dividend

The Company declared an interim dividend of 15% in March, 2000 and your Directors recommend a further 5% as final dividend, totalling to dividend for the year of 20% as compared to 15% of previous year.

Operations Review

Revenue

Your Company, during the year ended 31st March, 2000 recorded a growth of 22% in Income from Operations.

Incremental revenues coupled with cost efficiencies resulted in the profit before tax and depreciation to Rs.1780 lacs for the current year from Rs.1197 lacs of the previous year and doubling of the profit after tax to Rs.1231 lacs as compared to Rs.600 lacs of the previous year.

Your Company has kept its leading position and market share, due to the strength of its network that successfully combines its aviation system, investments in technology and its high quality team of people

Interline arrangements

Your Company continues to expand air side and customs bonded warehouses, along with transshipment facilities, at the 5 major domestic airports, to facilitate movement of import/ export cargo within India. Your Company has agreements with 14 international carriers viz., Air Canada, Air France, Air India, Alitalia, Asiana Airlines, British Airways, Cargolux, DAS Air, Emirates, KLM Royal Dutch Airlines, Kuwait Airways, Saudi Arabian Airlines, Singapore Airlines and Swissair for movement of interline cargo.

ISO-9001

Your Company during the year has been re-certified for a further period of three years according to ISO-9001 standards for its Quality Management Systems by Lloyds Register Quality Assurance.

Credit Rating

Your Company has been assigned “Ind D1+” rating for the company’s short term debt programme indicating very high certainty of timely payment, by Duff & Phelps Credit Rating India Private Ltd.

Y2K compliance / E-Commerce/ Logistics Solutions

The Y2K rollover for the Company and its subsidiary was smooth. All systems have performed normally from 1st January, 2000 onwards.

Your Company has prepared a comprehensive plan to maximise the business potential which E-Commerce will offer. Most transactions through E-Commerce will require logistics support in distribution of products under B2B, C2C and B2C segments, in which your Company is well placed.

Superhub

The Superhub project near Sahar Airport with the latest state-of-the-art technological devices and systems was completed during the year and has enabled the company to enhance its load handling capacity and improve its efficiency and productivity.

Subsidiary Company

The Company's wholly owned subsidiary, Blue Dart Aviation Limited, has shown an improvement in performance by achieving an operating profit of Rs.697 lacs as compared to Rs.591 lacs of previous year and net profit of Rs.40 lacs as compared to Rs.21 lacs of previous year, without the unusual and prior period charges.

The Directors' Report and the audited accounts of the subsidiary company are annexed, as required under Section 212 of the Companies Act, 1956.

Outlook for the future

The Company is ready for the launch of support systems for E-Commerce on the Internet and logistic support for Supply Chain Management Solutions.

Following the rapid growth of various products over the last two years, the Company is preparing plans for enhancing the capacities within the network to capitalise on the future growth of the express industry.

The Company's wholly owned subsidiary is in the process of increasing its fleet of aircraft and shall be able to make available additional capacity for Company's use around second half of the financial year.

Globally, the express industry grows at a multiple of underlying economic growth. Given the growth prospects for the Indian Economy combined with the potential of E-commerce, the Directors believe that your Company is ideally positioned and the future of the Company is dynamic.

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 in the Companies (Disclosure of Particulars in the Report of the Board of Directors' Rules, 1988) are not applicable.

Employees

The Directors hereby wish to place on record their appreciation of the dedicated, committed and quality services rendered by all employees of the Company. The Company's belief in the philosophy of People, Service, Profit is a cornerstone of our success.

Information on particulars of employees' remuneration is as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 and 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. The same is available for inspection at the Registered office of the Company during working hours. Any shareholder interested in such particulars may inspect the same.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Khushroo M. Dubash and Mr. Suresh. G. Sheth, Directors, retire by rotation, and being eligible, offer themselves for re-appointment.

Fixed Deposits

Your Company has not accepted any deposits from the public u/s 58A of the Companies Act, 1956.

Auditors

The auditors Arthur Andersen & Associates, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Acknowledgement

Your Directors place on record their gratitude for the co-operation and support given to the Company by customers, financial institutions, Company's bankers, suppliers, shareholders and solicitors.

For and on behalf of the Board of Directors

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing Director

Khushroo M. Dubash
Director

Suresh G. Sheth
Director

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

Gordon Byrn
Alternate Director for
Anil Thadani

Mumbai : 9th May, 2000

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 for pick-up charges and the distribution of international shipments in India amounting to Rs.51,404,622 (1999 – Rs. 35,802,716).

B) Expenditure in Foreign Currency

Expenditure in foreign currency for the distribution of international shipments outside India, professional fees, foreign travel and training amounting to Rs.4,766,279 (1999 – Rs.708,197).

BLUE DART EXPRESS LIMITED
AUDITORS' REPORT

To the Members of

BLUE DART EXPRESS LIMITED

We have examined the accompanying balance sheet of BLUE DART EXPRESS LIMITED at March 31, 2000 and the related statements of profit and loss and cash flows for the year then ended. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our examination.

In our opinion, the financial statements referred to above give a true and fair view of the state of affairs of BLUE DART EXPRESS LIMITED at March 31, 2000 and of its profit and cash flows for the year then ended. The balance sheet and the related statement of profit and loss are in agreement with the books of account, comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ('the Act') and are presented in the manner required by the Act. Further in our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of those books.

We have also examined the matters specified in paragraphs 4 and 5 of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 for the year ended March 31, 2000 as they relate to the Company. Our report thereon is annexed.

Arthur Andersen & Associates
Chartered Accountants

.....sd/.....
Richard Rekhy
Partner

Mumbai
May 9, 2000

BLUE DART EXPRESS LIMITED
ANNEXURE TO AUDITORS' REPORT – MARCH 31, 2000

1. The Company has maintained proper records showing full particulars, including quantitative details and situation, of the majority of its fixed assets. We are informed that management verifies its fixed assets on a rotational basis and that no material discrepancies were noted on the fixed assets verified during the year. In our opinion, the frequency of physical verification is reasonable.
2. The fixed assets of the Company have not been revalued during the year.
3. The Company does not have any stocks of finished goods, stores, spare parts or raw materials.
4. The Company has taken unsecured loans from certain parties listed in the register maintained under Section 301 of the Companies Act, 1956. These loans have been repaid during the year. The rates of interest and other terms and conditions of such loans were, prima facie, not prejudicial to the interest of the Company. The Company has not taken loans, secured or unsecured, from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
5. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has granted unsecured loans to a company under the same management as defined under Section 370(1B) of the Companies Act, 1956. The rates of interest and other terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company.
6. The Company has given interest-free advances in the nature of loans to its employees and is recovering the principal amounts as stipulated.
7. In our opinion, the internal control procedures of the Company relating to the purchase of packing materials, equipment and other assets are adequate and commensurate with the size of the Company and the nature of its business.
8. In our opinion and according to the information and explanations given to us, the transactions of sale of services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000 or more in respect of each party, were made at prices which are reasonable having regard to the prices at which similar transactions were made with other parties.
9. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder apply.

10. The Company's activities do not generate any by-products or scrap.
11. In our opinion, the Company has an internal audit system, which is commensurate with its size and the nature of its business.
12. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1) (d) of the Companies Act, 1956.
13. The Company has generally been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
14. According to the records of the Company, and as per the information and explanations given to us, there were no amounts payable in respect of undisputed income-tax, wealth-tax, sales-tax, customs duty and excise duty which were outstanding at March 31, 2000 for a period of more than six months from the date they became payable.
15. On the basis of our examination of the books of account, and according to the information and explanations given to us, no personal expenses have been charged to the statement of profit and loss, for the year ended March 31, 2000.
16. The Company is not an industrial undertaking within the meaning of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

In respect of service activities-

17. In our opinion, the Company has a reasonable system of recording receipts, issues and consumption of packing materials, commensurate with its size and the nature of its business. The nature of the activities carried out by the Company are such that the allocation of materials consumed to relative jobs and the allocation of man-hours utilised to relative jobs is not required.
18. In our opinion, the Company has reasonable system of authorisation at proper levels and an adequate system of internal controls commensurate with its size and the nature of its business, for the issue of packing materials.

Arthur Andersen & Associates
Chartered Accountants

.....sd/-.....
Richard Rekhy
Partner

Mumbai
May 9, 2000

BLUE DART EXPRESS LIMITED
BALANCE SHEET -- MARCH 31, 2000

(All amounts in thousands of Rupees, unless otherwise indicated)

	<u>Note</u>	<u>2000</u>	<u>1999</u> (Note 25)
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share capital	3	118,936	118,839
Reserves and surplus	4	<u>773,342</u>	<u>675,484</u>
		<u>892,278</u>	<u>794,323</u>
LOAN FUNDS			
Secured loans	5	766,644	544,596
Unsecured loans	6	<u>-</u>	<u>27,000</u>
		<u>766,644</u>	<u>571,596</u>
		<u>1,658,922</u>	<u>1,365,919</u>
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
	2(a), (e), (h) & 7		
Cost		1,007,195	363,088
Accumulated depreciation and amortisation		<u>(170,578)</u>	<u>(132,742)</u>
Net book value		836,617	230,346
Capital work-in-progress including advances		<u>111,785</u>	<u>483,582</u>
		<u>948,402</u>	<u>713,928</u>
INVESTMENTS	2(b) & 8	201,785	200,485
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	9(a)	301,134	263,694
Cash and bank balances	9(b)	70,558	64,021
Loans and advances	9(c)	<u>351,691</u>	<u>401,910</u>
		<u>723,383</u>	<u>729,625</u>
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	10(a)	(195,778)	(287,117)
Provisions	10(b)	<u>(32,910)</u>	<u>(22,666)</u>
		<u>(228,688)</u>	<u>(309,783)</u>
Net current assets		<u>494,695</u>	<u>419,842</u>
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	2(c) & 11	<u>14,040</u>	<u>31,664</u>
		<u>1,658,922</u>	<u>1,365,919</u>

The accompanying notes 1 to 25 are an integral part of this balance sheet.

Arthur Andersen & Associates
Chartered Accountants

.....su/-.....
Tushar K Jani
Chairman

.....su/-.....
Clyde C Cooper
Managing Director

Mumbai
May 9, 2000

Richard Rekhy
Partner

.....sd/-.....
Khushroo M Dubash
Director

.....sd/-.....
Suresh G Sheth
Director

.....sd/-.....
Air Marshal SS Ramdas (Retd)
Director

.....sd/-.....
Gordon Bryn
Alternate Director for
Anil Thadani

.....sd/-.....
Yogesh Dhingra
Senior Vice President - Finance
and Chief Financial Officer

.....sd/-.....
Tushar Gunderia
Company Secretary

BLUE DART EXPRESS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2000

(All amounts in thousands of Rupees, unless otherwise indicated)

	<u>Note</u>	<u>2000</u>	<u>1999</u> (Note 25)
<u>REVENUES</u>			
Service charges	2(d)	2,053,059	1,686,724
Lease rentals	2(e) & 12	1,500	73,495
		<u>2,054,559</u>	<u>1,760,219</u>
<u>OPERATING COSTS</u>			
Freight, handling and servicing costs	13	(1,235,137)	(1,094,624)
Employee costs	2(f) & 14	(325,640)	(272,023)
Selling and administration expenses	15	(111,412)	(93,003)
Establishment costs	16	(116,657)	(109,404)
		<u>(1,788,846)</u>	<u>(1,569,054)</u>
Profit before tax, interest and depreciation		265,713	191,165
Depreciation and amortisation	2(a) & 7	(37,878)	(49,596)
Interest expense, net	17	(87,715)	(71,464)
Profit before tax		140,120	70,105
Provision for tax	2(i)	(17,000)	(10,073)
Net profit		123,120	60,032
Profit and loss account, beginning of year		<u>25,915</u>	<u>(10,978)</u>
Profit available for appropriation		149,035	49,054
Interim dividend paid		(17,875)	-
Proposed final dividend		(5,958)	(16,342)
Corporate tax on dividend		(3,277)	(1,797)
Transfer to general reserve	4	(10,000)	(5,000)
Profit and loss account, end of year	4	<u>111,925</u>	<u>25,915</u>

The accompanying notes 1 to 25 are an integral part of this statement.

Arthur Andersen & Associates Chartered Accountants	.....sd/-.....	Tushar K Jani Chairman	.....sd/-..... Clyde C Cooper Managing Director
Mumbai May 9, 2000	Richard Rekhy Partner	.....sd/-..... Khushroo M Dubash Director	.....sd/-..... Suresh G Sheth Director
		.....sd/-..... Air Marshal SS Ramdas (Retd) Director	.....sd/-..... Gordon Bryn Alternate Director for Anil Thadani
		.....sd/-..... Yogesh Dhingra Senior Vice President - Finance and Chief Financial Officer	.....sd/-..... Tushar Gunderia Company Secretary

BLUE DART EXPRESS LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2000

(All amounts in thousands of Rupees, unless otherwise indicated)

	<u>Note</u>	<u>2000</u>	<u>1999</u>
			(Note 25)
CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES:			
Profit before tax		140,120	70,105
Adjustments to reconcile profit before tax to cash provided by operations:			
Depreciation and amortisation		37,878	49,596
Interest expense		100,638	87,804
Miscellaneous expenses written off		17,624	13,494
Expenses deferred during the year		-	(6,220)
Lease equalisation credit		-	(14,350)
(Profit)/loss on retirement of fixed assets, net		(93)	2,508
Interest income		(12,923)	(16,340)
(Increase)/decrease in current assets, loans and advances:			
Sundry debtors		(37,440)	44,380
Loans and advances, excluding advance taxes		63,380	(63,988)
Decrease in current liabilities and provisions		(66,893)	(67,036)
Cash provided by operating activities		242,291	99,953
Income-tax refund received		-	17,615
Income-tax paid		(18,278)	(25,300)
Net cash provided by operating activities		224,013	92,268
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:			
Additions to fixed assets including capital work-in-progress	23	(294,171)	(181,859)
Purchase of investments		(1,300)	-
Interest received		1,040	435
Proceeds from retirement of fixed assets		208	293,471
Net cash (used in)/provided by investing activities		(294,223)	112,047
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:			
Proceeds from issue of share capital		1,945	202,511
Proceeds from issue of fully convertible debentures, net		-	(204,935)
Net proceeds from/(repayment of) secured loans		168,798	(54,461)
Net repayment of unsecured loans		(27,000)	(20,573)
Net proceeds from/(repayment of) bank overdraft		53,250	(21,159)
Interest paid		(102,107)	(87,673)
Dividend paid		(18,139)	-
Net cash (used in)/provided by financing activities		76,747	(186,290)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,537	18,025
CASH AND CASH EQUIVALENTS, beginning of year	9(b)	64,021	45,996
CASH AND CASH EQUIVALENTS, end of year	9(b)	70,558	64,021

The accompanying notes 1 to 25 are an integral part of this statement.

	.....sd/-.....	.....sd/-.....
Arthur Andersen & Associates	Tushar K Jani	Clyde C Cooper
Chartered Accountants	Chairman	Managing Director
	.....sd/-.....	.....sd/-.....
Mumbai	Richard Rekhy	Khushroo M Dubash
May 9, 2000	Partner	Director
		Suresh G Sheth
		Director

.....su/-.....
Air Marshal SS Ramdas (Retd)
Director

.....su/-.....
Gordon Bryn
Alternate Director for
Anil Thadani

.....sd/-.....
Yogesh Dhingra
Senior Vice President - Finance
and Chief Financial Officer

.....sd/-.....
Tushar Gunderia
Company Secretary

BLUE DART EXPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2000

(All amounts in thousands of Rupees, unless otherwise indicated)

1. Background

Blue Dart Express Limited ('the Company') is primarily engaged in the business of integrated air and ground transportation of time-sensitive packages to various destinations in the domestic and international sectors. The Company has a reciprocal agreement with Federal Express Corporation ('FedEx') to supplement their respective distribution networks for international shipments.

The Company extended its relationship with FedEx by entering into an agreement on May 7, 1997, under which the Company has become the exclusive provider of pick-up, domestic transportation, customs clearance and delivery services to FedEx in India, besides being the sole preferred consolidator for FedEx International priority services.

The Company is also engaged in the leasing business.

2. Summary of significant accounting policies

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ('the Act'). The significant accounting policies are as follows:

(a) Fixed assets and depreciation/amortisation

Fixed assets are stated at cost less accumulated depreciation/amortisation. The Company capitalises all costs relating to the acquisition and installation of fixed assets. Costs incurred to carry out substantial modifications to fixed assets are also capitalised.

Interest on borrowed funds used to finance the acquisition and modification of fixed assets, up to the date the assets are ready for use, is capitalised and included in the cost of these assets.

Depreciation is provided pro-rata to the period of use on the straight-line method in the manner specified in Schedule XIV to the Act, at the rates prescribed therein or based on the useful life of assets, whichever is higher.

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.

(b) Investments

Investments are long-term in nature and are hence stated at cost.

(c) Miscellaneous expenditure

Miscellaneous expenditure primarily comprises advertising costs directly linked to introduction of new products, long-term contract negotiation costs and costs directly incurred in upgrading the Company's computerised domestic tracking system.

Advertising costs are deferred and amortised on the straight-line method over a period of 3 years beginning from the financial year in which these expenses are incurred. Costs incurred in upgrading the Company's computerised domestic tracking system and contract negotiation are deferred and amortised on the straight-line method over a period of 5 years beginning from the date on which the system/contract became operational.

(d) Service charges

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

(e) Lease rentals

Lease rentals represent income earned from the leasing of aircraft accessories to Blue Dart Aviation Limited ('Blue Dart Aviation'), the Company's wholly owned subsidiary, as adjusted for the annual lease charge/lease equalisation credit.

(f) Retirement benefits

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

The Company's employees are covered under the group gratuity and superannuation schemes with the Life Insurance Corporation of India ('LIC'). The schemes are defined benefit scheme and are funded in line with the LIC's actuarial valuation carried out at year end.

Contributions to the provident fund, a defined contribution scheme, are charged to the statement of profit and loss.

Liability in respect of leave encashment, a defined benefit scheme, is provided for based on an actuarial valuation carried out by an independent actuary.

(g) Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates prevailing on the dates 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 statement of profit and loss, except those relating to the acquisition of fixed assets, which are adjusted in the cost of the fixed assets.

(h) Hire purchase contracts

The cash value of fixed assets acquired under hire purchase contracts is capitalised and depreciated in accordance with the fixed assets and depreciation policy of the Company. Interest payable under hire purchase contracts is charged on the straight-line method to the statement of profit and loss, over the period of the hire purchase contracts.

(i) Income-tax

Provision for income-tax is made on the assessable income at the applicable tax rate under Section 115JA (Minimum Alternate Tax) under Income-tax Act, 1961.

3. Share capital

	<u>2000</u>	<u>1999</u>
Authorised		
40,000,000 (1999 -- 40,000,000) equity shares of Rs 10 each (1999 -- Rs 10 each)	<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up		
11,916,667 (1999 -- 11,916,667) equity shares of Rs 10 each (1999 -- Rs 10 each), fully paid-up	119,167	119,167
Less: Calls in arrears	<u>(231)</u>	<u>(328)</u>
	<u>118,936</u>	<u>118,839</u>

4. Reserves and surplus

	<u>2000</u>	<u>1999</u>
Share premium		
Balance, beginning of year	510,328	338,491
Transferred during the year	<u>1,848</u>	<u>171,837</u>
Balance, end of year	<u>512,176</u>	<u>510,328</u>
General reserve		
Balance, beginning of year	139,241	134,241
Transfer from profit and loss account	<u>10,000</u>	<u>5,000</u>
Balance, end of year	<u>149,241</u>	<u>139,241</u>
Profit and loss account	<u>111,925</u>	<u>25,915</u>
	<u>773,342</u>	<u>675,484</u>

5. Secured loans

	<u>2000</u>	<u>1999</u>
Debentures (see (a) below)	90,000	127,500
Term Loans		
From bank (see (b) below)	67,427	112,084
From financial institutions (see (c) below)	377,500	121,250
Working capital loans (see (d) below)	217,727	164,477
Obligations under hire purchase contracts (see (e) below)	<u>13,990</u>	<u>19,285</u>
	<u>766,644</u>	<u>544,596</u>
Aggregate amount of secured loans repayable within one year (excluding working capital loans)	<u>143,836</u>	<u>126,575</u>

a) Debentures include:

- Rs 32,500, 15.50 per cent non-convertible debentures ('NCDs') which are secured by a pari passu first charge on the Company's movable and immovable property and personal guarantee of certain directors. These NCDs are redeemable in two instalments in May 2000 and November 2000.
- Rs 50,000, 16.75 per cent NCDs which are secured by a pari passu first charge on the Company's movable and immovable property and personal guarantee of certain directors. These NCDs are redeemable in three instalments in February 2002, February 2003 and February 2004.

- Rs 7,500, 17.50 per cent NCDs which are secured by a pari passu second charge on the Company's movable and immovable property. These NCDs are redeemable in December 2000 with an option for early redemption in June 2000.

b) Term loans from banks include:

- Rs 32,223, 16.00 per cent term loan which is secured by a pari passu first charge on the Company's movable and immovable property. The loan is repayable in 60 monthly instalments which commenced in May 1998.
- Rs 35,204, 14.80 per cent term loan which is secured by a pari passu first charge on Company's movable and immovable property. The loan is repayable in 18 equal monthly instalments which commenced in March 2000.

c) Term Loans from financial institutions include:

- Rs 30,000, 19.70 per cent term loan which is secured by a pari passu first charge on the Company's movable and immovable property. The loan is repayable in 17 equal quarterly instalments which commenced in August 1997.
- Rs 47,500, 18.50 per cent term loan which is secured by a pari passu first charge on the Company's movable and immovable property. The loan is repayable in 16 quarterly instalments which commenced in April 1998.
- Rs 70,000, 15.75 per cent term loan which is secured by a pari passu first charge on the Company's movable and immovable property. The loan is repayable in 13 equal quarterly instalments commencing from September 2001.
- Rs 70,000, 16.50 per cent term loan which is secured by a pari passu first charge on the Company's movable and immovable property. The loan is repayable in 14 equal quarterly instalments commencing from April 2001.
- Rs 100,000, 16.00 per cent term loan which is secured by a pari passu first charge on the Company's movable and immovable property. The loan is repayable in 14 quarterly instalments commencing from January 2001.
- Rs 40,000, 16.25 per cent term loan which is secured by a pari passu first charge on the Company's movable and immovable property. The loan is repayable in 17 quarterly instalments commencing from December 2000.
- Rs 20,000, 14.00 per cent term loan which is to be secured by a pari passu first charge on the Company's movable and immovable property. The loan is repayable in six monthly instalments commencing from July 2000.

d) Working capital loans comprise of bank overdrafts and working capital demand loans from the Company's bankers. These are repayable on demand and are secured by hypothecation of book debts collateral security on the Company's property at Bhiwandi and a second charge on the Company's movable and immovable property.

e) Obligations under hire purchase contracts are typically for a 5 year period and are secured by fixed assets acquired under these contracts.

6. Unsecured loans

2000

1999

Inter corporate deposits	-	<u>27,000</u>
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7. Fixed assets

	Balance, beginning of year	Additions/ charge	Deletions/ Disposals	Balance end of year
Cost				
Goodwill	30,000	-	-	30,000
Land	1,800	390,255	-	392,055
Buildings	18,263	131,424	-	149,687
Office equipment	36,286	9,307	(9)	45,584
Electrical equipment	41,802	39,489	(14)	81,277
Furniture and fixtures	62,329	36,021	(12)	98,338
Computers	132,005	34,461	(120)	166,346
Vehicles	21,923	3,307	(2)	25,228
Assets given on lease	18,680	-	-	18,680
	<u>363,088</u>	<u>644,264</u>	<u>(157)</u>	<u>1,007,195</u>
Accumulated depreciation and amortisation				
Goodwill	12,000	1,500	-	13,500
Buildings	1,191	1,573	-	2,764
Office equipment	4,844	2,022	-	6,866
Electrical equipment	8,333	3,167	(2)	11,498
Furniture and fixtures	14,929	4,864	(7)	19,786
Computers	80,352	20,955	(33)	101,274
Vehicles	9,139	2,303	-	11,442
Assets given on lease	1,954	1,494	-	3,448
	<u>132,742</u>	<u>37,878</u>	<u>(42)</u>	<u>170,578</u>
Net book value				
Goodwill	18,000			16,500
Land	1,800			392,055
Buildings	17,072			146,923
Office equipment	31,442			38,718
Electrical equipment	33,469			69,779
Furniture and fixtures	47,400			78,552
Computers	51,653			65,072
Vehicles	12,784			13,786
Assets given on lease	16,726			15,232
	<u>230,346</u>			<u>836,617</u>
Capital work-in-progress, including capital advances	<u>483,582</u>			<u>111,785</u>

The net book value of fixed assets shown above includes an amount of approximately Rs 29,581 (1999 -- Rs 36,034) in respect of assets held under hire purchase contracts. Capital advances include advances made to Blue Dart Aviation of Rs 104,797 (1999 -- Rs Nil) for purchase of aircraft engines.

8. Investments

	<u>2000</u>	<u>1999</u>
Investment in a subsidiary company (trade, unquoted, long-term)		
Blue Dart Aviation		
12,500,000 (1999 -- 12,500,000) equity shares of Rs 10 each, fully paid-up	125,000	125,000
1,500,000 (1999 -- 1,500,000) equity shares of Rs 10 each, at a premium of Rs 40 per share, fully paid up	75,000	75,000
Other investments (unquoted, long-term)		
1,000 (1999 -- 1000) equity shares of Rs 50 each in Thane Janta Sahakari Bank Limited	50	50
1,000 (1999 -- 1000) equity shares of Rs 10 each in Saraswat Co-operative Bank Limited	10	10
National saving certificates	1,725	425
	<u>201,785</u>	<u>200,485</u>

9. Current assets, loans and advances

	<u>2000</u>	<u>1999</u>
(a) Sundry debtors		
Unsecured, considered doubtful		
Exceeding six months	30,866	18,366
Unsecured, considered good		
Exceeding six months	35,834	51,749
Other debts	265,300	211,945
	<u>332,000</u>	<u>282,060</u>
Less: Provision for doubtful debts	(30,866)	(18,366)
	<u>301,134</u>	<u>263,694</u>
(b) Cash and bank balances		
Cash and cheques in hand	7,833	20,789
Balances with scheduled banks:		
-- in current accounts	39,907	39,628
-- in deposit accounts	15,000	-
-- in margin money account	7,818	3,604
	<u>70,558</u>	<u>64,021</u>

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

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(c) Loans and advances (unsecured, considered good)		
	<u>2000</u>	<u>1999</u>
Advances recoverable in cash or in kind or for value to be received:		
Blue Dart Aviation		
-- Advance against maintenance jobs	76,636	78,991
-- Inter corporate deposits	-	62,586
-- Others	22,216	22,216
Prepaid expenses	27,712	28,233
Others	37,875	29,562
Deposits with		
-- Blue Dart Aviation	57,300	54,000
-- Others	68,971	66,619
Advance tax, net of provisions	60,981	59,703
	<u>351,691</u>	<u>401,910</u>

The maximum amount outstanding from directors of the Company during the year was Rs Nil (1999 -- Rs 1,222).

During the year, the Company placed inter corporate and trade deposits with Blue Dart Aviation. The maximum amount due from Blue Dart Aviation during the year was Rs 318,738 (1999 -- Rs 274,517).

10. Current liabilities and provisions

	<u>2000</u>	<u>1999</u>
(a) Current liabilities		
Sundry creditors (see note 24)	104,067	114,123
Bills discounted	-	67,954
Other current liabilities	82,216	94,076
Calls in advance	1,672	1,672
Interest accrued but not due	7,823	9,292
	<u>195,778</u>	<u>287,117</u>
(b) Provisions		
Leave encashment	5,800	4,527
Interim dividend paid	17,875	-
Proposed final dividend	5,958	16,342
Corporate tax on dividend	3,277	1,797
	<u>32,910</u>	<u>22,666</u>

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11. Miscellaneous expenditure
(to the extent not written off or adjusted)

	<u>2000</u>	<u>1999</u>
Advertising costs		
Balance brought forward	22,583	26,232
Deferred during the year	-	6,220
Amortised during the year	(14,277)	(9,869)
Balance carried forward	<u>8,306</u>	<u>22,583</u>
Computerised systems development/long-term contract negotiation cost		
Balance brought forward	9,081	12,706
Amortised during the year	(3,347)	(3,625)
Balance carried forward	<u>5,734</u>	<u>9,081</u>
	<u>14,040</u>	<u>31,664</u>

During the year, the Company has written-off Rs 6,454 being costs deferred in prior years relating to start-up activities of new projects, as these activities were discontinued in the current year.

12. Lease rentals

Lease rentals include a lease equalisation credit of Rs Nil (1999 -- Rs 14,350).

13. Freight, handling and servicing costs

	<u>2000</u>	<u>1999</u>
Aircraft charter hire costs	587,031	555,628
International servicing charges	241,308	219,999
Domestic network operating costs	253,169	216,298
Domestic excess baggage	75,798	42,682
Printing and stationery	43,882	33,543
Handling and clearing charges	24,216	18,566
On-board courier expenses	9,733	7,908
	<u>1,235,137</u>	<u>1,094,624</u>

14. Employee costs

	<u>2000</u>	<u>1999</u>
Salaries and wages	179,944	147,532
Staff welfare	100,463	85,801
Contribution to provident and other funds	28,425	22,378
Bonus	11,656	11,200
Leave encashment benefits	4,434	4,713
Recruitment and training	718	399
	<u>325,640</u>	<u>272,023</u>

15. Selling and administration expenses

	<u>2000</u>	<u>1999</u>
Lease rentals	23,013	21,698
Miscellaneous expenditure written off (see note 2(c) & 11)	17,624	13,494
Provision for doubtful debts	12,500	7,183
Professional and consulting charges	11,134	8,892
Repairs and maintenance -- others	10,923	9,602
Office expenses	10,731	10,272
Travel	8,985	3,143
Security charges	7,811	6,145
Insurance	2,503	2,885
Sales promotion	2,156	1,521
Advertising	2,107	1,333
Miscellaneous expenses	1,925	6,835
	<u>111,412</u>	<u>93,003</u>

16. Establishment costs

	<u>2000</u>	<u>1999</u>
Rent	59,675	59,929
Communications	27,803	26,667
Electricity charges	17,300	15,707
Duties, rates and taxes	11,879	7,101
	<u>116,657</u>	<u>109,404</u>

17. Interest expense, net

	<u>2000</u>	<u>1999</u>
On loans	68,771	46,917
On hire purchase	4,121	8,266
On bank overdraft	27,746	32,621
Less: Interest income:		
On inter corporate deposits [tax deducted at source Rs Nil (1999 – Rs 3,180)]	(12,923)	(16,340)
	<u>87,715</u>	<u>71,464</u>

18. Net foreign exchange differences

- (a) The net foreign exchange gain recognised in the statement of profit and loss is approximately Rs 83 (1999 -- Rs 204).
- (b) Net foreign exchange loss included in fixed assets is Rs 2,169 (1999 -- Rs 18,060).

19. Capital commitments

The estimated amount of contracts remaining to be executed on capital account, net of advances, and not provided for, are as follows:

	<u>2000</u>	<u>1999</u>
Acquisition of aircraft engines	21,128	-
Construction of "Super-Hub" property	-	32,275
Others	15,245	6,472
	<u>36,373</u>	<u>38,747</u>

20. Contingent liabilities

	<u>2000</u>	<u>1999</u>
(a) Corporate guarantees given on behalf of Blue Dart Aviation	241,500	219,500
(b) Income tax matters under appeal	-	65,776
(c) Bank guarantees	<u>17,885</u>	<u>11,592</u>
(d) The Company has been advised by legal counsel to file a writ petition challenging the constitutional validity of the amendments made to the Bombay Stamp Act, 1994 and the Karnataka Stamp Act, 1995, levying stamp duty on courier companies. Accordingly, the Company has not been making any provision for stamp duty of Rs 36,395, since the implementation of the acts.		

21. Commitments under lease agreements

The Company has entered into lease agreements for the rental of property, vehicles, computers, equipment and other assets. Typically, lease agreements are for a period of 3 to 5 years. At March 31, 2000, the Company had commitments under non-cancellable leases of approximately Rs 28,369 (1999 -- Rs 36,070).

22. Supplementary profit and loss data

	<u>2000</u>	<u>1999</u>
(a) Managerial remuneration		
Salary	7,080	6,645
Commission (see (b) below)	3,110	900
Contribution to provident and other funds	850	495
Other perquisites	2,620	38
Directors' fees	28	17
	<u>13,688</u>	<u>8,095</u>

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- (b) Computation of 'net profit' in accordance with Section 349 of the Companies Act, 1956 and commission payable to the whole-time directors (including Managing Director) for the year ended March 31, 2000:

	<u>2000</u>	<u>1999</u>
Profit before tax	140,120	70,105
Add: Directors' remuneration (including Managing Director)	13,688	8,095
Depreciation and amortisation provided in the books	37,878	49,596
Loss on assets sold or written off as per books	-	2,508
Provision for doubtful debts	12,500	7,183
	<u>204,186</u>	<u>137,487</u>
Less: Depreciation under Section 350 of the Companies Act, 1956	(61,425)	(58,082)
Profit on assets sold or written off as per books	(93)	-
'Net profit' as per Section 349 of the Companies Act, 1956	<u>142,668</u>	<u>79,405</u>
Commission paid to whole-time directors at 1 per cent of net profit per director, limited to annual salary of each director	<u>3,110</u>	<u>900</u>

Directors' remuneration does not include provision for leave encashment.

- (c) Payments to auditors

	<u>2000</u>	<u>1999</u>
As auditors	2,700	2,250
As advisors for other matters	21	15
	<u>2,721</u>	<u>2,265</u>
Reimbursement of expenses	46	150
	<u>2,767</u>	<u>2,415</u>

- (d) Earnings in foreign currency (on a cash basis)

Earnings in foreign currency for Interline Sales in India amounted to approximately Rs 51,405 (1999 -- Rs 35,803).

- (e) Expenditure in foreign currency (on a cash basis)

	<u>2000</u>	<u>1999</u>
Foreign travel	4,120	529
Others	646	180
	<u>4,766</u>	<u>709</u>

23. Statement of cash flows

Capital work-in-progress includes cumulative interest capitalised till date of approximately Rs Nil (1999 -- Rs 103,620).

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24. Outstanding due to Small Scale Industries

Consequent to the amendment to Schedule VI to the Companies Act, 1956, the amount due to Small Scale Industries ('SSIs') exceeding Rs 100 and outstanding for more than 30 days at March 31, 2000 was Rs 3,488 (1999 – Rs 3,209). The SSIs to whom amounts are due are:

Alpha Enterprises
Manish Plastic Industries
Gems Enterprises
Sandeep Plastic Industries
Rambhia Industrial Traders
Packaging Warehouse Industries Private Limited
RK Industries

25. Prior year comparatives

Prior year comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

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26. Balance sheet abstract and Company's general business profile

(a) Registration details

Registration number	:	61074
State code	:	11
Balance sheet date	:	March 31, 2000

(b) Capital raised during the year

Public issue	:	Nil
Rights issue	:	Nil
Bonus issue	:	Nil
Private placement	:	<u>Nil</u>

(c) Position of mobilisation and deployment of funds

Total liabilities and shareholders funds	:	<u>1,658,922</u>
Total assets	:	<u>1,658,922</u>

Sources of funds

Paid-up capital	:	118,936
Reserves and surplus	:	773,342
Secured loans	:	<u>766,644</u>

Application of funds

Net fixed assets	:	836,617
Capital work in progress including advances	:	111,785
Investments	:	201,785
Net current assets	:	494,695
Miscellaneous expenditure	:	<u>14,040</u>

(d) Performance of the company

Turnover	:	2,054,559
Total expenditure	:	1,914,439
Profit/(loss) before tax	:	140,120
Profit/(loss) after tax	:	123,120
Earnings per share in Rs	:	10.33
Dividend rate %	:	<u>20%</u>

(e) Generic names of three principal products/services of the company

Product Description	:	Domestic Priority
Product Description	:	International Priority
Product Description	:	Dart Apex

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

Amounts in Rupees

Name of the Subsidiary Company	:	Blue Dart Aviation Limited
Holding Company's interest	:	140,00,000 Equity Shares of Rs.10 each fully paid-up.
Extent of Holding	:	100%
The "Financial Year" of the Subsidiary Company ended on	:	31 st March, 2000
Net aggregate amount of the Subsidiary Company's profits/ (losses) dealt with in the Holding Company's accounts	:	Nil
For the Subsidiary's aforesaid financial year	:	Nil
For the previous financial years	:	Nil
Net aggregate amount of the Subsidiary Company's profit/ (losses) not dealt with in the Holding Company's accounts	:	
For the Subsidiary's aforesaid financial year (Rs. in thousand)	:	4,017
For the previous financial years (Rs.in thousand)	:	2,127

For and on behalf of the Board of Directors

Tushar K Jani
Chairman

Clyde C Cooper
Managing Director

Khushroo M Dubash
Director

Suresh G Sheth
Director

Mumbai
May 9, 2000

Air Marshal SS Ramdas (Retd)
Director

Gordon Bryn
Alternate Director for
Anil Thadani

Tushar Gunderia

