

OUR VISION

To be the Best and set the pace in the air express integrated transportation and distribution industry, growing from a National to a Regional leader with a business and human conscience.

We commit to develop, reward and recognise our People who, through high Quality and professional Service and use of sophisticated technology, will meet and exceed Customer and Stakeholder expectations profitably.

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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.) PVSM, AVSM, VM, VSM	- Director
Anil Thadani	- Director
Deepak Vaidya	- Alternate Director to Mr. Anil Thadani

EXECUTIVE MANAGEMENT

Malcolm Monteiro	Sr. Vice President - Sales & Systems
Yogesh Dhingra	Sr. Vice President - Finance & Chief Financial Officer
Arun Kulkarni	Sr. Vice President - Administration & Ground Operations
Tulsi Mirchandaney	Sr. Vice President - Marketing & Projects
Ashoka Kumar Jain	Sr. Vice President - North Region
Anil Khanna	Sr. Vice President - West 1 Region
Gopi Menon	Sr. Vice President - South 2 Region
Balfour Manuel	Vice President - West 1 Region
Gopa Kumar	Vice President - South 1 Region
Amod Dasgupta	Vice President - East Region
T. A. Krishnan	Vice President - North Region
Tushar Gunderia	Company Secretary

AUDITORS

Arthur Andersen & Associates

PRINCIPAL BANKERS

Canara Bank
ICICI Bank Ltd.
IDBI Bank Ltd.

SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe
DSK Legal

REGISTERED OFFICE

Blue Dart Centre
Sahar Airport Road, Andheri (E)
Mumbai - 400 099.
Tel : 8396444
Fax : 8311184 / 8244132
www.bluedart.com

Blue Dart takes great pride in its position as India's premiere player in the Express Industry. We have grown from strength to strength over the past 17 years. Our relentless pursuit of development and the bold initiatives we have taken have rewarded us well. During the past year, Blue Dart has taken several steps to add value to its service commitments - the acquisition of a third Boeing 737-200 freighter, the successful launch of our e-tools and comprehensive expansion to 11,940 locations in India, have all served to consolidate our place as a market leader.

The driving force behind all these innovations is our people - a team of professionals, all actively contributing to Blue Dart's vision. Blue Dart's core focus is its customers. Constantly evolving to provide tailor-made solutions and real-time information, Blue Dart meets customer demands consistently and proactively. Blue Dart's dedication to high service quality is endorsed by Lloyd's Register Quality Assurance.

Empowering the customer and benchmarking with the best, Blue Dart's solutions for peace of mind are:

DOMESTIC PRIORITY

The fastest, most-reliable domestic door-to-door delivery service in India for documents and small shipments under 32 kgs per package. Domestic Priority offers the advantage of its widespread reach to 11,940 locations. Value additions to this service are pick-ups from customer locations, real-time tracking through the web site or customer service centres, and computerised proof of delivery on request, with an above 99.95% delivery reliability against commitment.

DART APEX

Door-to-door, economical, reliable and flexible, the Domestic Air Package Express (APEX) is the ideal solution for shipments weighing 10kgs and above. Domestic commercial shipments that are time-bound and require regulatory clearances or special handling are provided for by this service. Supported by efficient web tools and customer service personnel, tracking shipments each step of the way proves effortless. An economical Airport-to-door option is also available from all the five on-line stations of Blue Dart, Chennai, Bangalore, Mumbai, Delhi and Kolkata, as well as a Door-to-airport service.

DART SURFACELINE

The perfect option for less time-sensitive shipments weighing 10 kgs and above, Dart Surfaneline offers a cost-effective door-to-door ground distribution service. Supported by a fleet of containerised, weatherproof LCVs (Light Commercial Vehicles) as well as our own warehouses, and expertly managed on a hub and spoke system, this service ensures security and no transit loss. A tracking and proof of delivery system, both over the net, the mobile phone and through customer service calls, are other features of this service.

SMART BOX

A convenient packaging unit, priced to include a door-to-door delivery service within India, Smart Box units come in two sizes, 10kgs and 25kgs, and are designed to accommodate a variety of products. Enjoying the same product support of the Dart Apex services, Smart Box is economical and comes equipped with an easy tracking, proof of delivery system available on the Blue Dart website, the mobile phone and through Customer Service.

FEDEX INTERNATIONAL PRIORITY

Through its partnership with Federal Express, the global leader in Express distribution Services, Blue Dart offers a one-stop shipping process for reliable, time-definite delivery of international documents and shipments with access to 211 countries worldwide.

Our other business solutions are:

AIRPORT TO AIRPORT

An airfreight service available on the flights operated by Blue Dart Aviation between the airports of Kolkata, Delhi, Mumbai, Bangalore and Chennai. Shipments are accepted at our airside warehouses equipped with our own x-ray machines. This enables early morning deliveries and late cut-offs without the requisite cooling period mandatory on passenger airlines.

INTERLINE

Pioneering the concept of an all jet air express network in India, Blue Dart's three Boeing 737-200 freighter aircraft offer capacities and dimensions unmatched by any other

domestic airline. By virtue of its ground-handling and maintenance capabilities, its airside bonded warehouses, India's only computerised cargo reservations system, SMART, quick airport bonded transfer services and express driven efficiencies, Blue Dart enhances interliners' marketing possibilities within India. Blue Dart has interline cargo agreements with 18 international airlines - Air Canada, Air France, Air India, Air Mauritius, Alitalia, Asiana, British Airways, Cargolux, Cathay Pacific, China Airlines, Das Air, El Al Israel Airlines, Emirates, KLM Royal Dutch Airlines, Kuwait Airways, Saudi Arabian Airlines, Singapore Airlines and Swissair.

CHARTERS

Blue Dart introduced domestic charter flights to meet the growing demand for cargo space. It operates charters on an ad-hoc basis. Charters are operated where urgent delivery of time-sensitive equipment or large loads are required. Blue Dart has operated charters carrying relief material into earthquake-torn areas, emergency equipment, perishable aquaculture, computer peripherals, electronics, high-value TV and broadcasting equipment for cricket matches and large inventory for JIT plants.

BUSINESS LOGISTICS SOLUTIONS

Blue Dart provides customised Supply-chain management and logistics solutions to meet dynamic business requirements. Blue Dart works with various organisations to improve process efficiency, reduce costs, increase competitiveness and support their shipping management processes.

E-INITATIVES

Recognising the scope of the internet in 1996, Blue Dart has since continued to explore its different facets to develop web-based solutions for its customers. By making its comprehensive range of services available and integrating them into its core products, Blue Dart has consolidated its position as the most technologically-advanced player in the domestic business of supply chain management.

STAND ALONE TOOLS

POWER DART 2000+™

A shipping tool available to all customers that have an account with Blue Dart and who do not have access to the internet, Power Dart 2000+ provides the customer with all shipping related information such as regulatory

requirements and location services and transit times. It also enables the customer to receive status of shipments, print shipping reports and receive delivery details.

FAX DART™

This tool proves effective for small or medium sized business houses that are not connected to the internet, operate out of a major city and have a fax machine. Fax Dart allows the customer to receive the status of shipments at pre-determined frequencies. This service is both cost-effective and convenient for the customer.

COSMAT II™

Constructed to cover all the complex processes of the entire organisation, COSMAT II enables tracking of shipments from pick-up to every transit point, till delivery. Using barcode and scanner technology this tool ensures that customer receives real-time, complete and accurate information about his shipments.

SMART™

Indigenously developed, this technology solution allows real-time space and revenue management on the Blue Dart Aviation Network. A confirmation of space availability is obtainable over the telephone. All shipments booked on SMART™ are picked, moved on the network and tracked until delivery.

WEB-BASED TOOLS

TRACKDART™

Customers can use this ingenious tool to track the status of multiple shipments within India or to Nepal, Bangladesh or Bhutan through the internet, and receive real-time information. International shipments can also be tracked using TrackDart™. The TrackDart™ box is plainly visible on every page of the Blue Dart website.

MAIL DART™

The status of a shipment can be tracked using e-mail. MailDart™ processes all e-mails sent to track@bluedart.com and provides the status of the shipment automatically by return mail. Both single and multiple shipments may be tracked.

LOCATION FINDER

Available on every page of the Blue Dart website, this

convenient tool allows the customer to identify the Blue Dart service location, counter or franchisee office that is closest to him. Any of Blue Dart's 11,940 domestic locations and 211 international destinations can be ascertained by city, street name or pincode.

TRANSIT TIME FINDER

Also available on every page, the Transit Time Finder enables the customer to check the transit times for domestic and international shipments.

PRICE FINDER

Shipping costs for both, domestic and international shipments can be calculated using the Price Finder which appears on every page of the Blue Dart website. The Price Finder also comes with a Volume-weight Calculator to ease determining the chargeable weight of shipments.

E-BUSINESS SOLUTIONS

INTERNETDART™

Most effective for medium to large business houses, this allows on-line tracking of shipments sent over the last 45 days. Cleverly designed, InternetDart™ can track by a range of dates, origin, destination, delivered or undelivered shipments, or services used. This potent tool also gives customers the benefit of generating reports and downloading tracking and status data. This tool integrates easily with the user's back end systems.

SHOPTRACK™

An Application Program Interface designed specifically to support and enhance the services provided by a portal or any e-business, ShopTrack™ provides an effortless, plug-

and-play customised solution. Customers no longer have to leave the portal site to track their purchases. They just need to enter their order numbers, and the shipping and delivery details are displayed on the same page. A time and cost-saving tool, this application gives Blue Dart's customers a competitive edge.

PACKTRACK™

Another Applications Program Interface, designed for any customer involved in logistics, distribution and inventory control. PackTrack™ can be integrated into the customer's system, enabling him to keep track of the entire distribution status of his clients. This effective tool provides the customer with a seamless service and brings the entire chain within his domain.

MOBILEDART™

Empowered with MobileDart™, the customer need not have access to a computer. MobileDart-WAP works on any mobile phone or device that supports Wireless Application Protocol. The current status of a shipment can be tracked. An automated delivery message is also available by e-mail or SMS as soon as a shipment is delivered. In addition, access is provided to the Location Finder for convenient information on areas serviced, and data on product offerings and the company is available on the WAP site (wap.bluedart.com).

MobileDart - SMS works on any mobile phone or device that supports sending of e-mail over Short Messaging Service. Customers can now send a message to receive current details of shipments or receive intimation as soon as a shipment is delivered. MobileDart™ enables customers to make shipping decisions on the run.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Let me begin by extending to all of you a cordial and warm welcome to this 10th Annual General Meeting of your Company. You will be delighted to learn that during the first financial year of the millennium, your Company reported a record operational and financial performance. For the year, your Company posted its highest ever net profit of Rs.23.03 crores since its inception. The Board of Directors of your Company have recommended a higher dividend of 35% and also proposed a bonus issue of shares in the ratio of one equity share for every equity share held by you.

Your Company has continued to expand its presence in the Domestic Market and I am proud to inform you that, as on date, your Company has a capacity to render domestic services to more than 11,940 destinations in India. Your Company is India's leading Express Company with over 38% share in the domestic markets.

Your Company has, yet again, successfully leveraged its partnership with Federal Express, the world's largest air express transportation company, to grow its international segment in double digit sales in the last year. The complementary international and Domestic strengths of Federal Express and Blue Dart provide a wide geographical access to 211 countries worldwide and the largest domestic reach in India, together with benchmarked service standards and cutting-edge technology, ideally suited to Supply Chain Management and distribution.

Your Company offers a comprehensive range of services and products for both domestic and international shippers. Your Company's continuous commitment towards understanding the needs and concerns of the customer has enabled it to provide unmatched standards of service quality of above 99.95% reliability levels in the express industry.

The benefits of consolidated operations were obtained with the moving of the main operations into the 35,000 sq.ft. Super-hub located near Sahar Airport during the last financial year.

Your Company has warehouses at 14 locations across the country as well as bonded warehouses at the five metro locations of Mumbai, Delhi, Chennai, Kolkata and Bangalore. During the year, your Company acquired a 23,000 sq.ft. high-tech airside warehouse with bonded facilities at Bangalore Airport. The bonded warehouses, with customs personnel, facilitate efficient transhipment of

cargo within India. This facility has enabled distribution of imports within the country and has provided exports access to and from gateways of international airlines. This provides international airlines with a cost-effective option to restrict their on-line stations within India, and enhance their marketing possibilities at off-line locations by utilizing the distribution capabilities of Blue Dart.

Your Company has interline agreements with 18 international airlines for carriage of interline shipments. During the year under review, your Company signed interline agreements with four other prominent Airlines viz; Cathay Pacific, Air Mauritius, El Al Israel Airlines Ltd and China Airlines.

A lack of adequate infrastructure creates a bottleneck in the economic growth and development of the country. In order to provide an impetus to growth, the Government is planning to corporatise and allow private participation in the operation and management of the airports in India. As a first step towards privatization of airports, the Government is likely to lease out the airport handling services, which are presently being handled by Government agencies.

Over the years, your Company has developed its expertise in Airport Handling Services for Cargo Operations and is ideally poised to optimize the business offerings presented by this proposed privatization of Cargo Operations.

During the year, your Company, also pioneered India's first E-services website in support of Trade and Commerce towards e-fulfillment in Transportation, Distribution, Logistics and Supply Chain Management. The site gives customers complete and valuable information on the Company's operations, products and services, and provides contact and communication capabilities for all its 11,940 locations serviced, besides other interactive and web based tools and applications. Your Company strongly believes that real value can be added only by actually partnering with its customers to develop customized solutions, and this website is focused in the same direction.

Your Company has initiated steps to provide B2B and B2C services. The Company has tied up with a number of internet portals, a few amongst them being Rediff, Fabmart, ICICI Webtrade, IndiaInfoline and Indiatimes.

The Company's 100% wholly owned subsidiary, Blue Dart Aviation Ltd. acquired its third aircraft, a Boeing 737, as part of its fleet expansion plan. The Boeing 737 underwent conversion from a passenger to a freighter

aircraft at Stambaugh Aviation, a DGCA and FAA approved facility in the U.S.A., and was launched on the 17th January, 2001. I take great pride in informing you that your Company is the only Company in the express industry with its own fleet of three freighter aircraft. With the acquisition of the third aircraft, your Company has reduced its dependence on domestic airlines and has also enhanced capacity for cross border operations to facilitate service into the neighboring countries like Bangladesh, Sri Lanka, Singapore, Maldives to name a few.

As you are aware, in today's competitive age, the Company with superior and advanced technology will always have an edge over its peers. Ours is a highly technology-driven business and your Company has always accorded great importance to developing various technological tools for providing quality services to its customers, and for ultimate customer satisfaction.

Today's customers require a different set of technology solutions. Your Company has developed various technology tools to manage data and other delivery information. As customer automation is projected to be the prime need for industry, your Company will place technology at the customer's end, enabling the customer to be a part of our internal networks.

You would be extremely glad to note that your Company recently announced the launch of "MobileDart", the first wireless initiative developed and launched by an express company in India. It encompasses delivery of value through SMS "Short Messaging Services" as well as WAP, "Wireless Application Protocol". MobileDart - WAP works on any mobile phone or device which supports wireless application protocol. The customer can check the status of his shipment online by entering the waybill number using "MobileDart -WAP", amongst many other features.

The future throws up great opportunities and holds a promise to dramatically change the fortunes of Companies that are able to envision this growth and position themselves strategically in the emerging environment.

Supply Chain management has emerged as a major growth opportunity for your Company. Manufacturing companies are increasingly outsourcing their logistics requirements to third party logistics providers. Your Company's belief in logistics is not in warehousing but in speeding up the customer supplier chain. In Business to Business, we move goods swiftly to the end customer so that there are reductions in inventory and holding costs,

and a rise in his bottomline. Customers are looking at third party suppliers to provide them with a whole range of supply chain management services, covering anything and everything starting from keeping production lines supplied on a just-in-time basis through delivery to the end user.

I promise you that your Company will always strive to make this growth sustainable and enhance the quality of its earnings as well as the value to its stakeholders.

Your Company recognizes the value of "Human Capital" as a cornerstone of its growth. Our employees are committed to and capable of delivering exceptional standards of performance, as already reflected by the results of the Company over a period of time. The Company provides them with an enabling environment, reinforced with continuous learning and training to keep them abreast with changing technologies and customer oriented services.

We are committed to remaining a good corporate citizen and have initiated steps to ensure the highest level of Corporate Governance norms and transparency. This shall not be limited to mere compliance of the basic principles, rules and regulations, law and practices of good corporate governance, but it shall be corporate manifestation of the present beliefs and values of its executives, which configure the organizational values and culture and influence the thoughts, beliefs and actions of its employees, leading to sustained quality services for its customers, the public and society at large.

In conclusion, I express my gratitude on behalf of the Company and on my own behalf to banks, government authorities, business associates and other constituents for their valuable support and unstinted co-operation.

I also take this opportunity to thank all my dear shareholders for their valuable support in all our endeavours.

I also wish to place on record our sense of appreciation for the dedicated services of our employees which enabled the Company to make significant achievements during the year.

Mumbai
June 12, 2001

Tushar K. Jani
Chairman

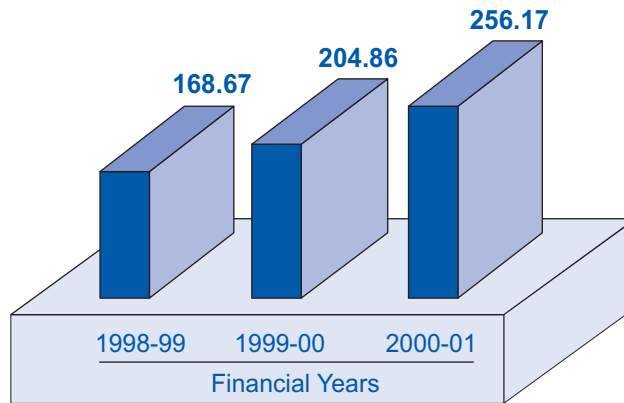
FINANCIAL SUMMARY OF LAST 3 YEARS

(Rs.in crores)

Year End March	FY 2000-01	FY 99-00	FY 98-99
Income from Operations	256.17	204.86	168.67
Other Income	0.54	0.32	7.35
Total Income	256.71	205.18	176.02
Total Expenditure	215.24	178.72	156.90
Operating Profit	41.47	26.46	19.12
Interest (Net)	10.04	8.66	7.15
Gross Profit	31.43	17.80	11.97
Depreciation	5.60	3.79	4.96
Profit Before Tax	25.83	14.01	7.01
Taxation	2.80	1.70	1.01
Profit After Tax	23.03	12.31	6.00
Equity	11.89	11.89	11.88
Reserves	95.79	77.33	67.55
Gross Fixed Assets	122.29	100.72	36.31
Book Value (in Rs.)	89.72	73.70	64.00

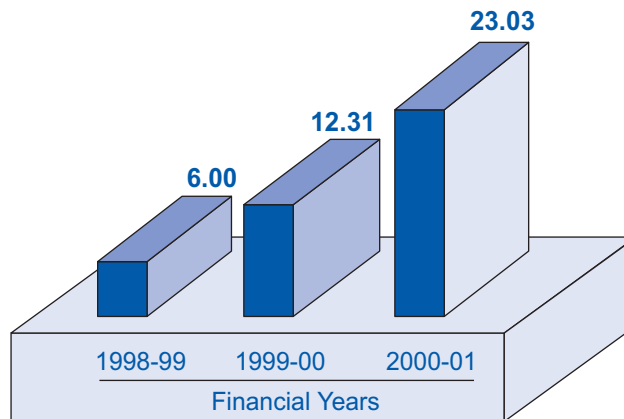
INCOME FROM OPERATIONS

Rupees in Crores



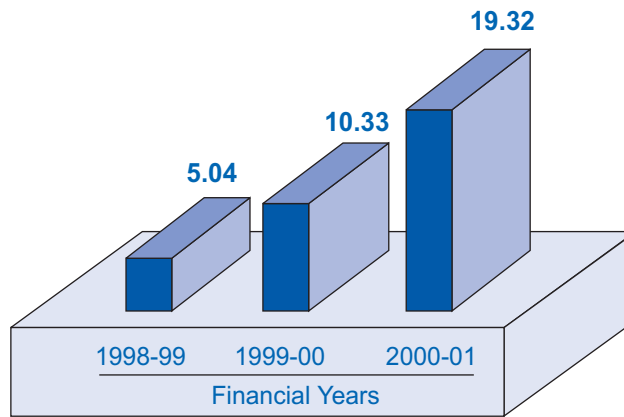
NET PROFIT

Rupees in Crores



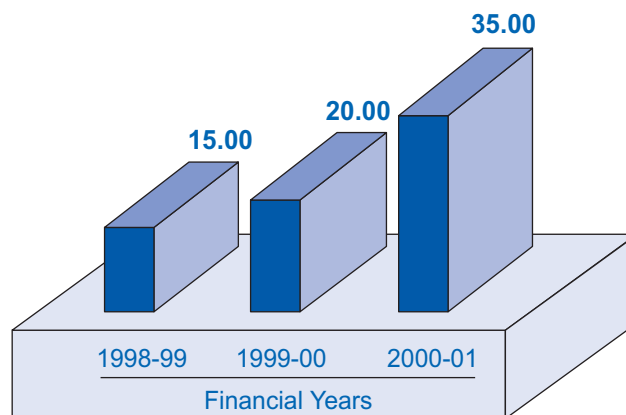
EARNINGS PER SHARE

Amount in Rupees



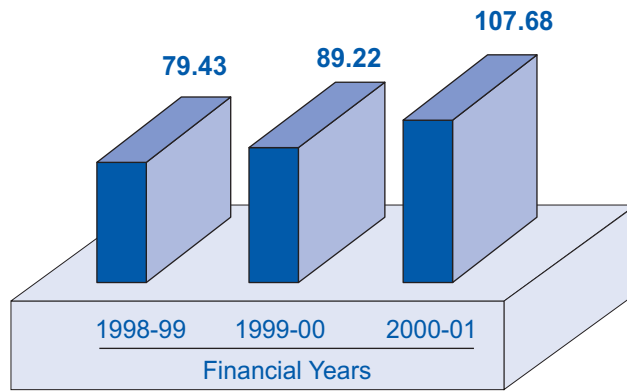
DIVIDEND PERCENTAGE

% of Dividend on Equity Shares



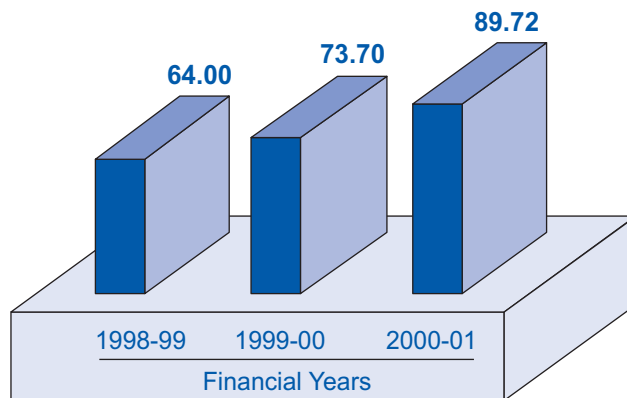
NET WORTH

Rupees in Crores



BOOK VALUE PER SHARE

Amount in Rupees



DIRECTORS' REPORT

To the Members

The Directors have great pleasure in presenting the Tenth Annual Report of your Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

(Rs. in lacs)
For the year ended

	31st March, 2001	31st March, 2000
Revenues		
Services	25,617	20,486
Lease Income	54	32
Less : Operating Expenses	21,524	17,872
Operating Profit	4,147	2,646
Less : Finance Cost (net)	1,004	866
Depreciation	560	379
Profit before tax	2,583	1,401
Less : Provision for Income tax	280	170
Profit after tax	2,303	1,231
Profit and Loss A/c balance brought forward	1,119	259
Profit available for appropriation	3,422	1,490

REVIEW OF PERFORMANCE

Your Company has effectively leveraged its assets, infrastructure and investments, resulting in greatly improved productivity and performance for the year. Your Company continues to strengthen its dominance in Domestic Markets and has significantly grown its operating profits over the last four years from 6% to 16%.

The Company has recorded a profit before interest and depreciation of Rs. 4147 lacs as compared to Rs. 2646 lacs of previous year and profit after interest and depreciation of Rs. 2583 lacs, as compared to Rs. 1401 lacs of previous year.

DIVIDEND

Encouraged by the outstanding performance of your Company for the year, since its inception, your Directors are pleased to recommend a higher dividend of 35% as compared to 20% in the previous year.

CAPITALISATION OF RESERVES

Your Company has done well over the years and has accumulated substantial reserves. Your Directors are pleased to recommend issue of Bonus Shares to the holders of fully paid up shares, in the ratio of 1 equity share for every 1 equity share held, by Capitalisation of Reserves not exceeding Rs. 1192 lacs. After capitalisation of the reserves, the paid up capital will stand increased by the similar amount.

Bonus Shares recommended by the Board is subject to the necessary approval by the Members of the Company in the ensuing Annual General Meeting.

OPERATIONS REVIEW

Revenue

During the year, your Company recorded a growth of 25% in Income from Operations.

Incremental revenues, coupled with cost efficiencies and right product mix, resulted in profit before tax and depreciation of Rs. 3143 lacs for the current year from Rs. 1780 lacs for the previous year; and profit after tax to Rs. 2303 lacs as compared to Rs. 1231 lacs of the previous year.

Your Company is the only Express Company in India, having its own fleet of three Boeing 737 freighter aircrafts, with a dominant 38% market share in the domestic markets.

Your Company's revenue mix has gradually moved since the last 5 years towards the more profitable domestic business. The Domestic to International business ratio has changed from 45:55 in 1995-96 to 80:20 in the year 2000-2001.

Your Company has kept its leading position and market share, due to the powerful integration of its People, Aircraft, Technology and Physical and Electronic Networks, Trucks, Motorcycles, Office and Air Facilities, Customs Bonded Warehouses and other Infrastructure, that day after day have churned out Service Excellence in support of our customers needs, and clearly positioned us as India's undisputed leader in the Domestic Distribution, Logistics, Transportation and Supply Chain Management Business.

Your Company's continuous commitment towards understanding the needs and concerns of the customers has enabled it to provide unmatched standards of service quality with 99.95% reliability levels in the express industry.

Over the years, your Company has managed to expand rapidly, which is reflected in its turnover growth over the last three years.

Aviation System

Your Company has great pleasure to announce that its wholly owned subsidiary, Blue Dart Aviation Limited has acquired its 3rd aircraft, a Boeing 737 freighter, as part of its fleet expansion plan. This acquisition reinforces the Company's leadership in the domestic express industry. It reiterates our commitment to our customers and enables us to enhance our service capabilities in the Overnight Transportation and Distribution Industry.

Interline arrangements

Your Company continues to expand airside 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 18 International carriers viz., Air Canada, Air France, Air India, Air Mauritius, Alitalia, Asiana Airlines, British Airways, Cargolux, Cathay Pacific, China Airlines, DAS Air, El Al Israel Airlines, Emirates, KLM Royal Dutch Airlines, Kuwait Airways, Saudi Arabian Airlines, Singapore Airlines and Swissair, for movement of Interline cargo.

Warehousing

Your Company has warehouses at 14 locations across the country as well as bonded warehouses at five major metros of Mumbai, Delhi, Chennai, Kolkata and Bangalore.

During this fiscal year, your Company has further created a 23,000 sq.ft high-tech airside warehouse with bonded facilities at Bangalore Airport.

FINANCE

Your Company has restructured the loans during the year to bring down the average cost of debt.

Capital expenditure during the year was financed out of internal accruals.

Credit Rating

Your Company continues to enjoy the highest rating assigned "Ind DI+" by FITCH Ratings India Private Limited for the Company's short term debt programme indicating very high certainty of timely payment.

E-COMMERCE/LOGISTIC SOLUTIONS

E-Business Solutions

During the year, your Company upgraded India's first interactive Logistics and e-Business Solutions site, www.bluedart.com. The website gives customers complete and valuable information on the Company's operations, products, services and provides contact and communication capabilities for all its 11,940 locations serviced.

Your Company is extremely proud to have pioneered India's first e-services site in support of Trade and Commerce towards e-fulfillment.

SUBSIDIARY COMPANY

Your Company's wholly owned subsidiary, Blue Dart Aviation Ltd. has shown an improvement in performance by achieving net profit of Rs. 42 lacs as compared to Rs.40 lacs of previous year.

The audited statement of accounts for the year ended March 31, 2001 of Blue Dart Aviation Ltd., the Company's wholly owned subsidiary together with the report of the Directors and the Auditors, as required under Section 212 of the Companies Act, 1956 are attached.

OUTLOOK FOR THE FUTURE

Your Company is ideally placed in India with the latest state of the art infrastructural capitalisation to support third party logistics and supply chain management needs of the Industry.

Your Company is well positioned to sell air charter services in and around India to support the distribution within the region.

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

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, Air Marshal S.S. Ramdas (Retd.) - Director, retires by rotation, at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year, Mr. Gordon S. Byrn ceased to be the Alternate Director to Mr. Anil Thadani and Mr. Deepak Vaidya was appointed as an Alternate Director to Mr. Anil Thadani.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of the provisions of the Companies Act, 1956 as amended by Companies (Amendment) Act 2000, your Directors confirm :

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

CORPORATE GOVERNANCE

The Company recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business, ethics, accountability to its shareholders, customers, Government and others.

As per Accounting Standard 21 issued by the Institute of Chartered Accountants of India consolidation of financial statements of a parent and its subsidiaries is mandatory with effect from accounting periods commencing on or after April 1, 2001.

However, in line with best corporate practices and to provide a greater degree of transparency, your Company has already implemented the consolidation of its accounts with its wholly owned subsidiary, Blue Dart Aviation Limited.

As per the provisions of the Listing Agreement with the Stock Exchanges, your Company is required to comply with Corporate Governance Norms by 31st March, 2002. The Company has already initiated the necessary steps for compliance of Corporate Governance Norms as stipulated by the provisions of Stock Exchange Listing Agreement.

DEMATERIALISATION OF SHARES

As you are aware that the equity shares of your Company are available for "Dematerialisation" under the Depository System operated by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate you to hold and trade in the shares of your Company in dematerialised electronic form. Securities and Exchange Board of India (SEBI) has notified the Company's Equity Shares for compulsory trading in dematerialised form by all Investors w.e.f 28th August, 2000. As of even date, about 94% of the equity share capital have already been dematerialised.

FIXED DEPOSITS

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

AUDITORS

M/s. Arthur Andersen & Associates, Chartered Accountants and Statutory Auditors of your Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank all employees for rendering impeccable service to every constituent of the Company's customers. Your directors also wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment put in by them for the growth of the Company. The enthusiasm and unstinting efforts of the employees have clearly positioned the Company as India's undisputed leader in the Domestic Express Courier market. To them goes the credit for your Company's great achievement.

Your Directors also express their deep sense of gratitude to Customers, Financial Institutions, Company's Bankers, Suppliers and Solicitors for their continued 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

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing Director

Khushroo M. Dubash
Director

Suresh G. Sheth
Director

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

Deepak Vaidya
Alternate Director for
Anil Thadani

Mumbai : May 8, 2001

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. 47,528,035 (2000 - Rs. 51,404,622)

B) Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs. 182,368 (2000 - Rs.4,766,279)

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, 2001 and the related statement 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, 2001 and of its profit 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.

On the basis of information and explanations given to us, and representations obtained by the Company, there are no directors of the Company who, as at March 31, 2001, are disqualified under section 274(1)(g) of the Act, from being appointed as directors.

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, 2001 as they relate to the Company. Our report thereon is annexed.

Arthur Andersen & Associates
Chartered Accountants

Mumbai
May 8, 2001

Richard Rekhy
Partner

ANNEXURE TO AUDITORS' REPORT - MARCH 31, 2001

1. The Company has maintained proper records showing full particulars, including quantitative details and situation, 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 these 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, there are no transactions for 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.
 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, 2001 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, 2001.
 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 a 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
- Mumbai
May 8, 2001
- Richard Rekhy**
Partner

BALANCE SHEET – MARCH 31, 2001

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

	Note	2001	2000 (Note 22)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	118,944	118,936
Reserves and surplus	4	957,891	773,342
		1,076,835	892,278
LOAN FUNDS			
Secured loans	5	611,280	766,644
Unsecured loans	6	100,000	—
		711,280	766,644
		1,788,115	1,658,922
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	2(a), (f), (g) & 7	1,222,923	1,007,195
Accumulated depreciation and amortisation		(225,867)	(170,578)
Net book value		997,056	836,617
Capital work-in-progress including advances		2,877	111,785
		999,933	948,402
INVESTMENTS	2(b) & 8	201,760	201,785
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	9(a)	374,248	301,134
Cash and bank balances	9(b)	67,967	70,558
Loans and advances	9(c)	391,533	351,691
		833,748	723,383
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	10(a)	(201,371)	(195,778)
Provisions	10(b)	(53,611)	(32,910)
		(254,982)	(228,688)
Net current assets		578,766	494,695
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	2(c) & 11	7,656	14,040
		1,788,115	1,658,922

The accompanying notes 1 to 22 are an integral part of this balance sheet.

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing Director

Khushroo M. Dubash
Director

Suresh G. Sheth
Director

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

Deepak Vaidya
Alternate Director for
Anil Thadani

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

Arthur Andersen & Associates
Chartered Accountants

Mumbai
May 8, 2001

Richard Rekhy
Partner

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2001

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

	Note	2001	2000 (Note 22)
REVENUES			
Service charges	2(d)	2,561,723	2,048,564
Other Income	12	5,350	3,204
		2,567,073	2,051,768
OPERATING COSTS			
Freight, handling and servicing costs	13	(1,530,812)	(1,235,137)
Employee costs	2(e) & 14	(389,174)	(325,640)
Selling and administration expenses	15	(108,329)	(110,713)
Establishment costs	16	(124,030)	(115,670)
		(2,152,345)	(1,787,160)
Profit before tax, interest and depreciation		414,728	264,608
Depreciation and amortisation	2(a) & 7	(56,045)	(37,878)
Interest expense, net	17	(100,429)	(86,610)
Profit before tax		258,254	140,120
Provision for tax	2(h)	(28,000)	(17,000)
Net profit		230,254	123,120
Profit and loss account, beginning of year		111,925	25,915
Profit available for appropriation		342,179	149,035
Interim dividend paid		—	(17,875)
Proposed final dividend		(41,708)	(5,958)
Corporate tax on dividend		(4,254)	(3,277)
Transfer to general reserve	4	(30,000)	(10,000)
Profit and loss account, end of year	4	266,217	111,925

The accompanying notes 1 to 22 are an integral part of this statement.

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing Director

Khushroo M. Dubash
Director

Suresh G. Sheth
Director

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

Deepak Vaidya
Alternate Director for
Anil Thadani

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

Arthur Andersen & Associates
Chartered Accountants

Mumbai
May 8, 2001

Richard Rekhy
Partner

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2001

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

	Note	2001	2000 (Note 22)
CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES:			
Profit before tax		258,254	140,120
Adjustments to reconcile profit before tax to cash provided by operations:			
Depreciation and amortisation		56,045	37,878
Interest expense		124,966	100,638
Miscellaneous expenses written off		6,384	17,624
(Profit)/loss on retirement of fixed assets, net		(678)	(93)
Interest income		(24,537)	(14,028)
(Increase)/decrease in current assets, loans and advances:			
Sundry debtors		(73,114)	(37,440)
Loans and advances, excluding advance taxes		(63,451)	63,380
Increase/(decrease) in current liabilities and provisions		7,748	(66,893)
Cash provided by operating activities		291,617	241,186
Income-tax refund received		37,237	—
Income-tax paid		(35,861)	(18,278)
Net cash provided by operating activities		292,993	222,908
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:			
Additions to fixed assets including capital work-in-progress		(108,723)	(294,171)
Sale/(purchase) of investments		25	(1,300)
Interest received		22,014	2,145
Proceeds from retirement of fixed assets		1,825	208
Net cash (used in)/provided by investing activities		(84,859)	(293,118)
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:			
Proceeds from issue of share capital		265	1,945
Net (repayment of)/proceeds from secured loans		(89,852)	168,798
Net (proceeds from) unsecured loans		(100,000)	(27,000)
Net proceeds from bank overdraft		134,488	53,250
Interest paid		(123,489)	(102,107)
Foreclosure charges paid (net)		(5,027)	—
Dividend paid (including dividend tax)		(27,110)	(18,139)
Net cash (used in)/provided by financing activities		(210,725)	76,747
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2,591)	6,537
CASH AND CASH EQUIVALENTS, beginning of year	9(b)	70,558	64,021
CASH AND CASH EQUIVALENTS, end of year	9(b)	67,967	70,558

The accompanying notes 1 to 22 are an integral part of this statement.

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing Director

Khushroo M. Dubash
Director

Suresh G. Sheth
Director

Air Marshal S.S. Ramdas (Retd.)
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Alternate Director for
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Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

Arthur Andersen & Associates
Chartered Accountants

Mumbai
May 8, 2001

Richard Rekhy
Partner

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2001

(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 is also engaged in 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.

Office and electrical equipment are depreciated at 6.33 per cent per annum. 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 and are stated at cost unless the diminution in value of these investments are of permanent in nature.

(c) Miscellaneous expenditure

Miscellaneous expenditure primarily comprises advertising costs directly linked to the 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 service tax and all discounts and allowances.

(e) 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 schemes 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.

(f) 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.

(g) 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.

(h) Income-tax

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

3. SHARE CAPITAL

	2001	2000
Authorised 40,000,000 (2000 – 40,000,000) equity shares of Rs 10 each (2000 – Rs 10 each)	400,000	400,000
Issued, subscribed and paid-up 11,916,667 (2000 – 11,916,667) equity shares of Rs 10 each (2000 – Rs 10 each), fully paid-up	119,167	119,167
Less: Calls in arrears	(223)	(231)
	118,944	118,936

4. RESERVES AND SURPLUS

	2001	2000
Share premium		
Balance, beginning of year	512,176	510,328
Received during the year	257	1,848
Balance, end of year	512,433	512,176
General reserve		
Balance, beginning of year	149,241	139,241
Transfer from profit and loss account	30,000	10,000
Balance, end of year	179,241	149,241
Profit and loss account	266,217	111,925
	957,891	773,342

5. SECURED LOANS

	2001	2000
Debentures	—	90,000
Term Loans		
From banks (see (a) below)	32,736	67,427
From financial institutions (see (b) below)	418,719	377,500
Working capital loans (see (c) below)	152,215	217,727
Obligations under hire purchase contracts (see (d) below)	7,610	13,990
	611,280	766,644
Aggregate amount of secured loans repayable within one year (excluding working capital loans)	131,304	143,836

- a) Term loans from banks are secured by pari passu first charge on movable and immovable properties and include:
- Rs 22,382 term loan repayable in 60 monthly instalments, which commenced in May 1998.
 - Rs 10,354 term loan repayable in 18 monthly instalments, which commenced in March 2000
- b) Term Loans from financial institutions are secured by pari passu first charge on movable and immovable properties and include:
- Rs 10,000 term loan repayable in 17 quarterly instalments, which commenced in August 1997.
 - Rs 35,862 term loan repayable in 22 quarterly instalments, which commenced in July 2000.
 - Rs 70,000 term loan repayable in 13 quarterly instalments commencing from September 2001.
 - Rs 70,000 term loan repayable in 14 quarterly instalments commencing from April 2001.
 - Rs 92,857 term loan repayable in 21 quarterly instalments commencing from April 2001.
 - Rs 140,000 term loan repayable in 16 quarterly instalments commencing from June 2001.

- c) Working capital loans 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 property.
- d) Obligations under hire purchase are secured by fixed assets acquired under these contracts.

6. UNSECURED LOANS

	2001	2000
Short term loans and advances From bank - Commercial Paper (10 certificates of Rs. 10,000 each)	100,000	—
Maximum amount outstanding during the year	100,000	—

7. FIXED ASSETS

	Balance, beginning of year	Additions/ charge	Deletions/ Disposals	Balance end of year
Cost				
Goodwill	30,000	—	—	30,000
Land – Freehold	392,055	—	—	392,055
Buildings	149,687	5,796	—	155,483
Office equipment	45,584	5,555	(36)	51,103
Electrical equipment	81,277	11,039	(3)	92,313
Furniture and fixtures	98,338	17,206	(7)	115,537
Computers	166,346	42,992	(1,857)	207,481
Vehicles	25,228	6,744	—	31,972
Assets given on lease	18,680	—	—	18,680
Aircraft engines	—	128,299	—	128,299
	<u>1,007,195</u>	<u>217,631</u>	<u>(1,903)</u>	<u>1,222,923</u>
Previous year	<u>363,088</u>	<u>644,264</u>	<u>(157)</u>	<u>1,007,195</u>
Accumulated depreciation and amortisation				
Goodwill	13,500	1,500	—	15,000
Buildings	2,764	2,525	—	5,289
Office equipment	6,866	2,575	(9)	9,432
Electrical equipment	11,498	4,411	(1)	15,908
Furniture and fixtures	19,786	6,519	(6)	26,299
Computers	101,274	25,628	(740)	126,162
Vehicles	11,442	2,232	—	13,674
Assets given on lease	3,448	1,494	—	4,942
Aircraft engines	—	9,161	—	9,161
	<u>170,578</u>	<u>56,045</u>	<u>(756)</u>	<u>225,867</u>
Previous year	<u>132,742</u>	<u>37,878</u>	<u>(42)</u>	<u>170,578</u>

	Balance, beginning of year	Additions/ charge	Deletions/ Disposals	Balance end of year
Net book value				
Goodwill	16,500			15,000
Land - Feehold	392,055			392,055
Buildings	146,923			150,194
Office equipment	38,718			41,671
Electrical equipment	69,779			76,405
Furniture and fixtures	78,552			89,238
Computers	65,072			81,319
Vehicles	13,786			18,298
Assets given on lease	15,232			13,738
Aircraft engines	—			119,138
	<u>836,617</u>			<u>997,056</u>
Previous year	<u>230,846</u>			<u>836,617</u>
Capital work-in-progress, including capital advances	<u>111,785</u>			<u>2,877</u>

- (a) During the year ended March 31, 2001 the Company revised the estimated useful life of office equipment and electrical equipment prospectively to more appropriately reflect the pattern in which these asset's economic benefits are expected to be availed. As a result of this change, profit before tax and the net book value of fixed assets are lower by Rs 2,340.
- (b) The net book value of fixed assets shown above includes an amount of approximately Rs 23,186 (2000—Rs 29,581) in respect of assets held under hire purchase contracts. Capital advances include advances made to Blue Dart Aviation of Rs Nil (2000 - Rs 104,797) for purchase of aircraft engines.
- (c) The estimated amount of contracts remaining to be executed on capital account, net of advances, and not provided for, are Rs 8,448 (2000 - Rs 36,375).
- (d) Net foreign exchange loss included in fixed assets is Rs Nil (2000 - Rs 2,169).

8. INVESTMENTS

	2001	2000
Investment in a subsidiary company (trade, unquoted, long-term)		
Blue Dart Aviation 14,000,000 (2000 - 14,000,000) equity shares of Rs 10 each	200,000	200,000
Other investments (unquoted, long-term) 1,000 (2000 - 1,000) equity shares of Rs 50 each in Thane Janta Sahakari Bank Limited	50	50
1,000 (2000 - 1,000) equity shares of Rs 10 each in Saraswat Co-operative Bank Limited	10	10
National saving certificates	1,700	1725
	<u>201,760</u>	<u>201,785</u>

9. CURRENT ASSETS, LOANS AND ADVANCES

	2001	2000
(a) Sundry debtors		
Unsecured, considered doubtful Exceeding six months	—	30,866
Unsecured, considered good Exceeding six months	30,238	35,834
Other debts	344,010	265,300
	<u>374,248</u>	<u>332,000</u>
Less: Provision for doubtful debts	—	(30,866)
	<u>374,248</u>	<u>301,134</u>
(b) Cash and bank balances		
Cash and cheques in hand	17,022	7,833
Balances with scheduled banks:		
– in current accounts	43,133	39,907
– in deposit accounts	3,113	15,000
– in margin money account	4,699	7,818
	<u>67,967</u>	<u>70,558</u>

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

	2001	2000
(c) Loans and advances (unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received:		
Blue Dart Aviation		
- Advance against maintenance jobs	84,081	76,636
- Others	22,216	22,216
Prepaid expenses	35,439	27,712
Others	39,580	37,875
Aircraft payload deposits with Blue Dart Aviation	102,988	57,300
Deposit-Others	75,624	68,971
Advance tax, net of provisions	31,605	60,981
	<u>391,533</u>	<u>351,691</u>

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 162,399 (2000 – Rs 318,738).

10. CURRENT LIABILITIES AND PROVISIONS

	2001	2000
(a) Current liabilities		
Sundry creditors (see note 21)	96,488	104,067
Other current liabilities	95,716	82,216
Calls in advance	1,647	1,672
Interest accrued but not due	7,520	7,823
	<u>201,371</u>	<u>195,778</u>
(b) Provisions		
Leave encashment	7,649	5,800
Interim dividend paid	—	17,875
Proposed final dividend	41,708	5,958
Corporate tax on dividend	4,254	3,277
	<u>53,611</u>	<u>32,910</u>

11. MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

	2001	2000
Advertising costs		
Balance brought forward	8,306	22,583
Amortised during the year	(4,125)	(14,277)
Balance carried forward	<u>4,181</u>	<u>8,306</u>
Computerised systems development/long-term contract negotiation cost		
Balance brought forward	5,734	9,081
Amortised during the year	(2,259)	(3,347)
Balance carried forward	<u>3,475</u>	<u>5,734</u>
	<u>7,656</u>	<u>14,040</u>

12. OTHER INCOME

	2001	2000
Lease rentals from Blue Dart Aviation	1,500	1,500
Foreign exchange gain	212	118
Miscellaneous income	3,638	1,586
	<u>5,350</u>	<u>3,204</u>

13. FREIGHT, HANDLING AND SERVICING COSTS

	2001	2000
Aircraft charter costs	719,856	587,031
Domestic network operating costs	320,130	262,902
International servicing charges	314,520	241,308
Domestic excess baggage	103,007	75,798
Printing and stationery	44,377	43,882
Handling and clearing charges	28,922	24,216
	<u>1,530,812</u>	<u>1,235,137</u>

14. EMPLOYEE COSTS

	2001	2000
Salaries, wages and bonus	233,603	191,600
Staff welfare	117,652	105,615
Contribution to provident and other funds	37,919	28,425
	<u>389,174</u>	<u>325,640</u>

15. SELLING AND ADMINISTRATION EXPENSES

	2001	2000
Lease rentals	18,218	23,013
Bad debts written off (net of provision for doubtful debts of earlier years - Rs. 30,866)	17,500	—
Provision for doubtful debts	—	12,500
Repairs and maintenance – others	14,100	10,923
Professional and consulting charges	12,419	11,134
Office expenses	11,949	10,032
Travel	7,322	8,985
Sales promotion & advertising	4,971	4,263
Miscellaneous expenditure written off (see note 2(c) & 11)	6,384	17,624
Insurance	3,199	2,503
Miscellaneous expenses	12,267	9,736
	<u>108,329</u>	<u>110,713</u>

16. ESTABLISHMENT COSTS

	2001	2000
Rent	59,911	58,868
Communications	32,938	27,623
Electricity charges	20,799	17,300
Duties, rates and taxes	10,382	11,879
	<u>124,030</u>	<u>115,670</u>

17. INTEREST EXPENSE, NET

	2001	2000
Term loans	100,433	68,771
Others	21,544	27,746
Hire purchase	2,989	4,121
Interest income (on income-tax refunds, ICDs and margin money)	(24,537)	(14,028)
	<u>100,429</u>	<u>86,610</u>

18. CONTINGENT LIABILITIES

	2001	2000
(a) Corporate guarantees given on behalf of Blue Dart Aviation	272,081	241,500
(b) Bank guarantees	17,905	17,885
(c) Letter of Credit	<u>4,061</u>	<u>—</u>

(d) The Company has not made any provisions for stamp duty consequent to the amendments made under the Bombay Stamp Act, 1994 and the Karnataka Stamp Act, 1995 based on the legal counsel advise received challenging the constitutional validity of the above amendments.

19. 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 2001, the Company had commitments under non-cancellable leases of approximately Rs 15,891 (2000 – Rs 28,369).

20. SUPPLEMENTARY PROFIT AND LOSS DATA

	2001	2000
(a) Managerial remuneration		
Salary	7,080	7,080
Commission (see (b) below)	4,105	3,110
Contribution to provident and other funds	850	850
Other perquisites	3,275	2,620
Directors' fees	55	28
	<u>15,365</u>	<u>13,688</u>
(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, 2001:		
	2001	2000
Profit before tax	258,254	140,120
Add: Directors' remuneration (including Managing Director)	15,365	13,688
Depreciation and amortisation provided in the books of a/c	56,045	37,878
Loss on assets sold or written off as per books of a/c	21	—
Provision for doubtful debts	—	<u>12,500</u>
	<u>329,685</u>	<u>204,186</u>
Less: Depreciation under Section 350 of the Companies Act, 1956	(56,045)	(61,425)
Profit on assets sold or written off as per books of a/c	(699)	(93)
Bad debts written off pertaining to provisions made in earlier years	<u>(30,866)</u>	<u>—</u>
'Net profit' as per Section 349 of the Companies Act, 1956	<u>242,075</u>	<u>142,668</u>
Commission paid to wholetime directors at 1 per cent of net profit per director, limited to annual salary of each director	<u>4,105</u>	<u>3,110</u>
Directors' remuneration does not include provision for leave encashment.		
(c) Payments to auditors		
	2001	2000
As auditors	2,600	2600
As advisors for other matters	20	20
For service tax	<u>131</u>	<u>131</u>
	<u>2,751</u>	<u>2,751</u>
Reimbursement of expenses	<u>52</u>	<u>46</u>
	<u>2,803</u>	<u>2,797</u>

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

Earnings in foreign currency amounted to approximately Rs 47,528 (2000 – Rs 51,405).

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

	2001	2000
Foreign travel	68	4,120
Others	<u>114</u>	<u>646</u>
	<u>182</u>	<u>4,766</u>

21. OUTSTANDING DUE TO SMALL SCALE INDUSTRIES

The amount due to Small Scale Industries ('SSIs') exceeding Rs 100 and outstanding for more than 30 days at March 31, 2001 was Rs 3,148 (2000 - Rs 3,448). The SSIs' to whom amounts are due in the current year are:

- Alpha Carbonless Manufacturing Co.
- Manish Plastic Industries
- Rambhia Industrial Traders
- Rajkamal Prints
- Susmit Industries
- Megas Manufacturing and Trading Co.

22. PRIOR YEAR COMPARATIVES

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

23. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(a) Registration details

Registration number	:	61074
State code	:	11
Balance sheet date	:	March 31, 2001

(b) Capital raised during the year

Public issue	:	Nil
Rights issue	:	Nil
Bonus issue	:	Nil
Private placement	:	Nil

(c) Position of mobilisation and deployment of funds

Total liabilities and shareholders funds	:	1,788,115
Total assets	:	1,788,115

Sources of funds

Paid-up capital	:	118,944
Reserves and surplus	:	957,891
Secured loans	:	611,280
Unsecured loans	:	100,000

Application of funds

Net fixed assets	:	997,056
Capital work in progress including advances	:	2,877
Investments	:	201,760
Net current assets	:	578,766
Miscellaneous expenditure	:	7,656

(d) Performance of the company

Turnover	:	2,567,073
Total expenditure	:	2,308,819
Profit/(loss) before tax	:	258,254
Profit/(loss) after tax	:	230,254
Earnings per share in Rs.	:	19.32
Dividend rate %	:	35%

(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	:	14,000,000 Equity Shares of Rs.10 each fully paid-up.
Extent of Holding	:	100%
The "Financial Year" of the Subsidiary Company ended on	:	31st March, 2001
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)	:	4,214
For the previous financial years (Rs.in thousand)	:	4,017

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

Deepak Vaidya
Alternate Director for
Anil Thadani

Mumbai
May 8, 2001

Tushar Gunderia
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED AUDITORS' REPORT

**To the Board of Directors of
BLUE DART EXPRESS LIMITED**

We have audited the accompanying consolidated balance sheets of BLUE DART EXPRESS LIMITED ('the Company') and BLUE DART AVIATION LIMITED, its subsidiary, at March 31, 2001, the related statement of profit and loss and cash flows for the year then ended. 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 audits.

We conducted our audits in accordance with 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BLUE DART EXPRESS LIMITED and BLUE DART AVIATION LIMITED at March 31, 2001, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in India, applied on a consistent basis.

Arthur Andersen & Associates
Chartered Accountants

Mumbai
May 8, 2001

Richard Rekhy
Partner

CONSOLIDATED BALANCE SHEET – MARCH 31, 2001

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

	Note	2001 (Note 19)
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	3	118,944
Reserves and surplus	4	877,108
		996,052
LOAN FUNDS		
Secured loans	5	719,147
Unsecured loans	6	100,000
		819,147
		1,815,199
APPLICATION OF FUNDS		
FIXED ASSETS		
Cost	2(b) & 7	1,675,635
Accumulated depreciation and amortisation		(321,607)
Net book value		1,354,028
Capital work-in-progress, including advances		2,877
		1,356,905
INVESTMENTS		
	2(c) & 8	1,760
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	2(d) & 9(a)	49,418
Sundry debtors	9(b)	379,026
Cash and bank balances	9(c)	73,450
Loans and advances	9(d)	329,311
		831,205
CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	10(a)	(334,090)
Provisions	10(b)	(54,413)
		(388,503)
Net current assets		442,702
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)	2(e) & 11	13,832
		1,815,199

The accompanying notes 1 to 19 are an integral part of this balance sheet.

For and on behalf of the Board of Directors

Arthur Andersen & Associates
Chartered Accountants

Clyde C. Cooper
Managing Director

Suresh G. Sheth
Director

Mumbai
May 8, 2001

Richard Rekhy
Partner

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2001

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

	Note	2001 (Note 19)
REVENUES		
Service charges	2(f)	2,562,090
Other income		17,096
		<u>2,579,186</u>
OPERATING COSTS		
Freight, handling and servicing costs	12	(1,298,474)
Employee costs	2(g) & 13	(509,504)
Selling and administration expenses	14	(152,846)
Establishment costs	15	(139,006)
		<u>(2,099,830)</u>
Profit before tax, interest and depreciation		479,356
Depreciation and amortisation	2(b) & 7	(82,284)
Interest expense, net	16	(132,847)
		<u>264,225</u>
Profit before tax		264,225
Provision for tax		(28,000)
		<u>236,225</u>
Net profit		236,225
Profit and loss account, beginning of year		55,117
Profit available for appropriation		<u>291,342</u>
Proposed final dividend		(41,708)
Corporate tax on dividend		(4,254)
Transfer to general reserve	4	(30,000)
		<u>215,380</u>
Profit and loss account, end of year		<u>215,380</u>

The accompanying notes 1 to 19 are an integral part of this statement.

For and on behalf of the Board of Directors

Arthur Andersen & Associates
Chartered Accountants

Clyde C. Cooper
Managing Director

Suresh G. Sheth
Director

Mumbai
May 8, 2001

Richard Rekhy
Partner

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2001

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

	Note	2001 (Note 19)
CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES:		
Profit before tax		264,225
Adjustments to reconcile profit before tax to cash provided by operations:		
Depreciation and amortisation		82,284
Interest expense		156,627
Miscellaneous expenses written off		10,072
(Profit)/loss on retirement of fixed assets, net		(678)
Interest income		(23,780)
(Increase)/decrease in current assets, loans and advances:		
Inventory		(6,505)
Sundry debtors		(76,697)
Loans and advances, excluding advance taxes		(18,066)
Increase/(decrease) in current liabilities and provisions		37,902
Cash provided by operating activities		425,384
Income-tax refund received		37,237
Income-tax paid		(38,346)
Net cash provided by operating activities		424,275
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Additions to fixed assets including capital work-in-progress		(184,134)
Sale/(purchase) of investments		25
Interest received		23,417
Proceeds from retirement of fixed assets		1,825
Net cash (used in)/provided by investing activities		(158,867)
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Receipts of calls in arrears		8
Receipts of share premium		257
Net (repayment of)/proceeds from secured loans		(116,576)
Net (proceeds from) unsecured loans		100,000
Net proceeds from bank overdraft		(61,098)
Interest paid		(155,150)
Foreclosure charges paid (net)		(5,026)
Dividend paid (including dividend tax)		(27,110)
Net cash (used in)/provided by financing activities		(264,695)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		713
CASH AND CASH EQUIVALENTS, beginning of year		72,737
CASH AND CASH EQUIVALENTS, end of year	9(c)	73,450

The accompanying notes 1 to 19 are an integral part of this statement.

For and on behalf of the Board of Directors

Clyde C. Cooper
Managing Director

Suresh G. Sheth
Director

Mumbai
May 8, 2001

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2001

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

1. BACKGROUND

Blue Dart Express Limited 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. Blue Dart Express Limited is also engaged in leasing business.

Blue Dart Aviation Limited is authorised by the Director General of Civil Aviation to operate aircraft and provide aircraft maintenance services.

Blue Dart Express Limited and its wholly owned subsidiary, Blue Dart Aviation Limited, shall hereinafter be collectively referred to as Blue Dart.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

(a) Basis of consolidation

Blue Dart Express Limited and its wholly owned subsidiary, Blue Dart Aviation Limited maintain their records and prepare their financial statements 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 consolidated financial statements include the accounts of Blue Dart Express Limited and Blue Dart Aviation Limited. In the preparation of the consolidated financial statements, all inter-company transactions and accounts are eliminated. Profit/loss on inter-company transactions pertaining to the prior years have been adjusted out of the reserves.

(b) Fixed assets and depreciation/amortisation

Fixed assets are stated at cost less accumulated depreciation/amortisation. All costs relating to the acquisition and installation of fixed assets have been capitalised. 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.

Office and electrical equipment are depreciated at 6.33 per cent per annum. 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.

(c) Investments

Investments are long-term and are stated at cost unless the diminution in value of these investments are of permanent in nature.

(d) Inventories

Inventories primarily consist of loose tools and consumables which are intended for consumption. These are valued at cost, (specific identification basis) calculated as purchase price and including expenditure directly attributable to the acquisition of these inventories.

(e) Miscellaneous expenditure

Miscellaneous expenditure primarily comprises of the following :

- (i) Advertising costs directly linked to the introduction of new products.

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

- (ii) Long-term contract negotiation costs.

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.

- (iii) Costs incurred in upgrading the computerised domestic tracking system.

Costs incurred in upgrading the computerised domestic tracking system are deferred and amortised on the straight-line method over a period of five years beginning from the date on which the system/contract became operational.

- (iv) Preliminary expenses are deferred and amortised over a period of five years, from the date of commencement of commercial operations.
- (v) Preoperating expenditure, which comprises employee and other administrative costs incurred during the start-up phase up to the date of commencement of commercial operations, are deferred and amortised over a period of five years, from the date of commencement of commercial operations.
- (vi) Air crew augmentation expenses, being upgradation costs, are amortised over a period of three years, from the year incurred.

(f) Service charges

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

(g) Retirement benefits

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

Blue Dart's employees are covered under the group gratuity and superannuation schemes with the Life Insurance Corporation of India ('LIC'). The schemes are defined benefit schemes 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.

(h) 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.

(i) 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. 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.

(j) Lease rentals

Finance lease rentals are accounted on an accrual basis, over the terms of the lease and charged to the statement of profit and loss on a straight-line basis in accordance with the guidance note issued by the Institute of Chartered Accountants of India.

ICAI has issued a mandatory Accounting Standard 19 'Leases'(AS 19) for accounting assets leased after April 1, 2001. Though the same is not applicable as at March 31, 2001, had Blue Dart accounted for its existing leased assets as provided in AS 19, the net impact of lease rental removal and addition of interest and depreciation would have increased the current year profit by Rs 14 million and net worth by Rs 41 million as at March 31, 2001.

3. SHARE CAPITAL

	2001
Authorised 40,000,000 equity shares of Rs 10 each	<u>400,000</u>
Issued, subscribed and paid-up 11,916,667 equity shares of Rs 10 each fully paid-up	119,167
Less: Calls in arrears	(223)
	<u>118,944</u>

4. RESERVES AND SURPLUS

	2001
Share premium	
Balance, beginning of year	512,176
Received during the year	257
Balance, end of year	<u>512,433</u>
General reserve	
Balance, beginning of year	149,241
Adjustments on account of consolidation	(29,946)
Transfer from profit and loss account	30,000
Balance, end of year	<u>149,295</u>
Profit and loss account	<u>215,380</u>
	<u><u>877,108</u></u>

5. SECURED LOANS

	2001
Term Loans	
From banks (see (a) below)	32,736
From financial institutions (see (b) below)	501,072
Working capital loans (see (c) below)	171,710
Obligations under hire purchase contracts (see (d) below)	13,629
	<u>719,147</u>
Aggregate amount of secured loans repayable within one year (excluding working capital loans)	<u>159,344</u>

- a) Term loans from banks are secured by pari passu first charge on movable and immovable properties and include:
- Rs 22,382 term loan repayable in 60 monthly instalments, which commenced in May 1998.
 - Rs 10,354 term loan repayable in 18 monthly instalments, which commenced in March 2000.

- b) Term loans from financial institutions are secured by pari passu first charge on movable and immovable properties and include:
- Rs 10,000 term loan repayable in 17 quarterly instalments, which commenced in August 1997.
 - Rs 35,862 term loan repayable in 22 quarterly instalments, which commenced in July 2000.
 - Rs 70,000 term loan repayable in 13 quarterly instalments commencing from September 2001.
 - Rs 70,000 term loan repayable in 14 quarterly instalments commencing from April 2001.
 - Rs 92,857 term loan repayable in 21 quarterly instalments commencing from April 2001.
 - Rs 140,000 term loan repayable in 16 quarterly instalments commencing from June 2001.
 - Rs 82,353 term loan repayable in 20 quarterly instalments, which commenced in September 2000.
- c) Working capital loans of Blue Dart Express Limited are secured by hypothecation of book debts, collateral security on its property at Bhiwandi and second charge on its movable and immovable property. Working capital loans of Blue Dart Aviation Limited are secured by hypothecation of consumables and rotatable parts with bank.
- d) Obligations under hire purchase are secured by fixed assets acquired under these contracts.

6. UNSECURED LOANS

	2001
Short term loans and advances	
From bank - Commercial Paper (10 certificates of Rs. 10,000 each)	<u>100,000</u>
Maximum amount outstanding during the year	100,000

7. FIXED ASSETS

	Balance, beginning of year	Additions/ charge	Deletions/ Disposals	Balance end of year
Cost				
Goodwill	30,000	—	—	30,000
Land – Freehold	392,055	—	—	392,055
Buildings	149,687	5,796	—	155,483
Aircraft engines	52,484	78,179	—	130,663
Aircraft rotatable parts	96,970	32,421	(2,845)	126,546
Ground equipment	93,230	16,138	-	109,368
Office equipment	50,849	6,657	(36)	57,470
Electrical equipment	98,154	14,959	(3)	113,110
Furniture and fixtures	148,692	29,177	(7)	177,862
Computers	187,230	44,575	(1,878)	229,927
Vehicles	37,985	13,279	—	51,264
Assets given on lease	18,680	—	—	18,680
Capital expenses for Aircraft*	—	83,207	—	83,207
	<u>1,356,016</u>	<u>324,388</u>	<u>(4,769)</u>	<u>1,675,635</u>
Accumulated depreciation and amortisation				
Goodwill	13,500	1,500	—	15,000
Buildings	2,764	2,525	—	5,289
Aircraft engines	7,498	10,203	(6,588)	11,113
Aircraft rotatable parts	20,047	9,000	(578)	28,469
Ground equipment	16,616	5,064	—	21,680
Office equipment	7,792	2,945	(9)	10,728
Electrical equipment	14,374	5,546	(1)	19,919
Furniture and fixtures	31,063	9,927	(6)	40,984
Computers	113,964	29,201	(753)	142,412
Vehicles	16,192	3,792	—	19,984
Assets given on lease	3,448	1,494	—	4,942
Capital expenses for Aircraft *	—	1,087	—	1,087
	<u>247,258</u>	<u>82,284</u>	<u>(7,935)</u>	<u>321,607</u>
Net book value				
Goodwill	16,500			15,000
Land - Freehold	392,055			392,055
Buildings	146,923			150,194
Aircraft engines	44,986			119,550
Aircraft rotatable parts	76,923			98,077
Ground equipment	76,614			87,688
Office equipment	43,057			46,742
Electrical equipment	83,780			93,191
Furniture and fixtures	117,629			136,878
Computers	73,266			87,515
Vehicles	21,793			31,280
Assets given on lease	15,232			13,738
Capital expenses for Aircraft	-			82,120
	<u>1,108,758</u>			<u>1,354,028</u>
Capital work-in-progress, including advances	147,445			2,877
	<u>1,256,203</u>			<u>1,356,905</u>

- (a) During the year ended March 31, 2001, Blue Dart revised the estimated useful life of office equipment and electrical equipment prospectively to more appropriately reflect the pattern in which these asset's economic benefits are expected to be availed. As a result of this change, profit before tax and the net book value of fixed assets are lower by Rs 2,690.
- (b) The net book value of fixed assets shown above includes an amount of approximately Rs 45,071 in respect of assets held under hire purchase contracts.
- (c) The estimated amount of contracts remaining to be executed on capital account, net of advances, and not provided for, are Rs 13,770.
- * In respect of the leased aircraft, Blue Dart Aviation Limited has incurred expenses to make the aircraft operational. These expenses primarily comprise of finance charge, training costs, salaries and consultancy charges.

8. INVESTMENTS

	2001
Unquoted long term investments	
1,000 equity shares of Rs 50 each in Thane Janta Sahakari Bank Limited	50
1,000 equity shares of Rs 10 each in Saraswat Co-operative Bank Limited	10
National saving certificates	1,700
	<u>1,760</u>

9. CURRENT ASSETS, LOANS AND ADVANCES

	2001
(a) Inventories	
Consumables	46,513
Loose tools	2,905
	<u>49,418</u>
(b) Sundry debtors	
Unsecured, considered good Exceeding six months	30,296
Other debts	348,730
	<u>379,026</u>
(c) Cash and bank balances	
Cash and cheques in hand	18,303
Balances with scheduled banks:	
– in current accounts	45,601
– in deposit accounts	3,113
– in margin money account	6,433
	<u>73,450</u>

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

	2001
(d) Loans and advances (unsecured, considered good)	
Advances recoverable in cash or in kind or for value to be received:	
– Aircraft maintenance jobs	70,315
– Prepaid expenses	72,803
– Others	57,665
Deposits - Others	90,387
Advance tax, net of provisions	38,141
	<u>329,311</u>

10. CURRENT LIABILITIES AND PROVISIONS

	2001
(a) Current liabilities	
Sundry creditors	108,362
Bills discounted for ATF	93,460
Other current liabilities	123,101
Calls in advance	1,647
Interest accrued but not due	7,520
	<u>334,090</u>
(b) Provisions	
Leave encashment	8,451
Proposed final dividend	41,708
Corporate tax on dividend	4,254
	<u>54,413</u>

11. MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

	2001
(a) Advertising costs	
Balance brought forward	8,306
Amortised during the year	(4,125)
Balance carried forward	<u>4,181</u>
(b) Computerised systems development/long-term contract negotiation cost	
Balance brought forward	5,734
Amortised during the year	(2,259)
Balance carried forward	<u>3,475</u>
(c) Preliminary expenses	
Balance brought forward	200
Amortised during the year	(200)
Balance carried forward	<u>—</u>
(d) Preoperating expenditure	
Employee and other administrative cost	
Balance brought forward	1,428
Amortised during the year	(1,428)
Balance carried forward	<u>—</u>
(e) Air crew augmentation expenses	
Balance brought forward	8,236
Additions during the year	2,144
Amortised during the year	(4,204)
Balance carried forward	<u>6,176</u>
	<u>13,832</u>

12. FREIGHT, HANDLING AND SERVICING COSTS

	2001
Aircraft operating costs	486,173
Domestic network operating costs	307,560
International servicing charges	314,520
Domestic excess baggage	103,007
Printing and stationery	44,377
Handling and clearing charges	42,837
	<u>1,298,474</u>

13. EMPLOYEE COSTS

	2001
Salaries, wages and bonus	329,504
Staff welfare	138,373
Contribution to provident & other funds	41,627
	<u>509,504</u>

14. SELLING AND ADMINISTRATION EXPENSES

	2001
Travel	25,985
Lease rentals and Hire charges	22,835
Repairs and maintenance – others	19,262
Bad debts written off (net of provision for doubtful debts of earlier years - Rs. 30,866)	17,500
Professional and consulting charges	12,419
Miscellaneous expenditure written off (see note 2(e) & 11)	12,216
Office expenses	11,949
Sales promotion & advertising	4,971
Insurance	4,146
Miscellaneous expenses	21,563
	<u>152,846</u>

15. ESTABLISHMENT COSTS

	2001
Rent, duties, rates and taxes	78,584
Communications	37,062
Electricity charges	23,360
	<u>139,006</u>

16. INTEREST EXPENSE, NET

	2001
Term loans	100,433
Bill Discounting and finance charges	25,069
Others	20,818
Hire purchase	10,307
Interest income (on income-tax refunds, ICDs and margin money)	(23,780)
	<u>132,847</u>

17. CONTINGENT LIABILITIES

	2001
(a) Bank guarantees	23,559
(b) Letter of Credit	4,061

- (c) The Company has not made any provisions for stamp duty consequent to the amendments made under the Bombay Stamp Act, 1994 and the Karnataka Stamp Act, 1995 based on the legal counsel advise received challenging the constitutional validity of the above amendments.
- (d) Engineering and maintenance costs exclude Rs. 1,250 of estimated repair costs to bring unserviceable rotatable parts to a usable condition.

18. 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 2001, the Company had commitments under non-cancellable leases of approximately Rs 15,891.

Blue Dart Aviation Limited has commitments under finance lease agreements of approximately Rs. 625,241.

19. PRIOR YEAR COMPARATIVES

Prior year comparatives have not been furnished, since it is the first year of consolidation.

SHAREHOLDERS' INFORMATION

- 1. Book Closure Date** : 07-07-2001 to 24-07-2001
(Both days inclusive)
- 2. Annual General Meeting**
- Date : 24-07-2001
- Venue : Walchand Hirachand Hall,
Indian Merchants' Chamber,
LNM IMC Building,
Churchgate,
Mumbai - 400 020.
- Time : 4.30 p.m.
- 3. Listing on Stock Exchanges** : The Stock Exchange, Mumbai
The Delhi Stock Exchange Association Limited
The Stock Exchange, Ahmedabad
(The company has paid its annual listing fees to all the above stock exchanges for F. Y. 2001-2002).
- 4. Registered Office** : Blue Dart Centre, Sahar Airport Road,
Andheri (E), Mumbai - 400 099.
- 5. Website** : www.bluedart.com
- 6. ISIN No.** : INE233B01017
- 7. Financial Calender** (tentative and subject to change)
Financial reporting for
- First quarter ending June 30, 2001 : July 2001
- Second quarter ending September 30, 2001 : October 2001
- Third quarter ending December 31, 2001 : January 2002
- Year ending March 31, 2002 : April 2002

8. Stock Market Data :

High and Low quotations of Shares at Mumbai and National Stock Exchange are :

2000-2001	BSE		NSE	
	High	Low	High	Low
April 2000	315.75	226.00	325.00	213.45
May 2000	232.20	178.00	236.70	170.50
June 2000	213.25	179.00	219.75	175.00
July 2000	216.90	153.25	208.90	161.00
Aug. 2000	262.75	181.00	275.00	175.60
Sept. 2000	305.20	257.00	302.85	237.00
Oct. 2000	275.50	200.00	276.00	198.10
Nov. 2000	242.00	209.50	248.00	200.00
Dec. 2000	250.00	208.10	259.65	202.00
Jan. 2001	265.75	216.00	277.90	213.05
Feb. 2001	246.75	231.05	254.50	225.00
March 2001	234.80	161.00	240.00	155.25

9. Share transfers and other communication regarding change of address, dividend, share certificates etc. may be addressed to our Registrar & Transfer Agents :

IIT Corporate Services Ltd.,
IIT House, Opp. Vazir Glass Works,
Near J.B. Nagar, Off M. VasANJI Road,
Andheri (East), Mumbai 400 059.
Tel. No. : 8225599
Fax No. : 8215352

FOR TRANSFERS, DEMAT, DIVIDEND & OTHER INVESTOR RELATED QUERIES :

Mr. K. Sanjeeva - Vice President
Mr. S. Mahadevan - Officer
Ms. Asha Shetty - Officer

10. Share Transfer System :

Share transfers would be registered and returned within a period of Thirty (30) days from the date of receipt, if the documents are clear in all respects. The Share Transfer Committee meets twice in a month. The total number of shares transferred during the year 2000-2001 are 7,24,500 shares.

Dematerialisation of shares : Approximately 95% of the Company's Equity Share Capital have been dematerialised, as on 31st May 2001. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28th August, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

11. Investor Services :

Correspondence received from 01-04-2000 to 31-03-2001

Nature of Correspondence	No. of Correspondence received	No. of Correspondence resolved / attended
Change of Address	128	128
Non Receipt of Share Certificate/ Transfer/Transmission	143	143
Non Receipt of Sticker	163	163
Loss of Share Certificate/Replacement/ Duplicate Share Certificate	154	154
Non Receipt/ Revalidation of Refund Order/ Dividend Warrant	95	95
Others *	285	285
Total	932	932

* Others include correspondence pertaining to deletion of name, confirmation of shareholding, nomination, dividend mandate instructions, request for Annual Report, etc.

The Company and the Registrar & Transfer Agents i.e. M/s. IIT Corporate Services Ltd. have attended to most of the investor's grievances/correspondence within a period of 8 days from the date of receipt of correspondence, during the year 2000-2001.

12. Distribution of Holdings (as on May 25, 2001) :

No. of Equity Shares held	No. of Share Holders	% of Share Holders	No. of Shares	% of Share Holding
1 to 500	7874	96.05	889867	7.47
501 to 1000	129	1.57	107253	0.90
1001 to 2000	71	0.87	116379	0.98
2001 to 3000	30	0.36	78273	0.66
3001 to 4000	13	0.16	45133	0.38
4001 to 5000	13	0.16	60830	0.51
5001 to 10000	13	0.16	96198	0.81
10001 to 30000	13	0.16	213814	1.79
30001 to 50000	12	0.15	515351	4.32
50001 to 100000	6	0.07	425684	3.57
100001 to Above	24	0.29	9367885	78.61
Total	8198	100.00	11916667	100.00

13. Categories of Shareholders (as on May 25, 2001) :

Category	No. of Shareholders	Voting Strength (%)	No. of Shares held
Individuals	7851	12.03	1434135
Promoters	28	50.84	6058198
Foreign Collaborator	1	20.78	2475799
NRIs / FIIs	24	3.55	423453
Companies	261	2.11	251520
Banks / Financial Institutions & Mutual Funds	33	10.69	1273562
Total	8198	100.00	11916667

14. Shareholder Inquiries Contact :**For Demat Related Queries**

Bharat Sanghavi - Manager : Secretarial

Tel No. : 8396444

Fax No. : 8244131 / 8311184

For Others

Prabha Singh - Manager : Secretarial

Tel No. : 8396444

Fax No. : 8244131 / 8311184

Analyst Contact :

Yogesh Dhingra - Sr. Vice President - Finance & Chief Financial Officer

C.B. Navalkar - General Manager : (Treasury & Finance)

Tel No. : 8396444

Fax No. : 8244131 / 8311184

General Information Contact :

Tulsi Mirchandaney - Sr. Vice President - Marketing & Projects

Tel No. : 8396444

Fax No. : 8244131 / 8311184

15. Per share data :

	2000-2001 Rs.	1999-2000 Rs.	1998-1999 Rs.
Book value per Share	89.72	73.70	64.00
Earnings Per Share	19.32	10.33	5.04
Dividend Per Share	3.50	2.00	1.50

In Your Own Interest

1. Please buy or sell the shares through an authorised Broker registered with Securities & Exchange Board of India (SEBI). His stamp with SEBI registration Number must appear on the reverse of the Transfer Deed.
2. The Transfer Deed must be filled in legibly and completely, preferably in Block Letters. The address should contain PIN Code Number.
3. Please always hold the shares jointly and convert single holding to joint holding or file nomination(s).
4. At the time of name deletion, you may add a joint holder for the sake of convenience by transferring the shares in joint names, or file nomination(s).
5. You may preserve photocopies of all documents lodged with the company, including Share Certificates, Transfer Deeds etc.
6. Your signature on the Transfer Deed, as a seller (Transferor), should match with the Specimen Signature registered with the Company.
7. If there is a change of name please write to the Company with a copy of the Marriage Certificate or a copy of Gazette Notification with new signatures, duly attested by a Notary.
8. Please consolidate all your holdings in one folio. Holding shares in many folios does not confer any benefits and you may loose track of Dividend Warrants and important mails.
9. Please always keep the Share Certificates in safe custody as they are valuable documents.
10. Please sign the Transfer Deed(s) only at the time of selling and after the deed(s) is/are filled in with necessary details.
11. Always quote your Folio No. / Client ID in all your correspondence relating to your holdings.
12. Instant receipts are issued for documents lodged at our Registrars viz; M/s. IIT CORPORATE SERVICES LTD, IIT HOUSE, OPP. VAZIR GLASS WORKS, NEAR J.B. NAGAR, OFF. M. VASANJI ROAD, ANDHERI (EAST), MUMBAI 400 059. For documents received by Post, acknowledgment are mailed immediately. In case you do not receive the acknowledgement within 15 days from the date of despatch, please write to our Registrars with details for further action.
13. Whenever there is a change in address or change in Bank details, please write to our Registrars giving complete address with PIN Code. Members whose shareholding is in the electronic mode are requested to send the intimation for change in address to their respective Depository Participant.
14. In order to ensure minimum movement of documents and to avoid delay, kindly lodge your documents/ letters at the office of the Registrars at the above mentioned address. The Registrars can be contacted on Tel Nos.8225599 and Fax Nos.8215352
15. Please claim your previous dividends, if any, not encashed. If the dividend warrants have been lost, please apply for duplicate warrants.
16. In case of deceased shareholders, their relatives are requested to file a death certificate, probate and such other documents for transmission of shares. Kindly contact our Secretarial Department for necessary formalities.