

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.

BLUE DART
EXPRESS LIMITED

Registered Office :

Blue Dart Centre, Sahar Airport Road,
Andheri (East), Mumbai - 400 099.

• Tel. : 839 6444 • Fax : 824 4131

www.bluedart.com

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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
Gautam Chakrabarty	Sr. Vice President - HRD
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

CHAIRMAN'S STATEMENT

Dear Shareholders,

Your Company posted a notable performance and continued to forge ahead with its expansion and development plans last year, despite the exceptional circumstances of a demanding year.

The financial year 2001-02 was a challenging one for most of the economies globally. Despite the slowing domestic and global economy, and the unfortunate incident of September 11, 2001, your Company maintained a reasonable level of profits by redrawing its sales and cost-efficiency measures to mitigate, to a large extent, the adverse impacts of the external environment.

During the year under review, your Company registered a Rs. 25.27 crores profit before tax, for the year ended March 31, 2002, as compared with the corresponding figure of Rs. 25.83 crores in the previous year. The total sales have registered a 12% increase over the last fiscal year, compared to over 20% growth in the previous years. Amendments in the accounting standards in India, specifically related to deferred tax provisions, led to a provision of Rs. 3.32 crores to the profit and loss account of the Company.

Over last year, your Company completed the necessary formalities in respect of issue and allotment of bonus shares and, consequent to that, the equity share capital of the Company was enhanced to Rs. 23.73 crores.

Recognition for the Company's performance was conferred with a nomination in the "Emerging Company" category for the "Economic Times Awards for Corporate Excellence". HDFC Bank emerged the winner, but this was an honour accorded to your Company.

India's express industry continued to grow, with various segments including consumer durables, IT and financial instruments boosting sales. Product offerings can be broadly divided into two categories - documents and packages. Increasing penetration of the financial sector fuelled growth in the document segment, while the increasing use of IT-

related equipment drove transportation of packages. Your Company grew strongly in these segments, amongst others, and pressed ahead with consolidating its dominant domestic share.



Your Company continued to differentiate itself from all other players in the premium segment with its technology development and rollout of cutting-edge technology tools and customer software. Technology plays a major role in the industry globally, with real-time data flow for tracking systems and tools for enhancing customer convenience. Benchmarking against the best, your Company rolled out several technology tools that were a first in the Indian express industry. Pickup Online was one such facility launched on your Company's website, www.bluedart.com. This facility provides customers with the added flexibility to schedule pickup of their domestic and international shipments via the internet, at their convenience. During the year, your Company also introduced ShipDart™, a revolutionary, new software that provides customers an interface with Blue Dart's system, and enables users to manage their shipping processes from their desktop. Customers can upload all their data into the Blue Dart system, which flows through the system till billing, generating a one-point shop to eliminate errors. The key strategy is to provide customers with the convenience of functions at one location that they would otherwise perform over the phone or at various shipping points.

Your Company has been investing in infrastructure in a planned manner to support its operations and growth. Your Company has a wide domestic network of delivery and collection points spanning over 13,000 locations. It has a robust, integrated infrastructure which includes its dedicated, express airline, its fleet of over 2,600 vehicles, supported by one of the largest private computer networks in India, with

over 1,600 computer terminals. Last year, your Company continued to expand its infrastructure with new offices at Kolkata, Bangalore, Hyderabad, Borivli in Mumbai, and Verna in Goa. It was a great honour for Kolkata to continue its tradition of having Sister Nirmala of the Missionaries of Charity inaugurate the office. In 1995, Mother Theresa had inaugurated Blue Dart's previous office there. Your Company pushed ahead with its thrust on the emerging markets, adding the towns on Jammu and Kota in the North, and Jamnagar, Jabalpur and Rajkot in the West, to its heavy-shipment distribution network. Your Company also forged strategic alliances in the South and in the North to expand its reach through leveraging of the network of these partners.

Your Company has the only integrated air and surface infrastructure compatible with the increasing demands of express distribution and supply-chain management in the region. We are optimistic about the express business in India, and management is also exploring opportunities in neighbouring countries. Your Company is looking at the SAARC (South Asian Association of Regional Co-operation) region, namely Bangladesh, Sri Lanka and the Maldives, to expand its operations.

Your Company is committed to good corporate governance practice, which is an important instrument for enhancement of shareholder value. Good corporate governance enables firms to compete internationally, and prosper over the long term. We continue to deliver value to our stakeholders through our people philosophy and corporate governance, based on distinctive customer service, business ethics, and accountability and profitability.

I commit that we shall strive to maintain global standards of corporate transparency. We shall strive to increase shareholder confidence in our management ability. We shall strive to deliver value to our shareholders.

Your Company recognises the efforts and contributions of every Blue Darter in mitigating damage and supporting their Company in extremely tough times. Their commitment and service excellence has succeeded in making Blue Dart the leading express company in the region, with a strong and

reliable brand image. I am glad and proud to say that our belief in our 'People-Service-Profit' philosophy veered us away from the global and local panic reactions of pruning employee strength, salary cuts, VRS and other such tactics. I take this opportunity to thank every one of our people for rallying around the Company in a very challenging year.

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

I also take this opportunity to thank all of you for your kind support, and wish all our shareholders and stakeholders continued growth and prosperity in it's association with Blue Dart.

Mumbai
June 18, 2002

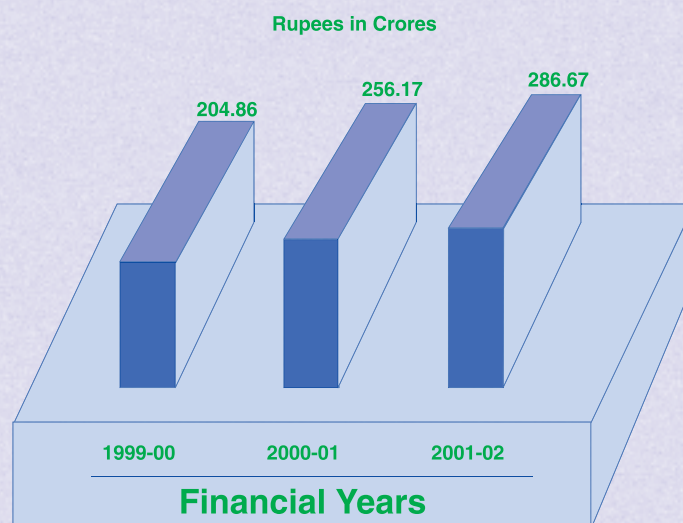
Tushar K. Jani
Chairman

FINANCIAL SUMMARY OF LAST 3 YEARS

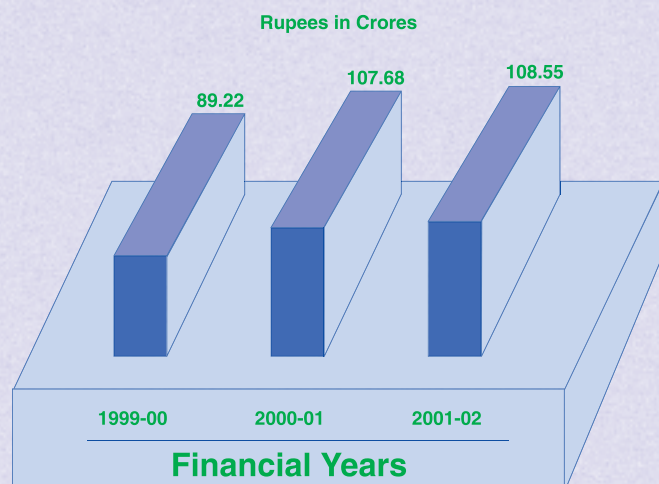
(Rs. in Crores)

Year End March	FY 2001-02	FY 2000-01	FY 1999-00
Income from Operations	286.67	256.17	204.86
Other Income	0.59	0.54	0.32
Total Income	287.26	256.71	205.18
Total Expenditure	246.91	215.24	178.72
Operating Profit	40.35	41.47	26.46
Interest (Net)	8.87	10.04	8.66
Gross Profit	31.48	31.43	17.80
Depreciation	6.21	5.60	3.79
Profit Before Tax	25.27	25.83	14.01
Taxation	7.26	2.80	1.70
Profit After Tax	18.01	23.03	12.31
Equity	23.73	11.89	11.89
Reserves	84.79	95.79	77.33
Gross Fixed Assets	136.17	122.29	100.72
Book Value (in Rs.)	45.63	89.72	73.70

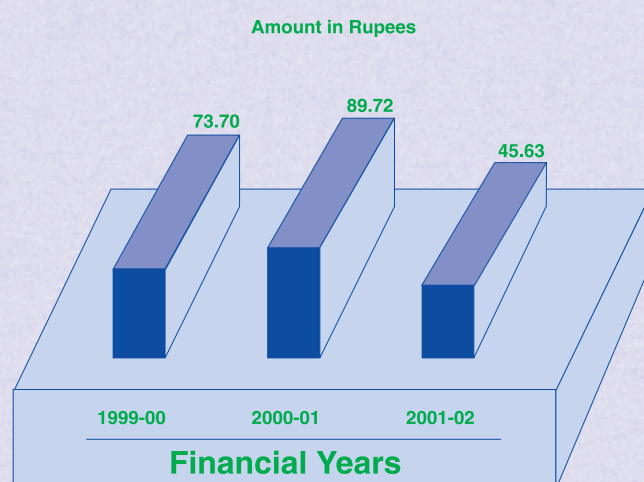
INCOME FROM OPERATIONS



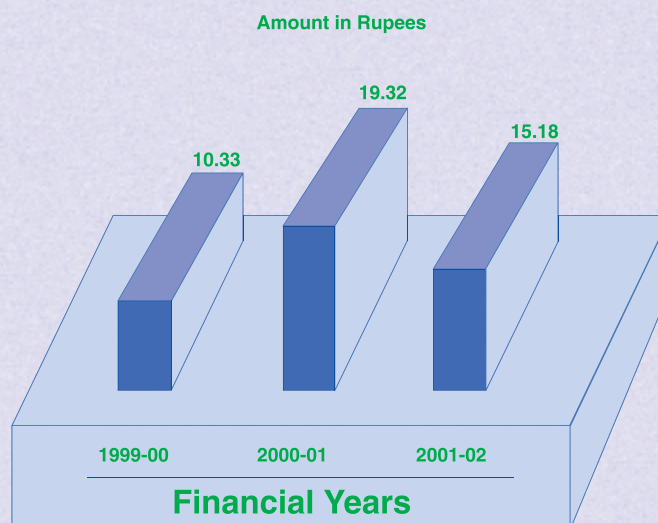
NETWORTH



BOOK VALUE PER SHARE

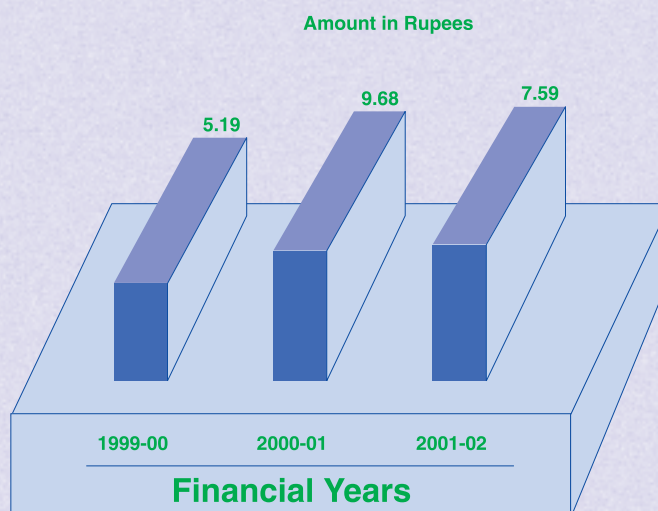


EARNING PER SHARE



During the Financial year 2001-02, the Company had issued Bonus Shares in the ratio of 1:1. The EPS for the year under review is calculated on the Pre Bonus Equity Share Capital of the Company.

ADJUSTED EARNING PER SHARE



The Earning per share of all the financial years are adjusted to reflect the issue of Bonus Shares in the ratio 1:1 and forfeiture of Equity Shares.



L to R : **Suresh G. Sheth** - Director, **Khushroo M. Dubash** - Director, **Tushar K. Jani** - Chairman,
Clyde C. Cooper - Managing Director, **Air Marshal S. S. Ramdas** (Retd.) - Director,
Deepak Vaidya - Alternate Director to Mr. Anil Thadani

DIRECTORS' REPORT

To the Members

The Directors have great pleasure in presenting the Eleventh Annual Report of your Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

	(Rs. in lacs)	
	For the year ended	
	31st March 2002	31st March 2001
Revenues		
Services	28,667	25,617
Lease Income	59	54
Less : Operating Expenses	<u>24,691</u>	<u>21,524</u>
Operating Profit	4,035	4,147
Less : Finance Cost (Net)	887	1,004
Depreciation	621	560
Profit before tax	<u>2,527</u>	<u>2,583</u>
Less : Provision for Income tax	726	280
Profit after tax	<u>1,801</u>	<u>2,303</u>
Profit and Loss A/c balance brought forward	2,662	1,119
Profit available for appropriation	<u>4,463</u>	<u>3,422</u>
Dividend	535	460
Transfer to Reserves	<u>300</u>	<u>300</u>
	<u>3,628</u>	<u>2,662</u>

REVIEW OF PERFORMANCE

During the year, your Company successfully added infrastructure with major facilities at Kolkota, Hyderabad, Bangalore and Chennai and strengthened its air infrastructure with the successful induction of a third aircraft, Vision III, into its operating system. Blue Dart achieved breakeven in the shortest possible time, adding to capacity, service and reliability levels for its customers. More importantly, the strengthening of our air system fulfils a vital demand for quality capacity in JIT distribution and supply chain management solutions. The returns on the capital-intensive investments would become increasingly tangible over a period of time.

Despite the above, and the fallouts of September 11th resulting in an accelerated global economic slowdown, the Company has recorded a profit before interest and depreciation of Rs. 4,035 lacs as compared to Rs. 4,147 lacs of previous year and profit after interest and depreciation of Rs. 2,527 lacs, as compared to Rs. 2,583 lacs of previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend of 22.5% on the enhanced share capital after the issue of bonus shares, which is equivalent to 45% in comparison to 35% of the previous year.

CAPITALISATION OF RESERVES

During the year, the Company has allotted 1,18,63,967 bonus equity shares on September 4, 2001 in the ratio of one equity share for every equity share held, by capitalisation of Share Premium Account out of reserves. Consequently, the share capital of the Company stand increased to Rs. 23.73 crores from Rs. 11.89 crores.

FORFEITURE OF SHARES

During the year, the Company, after various reminders / notices and legal due diligence forfeited 52,700 equity shares of Rs. 10/- each on account of non payment of allotment and /or call money on shares.

OPERATIONS REVIEW

Revenue

During the year, your Company recorded a growth of 12% in income from operations, having been impacted by the accelerating slowdown of the Indian and global economy. Your Company is a barometer of the Indian industry and clearly reflects its performance in slowing growth.

Your Company, performed satisfactorily during the year, despite adverse economic conditions, and is now geared to fully leverage its infrastructure and capacity in what is predicted to be a year when the global and domestic industry will pick up.

Your Company has distributed, on behalf of Indian industry, last year over 24 million shipments weighing over 64,000 tonnes with a 99.95% reliability against commitment.

Your Company is the only Express Company in the country today with a dedicated aviation infrastructure, and a fleet of three Boeing 737 freighter aircrafts to support door to door deliveries, time definite logistics and supply chain demands to the last mile.

Your Company's revenue mix has gradually moved over the last 6 years into the more profitable domestic business. The Domestic to International business ratio has changed from 45:55 in 1995-96 to 81:19 in the year 2001-2002.

Your Company is India's leading air express transportation company and logistics service provider and offers a comprehensive range of services and products for both domestic and international shippers. Blue Dart's continuous commitment towards identifying and addressing the needs and concerns of the Customers has enabled it to provide unmatched standards of service quality with over 99.95% reliability levels in the express industry. Over the years, Blue Dart has continuously evolved to meet the growing demands of business and the customers, innovating new products and expanding its network and infrastructure, thereby increasing its market share in the country.

Interline arrangements

Your Company is supporting International carriers for movement of import and export Interline cargo within India through the five major domestic airports. During the year, the Company has started serving Sri Lankan Airlines, thereby increasing the total of such International carriers serviced to 19.

Warehousing

Your Company has warehouses at 14 locations across the country as well as bonded warehouses at the five major metro airports of Mumbai, Delhi, Chennai, Kolkata and Bangalore, aggregating to 1,20,000 sq.ft. space.

FINANCE

Your Company has restructured its long term loans during the year to bring down the average cost of debt. Further, for working capital requirements, your Company has placed a commercial paper issue of Rs. 15 crores instead of utilizing traditional working capital finance, thereby reduced its cost of borrowings.

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.

SUBSIDIARY COMPANY

Your Company's wholly owned subsidiary, Blue Dart Aviation Ltd. has achieved a profit before tax of Rs. 31 lacs as compared to Rs. 42 lacs of previous year.

The audited statement of accounts for the year ended March 31, 2002, 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 a trained and committed force of over 3,800 people, the latest in state of art technology, integrated air and ground infrastructure, wide geographical coverage with many owned locations, to support India's growth and development, distribution and third party logistics and supply chain management needs of the Industry.

Your Company is well positioned to expand its air network coverage to air charter services in and around India, to support distribution within the region and establish Regional Dominance.

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, Mr. Anil Thadani retires by rotation, at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CORPORATE GOVERNANCE

With increasing Globalization, there has been a renewed thrust on good Corporate Governance practices. Your Company is fully committed to good Corporate Governance and has complied with the requirements as prescribed under the provisions of Clause 49 of the Listing Agreement.

A report on Corporate Governance along with a certificate of compliance from the Auditors forms part of this Report.

FIXED DEPOSITS

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

AUDITORS

It is proposed to appoint M/s. Price Waterhouse, Chartered Accountants, Mumbai as Auditors of the Company in place of the retiring auditors, M/s. Arthur Andersen & Associates, Chartered Accountants, Mumbai. The retiring auditors have expressed their inability to seek re-appointment as statutory auditors of the Company after the conclusion of the ensuing Annual General Meeting.

The Board of Directors would like to thank M/s. Arthur Andersen & Associates, Chartered Accountants, Mumbai, the outgoing Auditors, for their services rendered to the Company during their long association as Statutory Auditors.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all our People for rendering impeccable service to every constituent of the Company's customers, without which our reputation for service excellence and leadership would not have been a household name. 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 the Company's great achievement.

Your Directors also express their deep sense of gratitude to our Customers, the Financial Institutions, the Company's Bankers, Suppliers, Solicitors and all our well wishers 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
June 18, 2002

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. 70,790,906 (2001 - Rs. 47,528,035)

B) Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs. 18,855,849 (2001 - Rs. 182,368)

REPORT ON CORPORATE GOVERNANCE

1. BLUE DART'S PHILOSOPHY ON CORPORATE GOVERNANCE

Blue Dart believes in providing services through transparency in all dealings. All regulatory compliances are strictly adhered to and the Company is committed to good Corporate Governance practices. We believe Corporate Governance is an important instrument for shareholders returns and for the value enhancement.

2. BOARD OF DIRECTORS

The Board consists of three Executive Directors and three Non-Executive Directors. The Company is managed by Mr. Clyde Cooper, the Managing Director with the substantial powers of management as delegated by the Board of Directors of the Company.

During the year under review, six Board Meetings were held on May 8, 2001, July 24, 2001, October 23, 2001, January 15, 2002, March 8, 2002 and March 26, 2002.

Details of attendance at the Board Meetings, Directorship in other Companies and Membership in Committees thereof of each Director are as follows:

Name of Director	Category	Designation	Attendance at the Board Meeting	Directorship of Other Indian Companies*	Membership of Other Companies' Committees*	
					Member	Chairman
Mr. Tushar Jani	Promoter & Executive Director	Chairman	6	9	2	0
Mr. Clyde Cooper	Promoter & Executive Director	Managing Director	6	1	1	0
Mr. Khushroo Dubash	Promoter & Executive Director	Director	6	2	0	1
Mr. Suresh G Sheth	Independent & Non Executive Director	Director	6	2	0	0
Air Mshl. S.S.Ramdas (Retd.)	Independent & Non Executive Director	Director	6	3	1	1
Mr. Anil Thadani**	Independent & Non Executive Director	Director	0	6	0	0
Mr. Deepak Vaidya (Alternate to Mr. Anil Thadani)	Independent & Non Executive Director	Director	4	7	1	1

* Directorship and Membership of Committees in Foreign Companies are excluded.

** Nominee Director of M/s. Newfields Holdings Limited. The last Annual General Meeting of the Company was held on July 24, 2001 and the same was attended by all Directors except Mr. Anil Thadani, who was represented by Mr. Deepak Vaidya, the Alternate Director.

3. AUDIT COMMITTEE

The Audit Committee constituted by the Company consists of Air Marshal S.S. Ramdas (Retd.), Mr. Suresh Sheth and Mr. Deepak Vaidya, along with Mr. Tushar Gunderia, Company Secretary who acts as the Secretary to the Committee. The Committee is chaired by Air Marshal S.S. Ramdas (Retd.). The permanent invitees to the Committee are Mr. Clyde Cooper, Managing Director and Mr. Yogesh Dhingra, Sr. V.P: Finance & CFO. The terms of reference of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges and inter-alia includes the following:

- Overseeing the financial reporting process and ensuring correct disclosure of financial information.
- Reviewing with management, the annual financial statements that specially emphasizes on accounting policies and practices, compliance with the accounting standards and other legal requirements concerning financial statements.

- Reviewing the company's financial and risk management policies.
- Reviewing adequacy of internal audit function including their policies, procedures, techniques and other regulatory requirements and reporting the matter to the Board.
- Recommending appointment and removal of External Auditors and fixation of their fees.

The Constitution of Audit Committee and other related information as on March 31, 2002 are as under:

Name of Director	Status	No of Meetings	
		Held	Attended
Air Mshl.S.S. Ramdas (Retd.)	Chairman	3	3
Mr. Suresh G Sheth	Member	3	3
Mr. Deepak Vaidya *	Member	1	0
Mr. Clyde Cooper *	Member	2	2

* Mr. Deepak Vaidya was appointed on the Committee w.e.f October 23, 2001, in place of Mr. Clyde Cooper, who stepped down from the membership of the Committee.

4. COMPENSATION COMMITTEE

The Board of Directors of the Company constituted the 'Compensation Committee' of Directors on May 7, 2002. The Committee consists of Mr. Deepak Vaidya, Mr. Suresh Sheth, and Air Marshal S.S.Ramdas (Retd.). All the members of the 'Compensation Committee' are Non-Executive Directors and the Committee is chaired by Mr. Deepak Vaidya – the Independent Director.

The Executive Directors are paid remuneration in terms of the resolution passed by the members at the General Meeting. The term of the Managing Director and other Executive Directors is for a period of 5 years from the date of their respective appointment and has notice period of three months.

The Non-Executive Directors are paid sitting fees of Rs.5,000/- for each meeting of the Board and for each meeting of the Audit Committee attended by them.

For the valuable contribution by way of advise for various project works from time to time, the Company has paid fees to Air Marshal S.S. Ramdas (Retd.) and Mr. Suresh Sheth, the Non Executive Directors aggregating to Rs.20.50 lacs on behalf of Blue Dart Aviation Limited, towards professional consultancy services rendered by them during the financial year 2001-02. The Company has also received the necessary approval of the Central Government giving it's opinion under the provisions of Section 309 (1) of the Companies Act, 1956, for possession of requisite professional qualifications by Air Marshal S.S. Ramdas (Retd.) and Mr. Suresh Sheth, the

Directors, for rendering their services in professional capacity.

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

1) Mr. Tushar Jani – Chairman

1. Salary : Rs. 70,000/- per month.

2. Perquisites and Commission :

- House Rent Allowance: Rs. 30,000/- per month.
- Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
- Personal Accident Insurance : In respect of the Director and his family for a sum insured upto Rs. 5,00,000/- per annum.
- Chauffeur: A car with chauffeur be provided by the Company.
- Leave and Travel Concession: For self and family, once in a year incurred in accordance with the rules specified by the Company.
- Club fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- Commission: At the rate of One percent (1%) of net profits of the Company for each financial year or part thereof computed in the manner laid down in Section 309 (5) of the Companies Act, 1956. However, the total commission payable for any year shall not exceed the amount equal to salary for that year.
- The Company's contribution to the Provident Fund and Superannuation Fund in accordance with the Rules and Regulations of the Company.
- Gratuity at a rate not exceeding half a month's salary for each completed year of service.
- Encashment of unavailed leave at the end of the tenure of the term.
- Telephone at residence be provided by the Company.

2) Mr. Clyde Cooper – Managing Director

1. Salary : Rs. 4,50,000/- per month.

2. Perquisites and Commission :

- a) House Rent Allowance: Rs.1,50,000/- per month
(The Company has provided the furnished lease accommodation in lieu of HRA).
- b) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
- c) Personal Accident Insurance: In respect of the Managing Director and his family for a sum insured upto Rs.5,00,000/- per annum.
- d) Chauffeur: A car with chauffeur be provided by the Company.
- e) Leave and Travel Concession: For self and family, once in a year incurred in accordance with rules specified by the Company from time to time.
- f) Club Fees: Fees of clubs subject to a maximum of two clubs. However, this will not include admission and life membership fees.
- g) Commission: At the rate of One percent (1%) of net profits of the Company for each financial year or part thereof computed in the manner laid down in Section 309 (5) of the Companies Act, 1956. However, the total commission payable for any year shall not exceed amount equal to salary for that year.
- h) The Company's contribution to the Provident Fund and Superannuation Fund in accordance with the Rules and Regulations of the Company.
- i) Gratuity at a rate not exceeding half a month's salary for each completed year of service.
- j) Encashment of unavailed leave at the end of the tenure of the term.
- k) Telephone at residence be provided by the Company.

3) Mr. Khushroo Dubash – Whole Time Director

1. Salary : Rs. 70,000/- per month.

2. Perquisites and Commission :

- a) House Rent Allowance : Rs. 30,000/- per month.

- b) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
- c) Personal Accident Insurance: In respect of the Director and his family for a sum insured upto Rs. 5,00,000/- per annum.
- d) Chauffeur: A car with chauffeur be provided by the company
- e) Leave and travel Concession: For self and family, once in a year incurred in accordance with any rules specified by the Company.
- f) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- g) Commission: At the rate of One percent (1%) of net profits of the Company for each financial year or part thereof computed in the manner laid down in Section 309 (5) of the Companies Act, 1956. However, the total commission payable for any year shall not exceed amount equal to salary for that year.
- h) The Company's contribution to the Provident Fund and Superannuation Fund in accordance with the Rules and Regulations of the Company.
- i) Gratuity at a rate not exceeding half a month's salary for each completed year of service.
- j) Encashment of unavailed leave at the end of the tenure of the term.
- k) Telephone at residence be provided by the Company.

The Company has paid the remuneration to above Executive Directors within the aforesaid permissible limits and as per the provisions of law.

The Company does not have any stock option scheme.

5. INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee approves and monitors transfers and transmission of shares, splitting and consolidation of share certificates. The Committee also monitors redressal of complaints received from the shareholders relating to transfer of shares, non-receipt of annual reports, dividend and other investors' related matters.

The Committee consists of Mr. Suresh Sheth, Non Executive Director acting as Chairman and Mr. Clyde Cooper. Mr. Tushar Gunderia – Company Secretary has been designated as Compliance Officer. During the year under review, 636 correspondences / complaints were received from the shareholders/ investors. All the complaints have been resolved/ attended.

All valid share transfers received during the year were processed by the Committee. In respect of shares held in physical form, 600 equity shares lodged for transfer were in the process of being transferred as on March 31, 2002 and the same has since been processed.

The details of correspondence / complaints received during the year are as under :

Nature of Correspondence	No. of Correspondence	
	received	resolved/ attended
Change of Address	179	179
Non Receipt of Share Certificate/ Transfer/ Transmission	77	77
Non Receipt of fully paid Sticker	106	106
Request for loss / duplicate/ replacement of Share Certificates	76	76
Non Receipt/Revalidation of Refund Order/Dividend Warrant	96	96
Others *	102	102
Total	636	636

* 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 2001-2002.

6. GENERAL BODY MEETINGS

Details of Annual General Meetings held during last three years:

AGM for Financial Year ended	Date	Time	Location
1998 – 1999	28.09.99	4.30 p.m	K C College Auditorium, K C College, Dinshaw Vachha Road, Churchgate, Mumbai 400 020
1999 – 2000	12.09.00	4.30 p.m	Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai 400 020
2000 – 2001	24.07.01	4.30 p.m	Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai 400 020

No special resolutions were put through postal ballot at the last Annual General Meeting. At the ensuing AGM, there is no item on the Agenda that needs approval by the postal ballot.

7. DISCLOSURES

None of the transactions with any of the related parties were in conflict with the interest of the Company.

Further, no penalty or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or statutory authorities on any matter related to capital markets during the last three years.

8. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly results are published in Economic Times and Gujarat Samachar. The financial results and press releases are also immediately posted on the Company's website viz; www.bluedart.com

The Quarterly, Half yearly and Yearly results are published in Newspapers with adequate disclosures for the knowledge of shareholders. The Company do not have the system of intimating shareholders individually over results and all the queries if any, are replied instantaneously.

The Company meets Research Analysts as and when any request is made and shares with them necessary public information and clarifies their doubts / queries, needed

for their research and analysis work.

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

9. GENERAL SHAREHOLDER INFORMATION

9.1 Annual General Meeting

July 25, 2002 at 4.30 p.m., Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Bldg, Churchgate, Mumbai 400 020

9.2 Financial Calendar

(tentative and subject to change)

Schedule of Board Meetings

Date

First Quarter ending : July 25, 2002
June 30, 2002

Second Quarter ending : October 22, 2002
September 30, 2002

Third Quarter ending : January 14, 2003
December 31, 2002

Year ended : April 22, 2003
March 31, 2003

Schedule of Audit Committee Meetings

Date

First Quarter ending : July 24, 2002
June 30, 2002

Second Quarter ending : October 21, 2002
September 30, 2002

Third Quarter ending : January 13, 2003
December 31, 2002

Year ended : April 21, 2003
March 31, 2003

9.3 Book Closure period

July 18, 2002 to July 25, 2002

9.4 Dividend Payment Date

July 27, 2002

9.5 Listing on Stock Exchanges

1. The Stock Exchange, Mumbai
2. The Stock Exchange – Ahmedabad
3. The Delhi Stock Exchange Association Ltd

(The Company has paid its Annual Listing fees to all the above Stock Exchanges for F.Y 2002 – 2003)

9.6 Stock Code: (Numeric)

BSE: 526612

ASE: 09433

DSE: 102166

9.7 ISIN

INE233B01017

9.8 Stock Market Data

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

2001- 2002	BSE		NSE	
	High	Low	High	Low
April 2001	205.15	150.00	205.20	150.00
May 2001	249.55	196.00	258.00	193.00
June 2001	230.15	175.25	237.00	173.50
July 2001	194.90	156.85	195.90	157.20
August 2001 (Till 12.08.01)	179.75	174.20	180.00	175.05
August 2001 (Till 31.08.01)	94.00	83.25	95.95	85.00
September 2001	96.95	64.00	94.90	64.00
October 2001	74.60	63.60	75.00	64.00
November 2001	87.40	60.05	83.90	60.30
December 2001	84.75	61.50	83.40	62.35
January 2002	81.60	65.00	83.00	65.20
February 2002	84.00	70.10	84.55	71.25
March 2002	91.00	72.10	91.50	60.10

9.9 Stock Price Performance in comparison to the BSE Sensex

Period	% Change in		Blue Dart's Share Price Comparison to Sensex
	Blue Dart's Share Price*	BSE Sensex	
Financial Year			
2001-02	+ 6.47 %	-2.72%	+ 3.75%

* During the financial year, the Company had issued Bonus Shares in the ratio of 1:1 and the share price of the Company has been accordingly adjusted.

9.10 Registrar & Share Transfer Agent

IIT Corporate Services Ltd.,
Protoprima Chambers, 2nd Floor,
Suren Road,
Andheri (East),
Mumbai 400 093.
Tel : 6836790 – 91, 6838240 - 41
TeleFax : 6836790

9.11 Share Transfer System

The share transfers which are received in physical form are processed well within the prescribed period, from the date of receipt, subject to the documents being valid and complete. As prescribed by SEBI, the Company offers the facility of transfer cum demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the

details of the transferred shares and requesting him, in case, he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the Company along with the option letter issued by the Company. On receipt of the same, Company dematerialize the shares. In case, the transferee does not wish to dematerialize the shares, he need not exercise the option and the Company will despatch the share certificates after 30 days from the date of such option letter.

9.12 Distribution of Shareholding as on June 10, 2002

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	9207	91.23	16,27,677	6.86
501 - 1000	459	4.55	3,68,771	1.55
1001 - 2000	209	2.07	3,41,164	1.44
2001 - 3000	58	0.57	1,48,726	0.63
3001 - 4000	29	0.29	1,09,276	0.46
4001 - 5000	17	0.17	78,879	0.33
5001 - 10000	48	0.48	3,61,011	1.52
10001 - 30000	24	0.24	4,43,879	1.87
30001 - 50000	1	0.00	37,665	0.16
50001 - 100000	10	0.10	8,16,390	3.44
100001 - Above	30	0.30	1,93,94,496	81.74
Total	10092	100.00	2,37,27,934	100.00

9.13 Categories of shareholders as on June 10, 2002

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoters	29	1,21,17,796	51.07
Foreign Body Corporate	1	49,51,598	20.87
Individuals	9522	30,24,521	12.75
Banks, Financial Institution and Mutual Funds	33	29,95,317	12.62
Companies	402	5,76,642	2.43
NRIs & FIIs	58	45,547	0.19
Clearing Members	47	16,513	0.07
Total	10092	2,37,27,934	100.00

9.14 Dematerialization of Shares and Liquidity

The trading of Company's shares is compulsory in demat mode for all investors with effect from August 28, 2000. As on June 10, 2002, 2,28,41,470 Equity Shares representing 96.26 % of the paid up Equity Share Capital of the Company is in the dematerialized mode.

9.15 Outstanding GDR / ADR

Nil

9.16 Address for Communication

Shareholders should address their correspondence to Company's Registrar & Share Transfer Agents at the address mentioned at 9.10 hereinabove.

Contact Persons :

Mr. S. Mahadevan - Officer

Ms. Asha Shetty – Officer

Shareholders may also contact Prabha Singh or Bharat Sanghavi – Manager: Secretarial at the Registered office of the Company for any assistance.

Telephone : 8396444 Ext : 3422 and 3437

Email : PrabhaS@bluedart.com

Email : BharatS@bluedart.com

9.17 a) Analyst Contact

Yogesh Dhingra – Sr V P : Finance & CFO

b) General Information Contact

Tulsi Mirchandaney – Sr V P : Marketing & Projects

Telephone : 8396444 Fax : 8244131

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's courier industry has experienced progressive growths over the past two decades. The entry of MNCs in the past year into the Indian express, courier and logistics industry is another positive signal of its health. Growth has been driven by, among others, the banking, financial, insurance, IT, healthcare and hospitality segments. There has been an increased and sustained demand from these segments.

Internal estimates place the current industry size at Rs.20 billion, with the domestic sector constituting 60% of the total at Rs.12 billion. About 54% of this domestic sector is organised, with the rest inhabited by small, local players, many of whom have evolved from the traditional, personal mail-bearers, better known as the 'angadia'. Blue Dart occupies a leadership position in the organised sector, with a market share of about 38%. Blue Dart has propelled itself into a distinct space through its acquisition of a fleet of 3 Boeing 737 freighter aircraft. This makes it the only player in the Indian market with its own air infrastructure, and the only domestic cargo airline in the country.

The courier industry has witnessed a shift in composition and focus in the past few years. The international segment formed a major 55% of the market in the mid 90s. This has now declined to an estimated 40%. Blue Dart, with an increased focus on domestic and regional markets, has seen a drop in its international share from 55% in 1995-96 to 19% in 2001-02. Documents have given way to small packages. Though the industry non - document : document ratio is estimated at 35:65, Blue Dart's is significantly weighed towards non-documents at a 65:35 ratio, another endorsement of its aircraft advantage. There is also an increased thrust towards secondary markets because of greater demand and discretionary spending power at these locations.

REVIEW OF PERFORMANCE

The Company ended the year with an increase of 12% in income from operations over the previous year. Growth up to July 01 exceeded 20%, but were impacted by the slowing down of the Indian economy and the unfortunate incident of September 11, with Quarter 2 declining to 15%. However, a timely response in terms of revised market strategies and internal stringent controls on costs, have resulted in mitigating these adverse effects to a large extent, despite the huge fixed cost absorption of a third aircraft inducted during the year.

Quarter 3 Sales posted a growth of 10%, and Quarter 4, 4%. Blue Dart has maintained its profit in the face of challenging times for both Indian and Global industry.

Blue Dart has successfully absorbed the induction of its third aircraft, Vision III, into its operating system, and has achieved a breakeven in the shortest possible time. Returns on this investment would become increasingly apparent over a period of time. Delivery capability has been enhanced by Blue Dart's air capacity, and has created new markets. This is self-evident from the progressively increasing load-factors on the aircraft, and the quantum rise in demand from the small package segment.

OPPORTUNITIES

Supply chain management and logistics are an emerging area, more so in the current economic environment. Companies across the board are reviewing their internal processes to eliminate high inventory costs, and outsource non-core activities. Courier companies with established distribution networks are natural business partners. Blue Dart is ideally positioned to service these demands. As the only express company with a complete air and surface infrastructure, a wide geographical network servicing almost 13,000 locations, cutting-edge technology and customer software, a professional, trained workforce of 3,800 people, and unmatched reliability levels of 99.95%, Blue Dart fulfills a vital demand for quality capacity in JIT (just-in-time) distribution and supply-chain management solutions.

Blue Dart's aircraft are based in Kolkata, Chennai and Bangalore, and are strategically placed for regional expansion into Bangladesh, Sri Lanka and the Maldives, all of which are active trading partners of India. The Free Trade Agreements can only further stimulate demand between these regions.

Ecommerce is a segment, which Blue Dart had developed 2 years ago, and sizeable opportunities exist for web-enabled services. Blue Dart's strong back-end and integration capability can provide powerful support to any development in this area, and the path for this segment is projected upwards.

Strategic alliances offer another growth path. With trade barriers coming down, and increased global and domestic distribution possibilities, Blue Dart presents a superior quality partnership. Blue Dart offers an extensive domestic operations

and sales network, and its standards are international. Blue Dart will leverage this Domestic integral strength to handling all MNCs and freight forwarder and logistics demand on an non exclusive basis.

THREATS

Political instability can impact industry sentiment and the reform process, which could impede economic growth. This could have an adverse effect on the courier industry, which is a direct gauge of economic well-being.

Another key concern relates to the sensitivity of the sector to ATF price changes. Fuel prices are closely co-related to Blue Dart's profit performances, more so because of the high fixed-cost nature of its business.

Any attempt at Postal Regulation of the industry, or regulation of any kind, could be detrimental to its competitiveness and health. The widely varying standards of service and deployment of resources and assets within the industry make it difficult to control under a single umbrella. Regulation could serve to retard development and constrict flexibility that is vital to the expansion of the industry.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The company is primarily engaged in a single segment business of integrated transportation and distribution of shipments. It is managed as one entity for its various service offerings, and is governed by a similar set of risks and returns.

The company's core products are:

DOMESTIC PRIORITY

The fastest, most reliable door-to-door delivery service for documents and small shipments under 32kgs per package. This service is available within India, and between India, Nepal, Bhutan and Bangladesh for small packages.

DART APEX

A door-to-door domestic service for shipments weighing 10kgs and above. It is the fastest, most efficient logistics solution for commercial shipments that are required to undergo regulatory clearances, and have a time definite delivery.

DART SURFACELINE

An economical door-to-door ground distribution service for shipments of 5kgs and above. It offers a cost-effective option for shipments that are less time-sensitive and can endure the rigours of ground transportation.

INTERNATIONAL SERVICES

Blue Dart offers a one-stop shipping service for reliable, time-definite delivery of international documents and packages to 211 countries worldwide. Blue Dart's contract with Federal Express is scheduled to expire in September, 2002, and new alternative arrangements are being framed for Blue Dart's International Service Offerings.

Product-wise data: 2001-02:

Product	No of shipments	Tonnage (Metric tonnes)	CAGR
Domestic Priority	22.9 mn	17,153	21%
Dart Apex	0.3 mn	11,404	28%
Dart Surfaceline	0.6 mn	25,796	20%
International	0.4 mn	649	16%

OTHER PRODUCTS

SMART BOX

A packaging unit, in sizes of 10kgs. and 25kgs., that can be conveniently used by customers to send a variety of their shipments through the fastest and most secure express mode. The packaging is priced to include door-to-door delivery, with the support of easy tracking and proof of delivery through Blue Dart's website, or the customer service cell.

FREIGHT PRODUCTS

Blue Dart's aviation system, with its fleet of three Boeing 737 aircraft, warehouses including bonded cargo warehouses, and its own ground-handling and maintenance capability, make it the only express cargo airline in the country today. Blue Dart offers capacities and dimensions unmatched by any other domestic airline in India today. Apart from enabling overnight deliveries for its core products, the capacity has been optimised through creation of freight products, to meet the demands of the high-volume requirements from airport to airport.

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 Blue Dart's airside warehouses equipped with x-ray machines. This enables early morning deliveries and late cut-offs, without the requisite cooling period mandatory on passenger airlines.

INTERLINE

Blue Dart's bonded warehouses at the five major metros facilitate the transshipment of customs- bonded freight between these airports. Blue Dart has interline cargo arrangements with 19 international airlines - Air Canada, Air France, Air India, Air Mauritius, Alitalia, Asiana, British Airways, Cargolux, Cathay Pacific, China Airlines, Crossair (earlier Swissair), Das Air,

El Al Israel Airlines, Emirates, KLM Royal Dutch Airlines, Kuwait Airways, Saudi Arabian Airlines, Singapore Airlines and Sri Lankan Airlines. Blue Dart facilitates the carriage of bonded cargo to and from these airlines' gateways, thereby enhancing their marketing possibilities within the country.

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, lifted emergency equipment, perishable aquaculture, computer peripherals, electronics, high-value TV and broadcasting equipment for cricket matches and large inventory for JIT plants.

TECHNOLOGY

Blue Dart has been at the forefront of technology in the domestic express industry space in the country. Technology has been used strategically to integrate all the processes of the Company, enhance quality levels towards delivery excellence, and to create solutions for our customers whose loyalty is our priority and focus.

STAND-ALONE TOOLS

COSMAT II™

Constructed to cover all the complex processes of the entire organisation, it enables tracking of shipments from pick-up to every transit point, till delivery. Using barcode and scanner technology, this tool ensures that the customer received 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 this tool which is plainly visible on every page of the Blue Dart website.

MAILDART™

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

PICKUP ONLINE

A facility launched on the Company's website, www.bluedart.com in 2001. This facility provides customers with the added flexibility to schedule pickup of their domestic and international shipments via the internet, at their convenience.

LOCATION FINDER

Available on every page of the Blue Dart website, this convenient tool allows the customer to identify Blue Dart service location, counter or franchisee office that is closest to him. Any of Blue Dart's 13,000 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

SHIPDART™

A revolutionary, new software that provides customers an interface with Blue Dart's system, and enables users to manage their shipping processes from their desktop. Customers can upload all their data into Blue Dart system, which flows through the system till billing, generating a one-point data entry to eliminate errors. This software brings control of the shipping processes into the hands of the customer.

INTERNETDART™

Most effective for medium to large business houses, this allows on-line tracking of shipments sent over the last 45 days. Cleverly designed, Internet Dart™ 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 Application 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 the computer. MobileDart-WAP works on any mobile phone or device that support 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.

OUTLOOK

Blue Dart is focused on expanding and retaining its leadership position in the South Asian markets. It will continue to differentiate itself by developing value-added products to forge closer and stronger bonds with its customers. Loyal

customers are a strong constituency to which Blue Dart is pledged, because Blue Dart believes that development ideas and growth evolve from the minds and hearts of customers.

March 02 has been encouraging, and indicators portend an industry turnaround in the near future. Blue Dart is optimistic about its performance in the next fiscal year, and its ability to maintain a double-digit growth.

RISKS AND CONCERNS

Political unrest is a risk, as any disruption would have an adverse impact primarily because of the perishable nature of the service. A day lost can never be regained.

Increases in ATF prices would also have a direct effect on costs and profits.

INTERNAL CONTROLS AND ITS ADEQUACY

The Company has a proper and adequate system of internal controls and procedures in place to ensure that transactions are authorized, recorded and reported correctly.

Online Management Information Systems (MIS) forms the backbone of Blue Dart's control mechanism. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that the MIS is in line with a well-conceived annual planning and budgeting system.

The Company has engaged a reputed firm namely M/s KPMG, as Internal Auditors of the Company with the objective to assist management in evaluating and testing the effectiveness of controls that are in place to mitigate risks faced by the Company. Their reports have been dealt with their detailed scope of work and discussed at the Audit Committee of the Board of Directors for suitable corrective actions.

The Company also has re-certification for three years in the year 1999-2000 to ISO 9001 standards for its Quality Management Systems by Lloyd's Register Quality Assurance.

HUMAN RESOURCE MANAGEMENT

Blue Dart has been pursuing a 'People-Service-Profit' philosophy since its inception, and its vision statement clearly expresses the Company's commitment to the development of its people.

The Company believes that people are the key ingredient to the success of an organisation. Looking after people makes good business sense because, if people are happy and

motivated, service excellence follows, and consequent referrals and repurchase translate into automatic profits.

Blue Dart recognises the value of human capital, and 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. Blue Dart has inducted a Senior Vice President - Human Resources, to continue its people processes and take them forward to meet professional and personal challenges.

Open and transparent communication processes like the Guaranteed Fair Treatment Policy (GFTP) and Survey Feedback Action (SFA) provide free and frank upward communication to management, to enable proactive measures for internal customer satisfaction, leading to external customer satisfaction.

Blue Dart's strongest asset is its team of over 3,800 trained and professional people who are dedicated to provide solutions

that anticipate and fulfill the needs of customers, and translate the Company's vision into reality.

CAUTIONARY STATEMENT

The statements forming part of this Report may contain certain forward looking remarks within the meaning of applicable Securities Laws & Regulations. Many factors could cause the actual results, performances, or achievements of the Company to be materially different from any future results, performances or achievements.

Significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in Government regulations, tax regime and other statutes.

AUDITORS' REPORT ON CORPORATE GOVERNANCE - MARCH 31, 2002

To the Members of

BLUE DART EXPRESS LIMITED

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of corporate governance by BLUE DART EXPRESS LIMITED ('the Company'), for the year ended March 31, 2002, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement by March 31, 2002.

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

Arthur Andersen & Associates
Chartered Accountants

Place : Mumbai
Date : June 18, 2002

Richard Rekhy
(Partner)

AUDITORS' REPORT

To the Members of

BLUE DART EXPRESS LIMITED

1. We have audited the accompanying balance sheet of BLUE DART EXPRESS LIMITED at March 31, 2002 and the statements of profit and loss and cash flows for the year then ended, prepared in conformity with accounting principles generally accepted in India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
4. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements
 - a. give the information required by the Indian Companies Act, 1956 ('the Act'), in the manner so required; and
 - b. give a true and fair view of the state of affairs of BLUE DART EXPRESS LIMITED at March 31, 2002 and of its profit and cash flows for the year then ended, in conformity with the accounting principles generally accepted in India.

Further, the balance sheet and the statement of profit and loss comply with the accounting standards referred to in section 211(3C) of the Act and are in agreement with the books of account. In our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of those books.

5. On the basis of information and explanations given to us, and representations obtained by the Company and taken on record by the Board of Directors, as on March 31, 2002 none of the directors are disqualified from being appointed as directors in terms of section 274(1)(g) of the Act.
6. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of section 227 (4A) of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Arthur Andersen & Associates
Chartered Accountants

Mumbai
May 7, 2002

Richard Rekhy
Partner

ANNEXURE TO AUDITORS' REPORT – MARCH 31, 2002

1. The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets. Management verifies majority of its fixed assets on an annual basis and the remaining assets are verified once every three years. We are informed that no material discrepancies were noted on the fixed assets verified during the year, and the same have been properly dealt with in the financial statements. 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 did not have any inventories during the year. Accordingly, clause (iii) to (vi) and (xii) of the Order, relating to physical verification and valuation of stock and provisioning for unserviceable or damaged stores, raw materials or finished goods, are not applicable to the Company.
 4. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The Company has taken unsecured loans from its subsidiary company and the rates of interest and other terms and conditions of such loans are prima facie, not prejudicial to the interest of the Company.
 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 its subsidiary company and the rates of interest and other terms and conditions of such loans are prima facie, not prejudicial to the interest of the Company.
 6. Employees and subsidiary company to whom loans, or advances in the nature of loans, have been given by the Company, are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
 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. According to the information and explanations given to us, the Company has not entered into any transactions of purchase of goods and materials or sale of goods, materials and services made in pursuance of contracts or arrangements listed 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. In our opinion and according to the information and explanations given to us, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap, which is not considered to be significant. We are informed that the Company's operations do not generate any by-products.
 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, 2002 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, 2002, other than those payable under contractual obligations and normal business practices.
 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 7, 2002

Richard Rekhy
Partner

BALANCE SHEET - MARCH 31, 2002

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

	Notes	2002	2001 (Note 26)
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share capital	3	237,628	118,944
Reserves and surplus	4	847,856	957,891
		<u>1,085,484</u>	<u>1,076,835</u>
LOAN FUNDS			
Secured loans	5	558,079	611,280
Unsecured loans	6	50,000	100,000
		<u>608,079</u>	<u>711,280</u>
DEFERRED TAX LIABILITY			
	2 (g) & 7	<u>151,410</u>	-
		<u>1,844,973</u>	<u>1,788,115</u>
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
	2(a), (f) & 8		
Cost		1,361,734	1,222,923
Accumulated depreciation and amortisation		(284,183)	(225,867)
Net book value		<u>1,077,551</u>	<u>997,056</u>
Capital work-in-progress including advances		656	2,877
		<u>1,078,207</u>	<u>999,933</u>
INVESTMENTS			
	2(b) & 9	201,360	201,760
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	10(a)	320,712	328,092
Cash and bank balances	10(b)	75,288	67,967
Loans and advances	10(c)	<u>390,785</u>	<u>391,533</u>
		<u>786,785</u>	<u>787,592</u>
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11(a)	(159,529)	(155,215)
Provisions	11(b)	(64,402)	(53,611)
		<u>(223,931)</u>	<u>(208,826)</u>
Net current assets		<u>562,854</u>	<u>578,766</u>
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	2(c) & 12	2,552	7,656
		<u>1,844,973</u>	<u>1,788,115</u>

The accompanying notes 1 to 26 are an integral part of this balance sheet.

Director		Tushar K.Jani	Clyde C.Cooper Chairman Managing
Arthur Andersen & Associates Chartered Accountants		Khushroo M.Dubash Director Air Marshal S.S.Ramdas (Retd.) Director	Suresh G.Sheth Director Deepak Vaidya Alternate Director for Anil Thadani
Mumbai May 7, 2002	Richard Rekhy Partner	Yogesh Dhingra Senior Vice President - Finance & Chief Financial Officer	Tushar Gunderia Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2002

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

	Notes	2002	2001 (Note 26)
REVENUES			
Service charges	2(d)	2,866,648	2,561,723
Other income	13	5,931	5,350
		<u>2,872,579</u>	<u>2,567,073</u>
OPERATING COSTS			
Freight, handling and servicing costs	14	1,752,721	1,530,812
Employee costs	2(e) & 15	451,099	389,174
Selling and administration expenses	16	120,120	108,329
Establishment costs	17	145,111	124,030
		<u>2,469,051</u>	<u>2,152,345</u>
Profit before tax, interest, depreciation and amortisation		403,528	414,728
Depreciation and amortisation	2(a) & 8	62,065	56,045
Interest expense, net	18	88,744	100,429
Profit before tax		252,719	258,254
Provision for tax			
- Current	2(g)	39,463	28,000
- Deferred	2(g) & 7	33,175	-
		<u>72,638</u>	<u>28,000</u>
Net profit		180,081	230,254
Profit and loss account, beginning of year		266,217	111,925
Profit available for appropriation		<u>446,298</u>	<u>342,179</u>
Proposed dividend		53,505	41,708
Corporate tax on dividend		-	4,254
Transfer to general reserve	4	30,000	30,000
Profit and loss account, end of year	4	<u>362,793</u>	<u>266,217</u>
Earnings per share			
	2 (h) & 19		
- Basic and diluted		Rs. 7.59	Rs. 9.68
- Nominal value of shares		Rs. 10.00	Rs. 10.00

The accompanying notes 1 to 26 are an integral part of this statement

Director	Tushar K.Jani	Clyde C.Cooper Chairman Managing
	Khushroo M.Dubash Director	Suresh G.Sheth Director
Arthur Andersen & Associates Chartered Accountants	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
Mumbai May 7, 2002	Richard Rekhy Partner	

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2002

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

Notes	2002	2001 (Note 26)
CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before tax	252,719	258,254
Adjustments to reconcile profit before tax to cash provided by operations:		
Depreciation and amortisation	62,065	56,045
Interest expense	93,363	124,966
Miscellaneous expenses written off	5,104	6,384
(Profit)/loss on retirement of fixed assets, net	(1,397)	(678)
Interest income	(4,619)	(24,537)
(Increase)/decrease in current assets, loans and advances:		
Sundry debtors	7,380	(26,960)
Loans and advances, excluding advance taxes	24,332	(63,451)
Increase/(decrease) in current liabilities and provisions	15,998	(38,406)
Cash provided by operating activities	454,945	291,617
Income-tax refund	3,995	37,237
Income-tax paid	(62,245)	(35,861)
Net cash provided by operating activities	396,695	292,993
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Additions to fixed assets including capital work-in-progress	(141,544)	(108,723)
Sale of investments	400	25
Interest received	3,731	22,014
Proceeds from retirement of fixed assets	2,602	1,825
Net cash used in investing activities	(134,811)	(84,859)
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Proceeds from issue of share capital	308	265
Net (repayment of)/proceeds from secured loans	(106,898)	(89,852)
Net proceeds from unsecured loans	(50,000)	(100,000)
Net proceeds from bank overdraft	53,697	134,488
Interest paid	(96,048)	(123,489)
Foreclosure charges paid (net)	(8,403)	(5,027)
Dividend paid (including dividend tax)	(47,219)	(27,110)
Net cash used in financing activities	(254,563)	(210,725)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	7,321	(2,591)
CASH AND CASH EQUIVALENTS, beginning of year	67,967	70,558
CASH AND CASH EQUIVALENTS, end of year	75,288	67,967
Cash and cash equivalents include the following restricted bank balances:		
Balances with scheduled banks in deposit accounts	3,115	3,113
Balances with scheduled banks in margin money account	4,201	4,699

The accompanying notes 1 to 26 are an integral part of this statement

<p>Tushar K.Jani Director</p>	<p>Clyde C.Cooper Chairman Managing</p>
<p>Khushroo M.Dubash Director</p>	<p>Suresh G.Sheth Director</p>
<p>Air Marshal S.S.Ramdass (Retd.) Director</p>	<p>Deepak Vaidya Alternate Director for Anil Thadani</p>
<p>Yogesh Dhingra Senior Vice President - Finance & Chief Financial Officer</p>	<p>Tushar Gunderia Company Secretary</p>
<p>Arthur Andersen & Associates Chartered Accountants</p>	
<p>Richard Rekhy Partner</p>	
<p>Mumbai May 7, 2002</p>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in conformity with accounting principles generally accepted in India. 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 capitalised.

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

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.

Cost related to airframe and engine overhauls and components are stated under fixed assets as 'Aircraft – components and overhaul'. Such costs are

depreciated on the basis of hours flown or the life cycle of the overhaul program, as applicable.

(b) Investments

Investments are long-term and are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments.

(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 three 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 five 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) Income-tax

Provision for current income-taxes is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the current year, the Company revised its accounting policy and income-taxes have been accounted as per Accounting Standard 22 'Accounting for taxes on income' ('AS - 22') issued by the Institute of Chartered Accountants of India. The change in accounting policy has resulted in a deferred tax charge of Rs 33,175 for the year and consequently the net profit for the year and reserves are lower by a similar amount. Further, the net deferred tax liability of Rs 118,235 pertaining to the period prior to April 1, 2001 has been adjusted against the general reserve in accordance with the transitional provision of AS - 22.

(h) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity

shareholders by the weighted average number of equity shares outstanding during the year.

3. SHARE CAPITAL

	2002	2001
Authorised 40,000,000 (2001 — 40,000,000) equity shares of Rs 10 each (2001— Rs 10 each)	<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up 23,727,934 (2001 — 11,916,667) equity shares of Rs.10 each fully paid up	237,280	119,167
Less: Calls in arrears	-	223
	<u>237,280</u>	<u>118,944</u>
Forfeited Shares	348	-
	<u>237,628</u>	<u>118,944</u>

During the year the Company allotted 11,863,967 equity shares of Rs.10 each as fully paid up bonus shares by capitalisation of share premium.

4. RESERVES AND SURPLUS

	2002	2001
Share premium		
Balance beginning of year	512,433	512,176
Received during the year	831	257
Less: Issue of bonus shares	118,640	-
: Expenses for issue of bonus shares	567	-
Balance end of year	<u>394,057</u>	<u>512,433</u>
General reserve		
Balance beginning of year	179,241	149,241
Less: Adjustment of deferred tax liability as at April 1, 2001 (see note 2(g) and 7)	118,235	-
Transfer from profit and loss account	30,000	30,000
Balance, end of year	<u>91,006</u>	<u>179,241</u>
Profit and loss account	<u>362,793</u>	<u>266,217</u>
	<u>847,856</u>	<u>957,891</u>

5. SECURED LOANS

	2002	2001
Term loans (see (a) below)		
From banks	238,800	32,736
From financial institutions	110,000	418,719
Working capital loans (see (b) below)	205,912	152,215
Obligations under hire purchase contracts (see (c) below)	<u>3,367</u>	<u>7,610</u>
	<u>558,079</u>	<u>611,280</u>
Aggregate amount of secured loans repayable within one year (excluding working capital loans)	<u>92,120</u>	<u>131,304</u>

- (a) Term loans from banks and financial institutions are secured by pari passu first charge on movable and immovable properties of the Company.
- (b) 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 properties.
- (c) Obligations under hire purchase are secured by fixed assets acquired under these contracts.

6. UNSECURED LOANS

	2002	2001
Short term loans and advances		
From banks – Commercial Paper (5 (2001 - 10) certificates of Rs 10,000 each)	<u>50,000</u>	<u>100,000</u>
Maximum amount outstanding during the year — Rs 150,000 (2001 – Rs.100,000)		

7. DEFERRED TAX LIABILITY

	2002	2001
As at April 1		
Accelerated depreciation	89,630	-
Heavy maintenance expenditure	27,915	-
Others, net	<u>690</u>	<u>-</u>
	<u>118,235</u>	<u>-</u>
Charge for the year		
Accelerated depreciation	42,342	-
Heavy maintenance expenditure	(8,275)	-
Others, net	<u>(892)</u>	<u>-</u>
	<u>33,175</u>	<u>-</u>
As at March 31		
Accelerated depreciation	131,972	-
Heavy maintenance expenditure	19,640	-
Others, net	<u>(202)</u>	<u>-</u>
	<u>151,410</u>	<u>-</u>

8. 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	155,483	4,954	-	160,437
Office equipment	51,103	4,038	1,506	53,635
Electrical equipment	92,313	9,741	692	101,362
Furniture and fixtures	115,537	13,801	1,422	127,916
Computers	207,481	32,372	1,105	238,748
Vehicles	31,972	3,950	229	35,693
Assets given on lease	18,680	-	-	18,680
Aircraft				
Engines	128,299	-	-	128,299
Components and overhaul	-	74,909	-	74,909
	<u>1,222,923</u>	<u>143,765</u>	<u>4,954</u>	<u>1,361,734</u>
Previous year	<u>1,007,195</u>	<u>217,631</u>	<u>1,903</u>	<u>1,222,923</u>

	Balance beginning of year	Additions/ charge	Deletions/ Disposals	Balance end of year
Accumulated depreciation and amortisation				
Goodwill	15,000	1,500	-	16,500
Buildings	5,289	2,592	-	7,881
Office equipment	9,432	3,957	356	13,033
Electrical equipment	15,908	6,832	403	22,337
Furniture and fixtures	26,299	6,968	567	32,700
Computers	126,162	25,088	2,322	148,928
Vehicles	13,674	2,421	101	15,994
Assets given on lease	4,942	1,494	-	6,436
Aircraft				
Engines	9,161	9,161	-	18,322
Components and overhaul	-	2,052	-	2,052
	<u>225,867</u>	<u>62,065</u>	<u>3,749</u>	<u>284,183</u>
Previous year	<u>170,578</u>	<u>56,045</u>	<u>756</u>	<u>225,867</u>
Net book value				
Goodwill	15,000			13,500
Land — Freehold	392,055			392,055
Buildings	150,194			152,556
Office equipment	41,671			40,602
Electrical equipment	76,405			79,025
Furniture and fixtures	89,238			95,216
Computers	81,319			89,820
Vehicles	18,298			19,699
Assets given on lease	13,738			12,244
Aircraft				
Engines	119,138			109,977
Components and overhaul	-			72,857
	<u>997,056</u>			<u>1,077,551</u>
Previous year	<u>836,617</u>			<u>997,056</u>

- (a) Aircraft components and overhaul includes cost of modifications of airframes not owned by the Company, which the Company is contractually liable to pay.
- (b) The net book value of fixed assets shown above includes an amount of approximately Rs 16,791 (2001— Rs 23,186) 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 13,244 (2001 – Rs 8,448).

9. INVESTMENTS

(long term, unquoted, trade)

	2002	2001
14,000,000 (2001 — 14,000,000) equity shares of Rs 10 each, in Blue Dart Aviation Limited, a subsidiary company	200,000	200,000
Government Securities, National saving certificates	1,300	1,700
1,000 (2001 – 1,000) equity shares of Rs 50 each in Thane Janta Sahakari Bank Limited	50	50
1,000 (2001 – 1,000) equity shares of Rs 10 each in Saraswat Co-operative Bank Limited	10	10
	<u>201,360</u>	<u>201,760</u>

10. CURRENT ASSETS, LOANS AND ADVANCES

	2002	2001
(a) Sundry debtors		
Unsecured, considered good		
Exceeding six months	21,773	30,238
Other debts	<u>298,939</u>	<u>297,854</u>
	<u>320,712</u>	<u>328,092</u>
(b) Cash and bank balances		
Cash and cheques in hand	20,615	17,022
Balances with scheduled banks:		
- in current accounts	47,357	43,133
- in deposit accounts	3,115	3,113
- in margin money account	4,201	4,699
	<u>75,288</u>	<u>67,967</u>

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

(c) Loans and advances

(unsecured, considered good)

	2002	2001
Advances to and deposits with Blue Dart Aviation Ltd., a subsidiary company		
- Advance against maintenance jobs	62,135	84,081
- Aircraft payload deposit	107,554	102,988
- Others	17,302	22,216
Advances recoverable in cash or in kind or for value to be received:		
- Prepaid expenses	33,742	35,439
- Others	34,764	39,580
Other Deposits	84,895	75,624
Advance tax, net of provisions	<u>50,393</u>	<u>31,605</u>
	<u>390,785</u>	<u>391,533</u>

(a) Aircraft payload deposit placed with Blue Dart Aviation Limited is long term in nature.

(b) During the year, the Company placed inter corporate and trade deposits with Blue Dart Aviation Limited. The maximum amount due from Blue Dart Aviation Limited during the year was Rs 282,395 (2001 — Rs 325,996).

11. CURRENT LIABILITIES AND PROVISIONS

	2002	2001
(a) Current liabilities		
Sundry creditors		
- Small scale industrial undertakings (see note 25)	1,580	3,148
- Others	51,377	47,184
Other current liabilities		
- Unclaimed dividend	913	2,169
- Others	105,319	93,547
Calls in advance	-	1,647
Interest accrued but not due	340	7,520
	<u>159,529</u>	<u>155,215</u>
(b) Provisions		
Leave encashment	10,897	7,649
Proposed dividend	53,505	41,708
Corporate tax on dividend	-	4,254
	<u>64,402</u>	<u>53,611</u>

12. MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

	2002	2001
Advertising costs		
Balance brought forward	4,181	8,306
Amortised during the year	(2,991)	(4,125)
Balance carried forward	<u>1,190</u>	<u>4,181</u>
Computerised systems development/long-term contract negotiation cost		
Balance brought forward	3,475	5,734
Amortised during the year	(2,113)	(2,259)
Balance carried forward	<u>1,362</u>	<u>3,475</u>
	<u>2,552</u>	<u>7,656</u>

13. OTHER INCOME

	2002	2001
Lease rentals from Blue Dart Aviation	1,500	1,500
Foreign exchange gain	197	212
Miscellaneous income	<u>4,234</u>	<u>3,638</u>
	<u>5,931</u>	<u>5,350</u>

14. FREIGHT, HANDLING AND SERVICING COSTS

	2002	2001
Aircraft charter costs	840,110	719,856
Domestic network operating costs	363,303	320,130
International servicing charges	361,013	314,520
Domestic excess baggage	100,566	103,007
Printing and stationery	51,663	44,377
Handling and clearing charges	<u>36,066</u>	<u>28,922</u>
	<u>1,752,721</u>	<u>1,530,812</u>

15. EMPLOYEE COSTS

	2002	2001
Salaries, wages and bonus	321,138	267,713
Staff welfare	91,306	83,542
Contribution to provident and other funds	<u>38,655</u>	<u>37,919</u>
	<u>451,099</u>	<u>389,174</u>

16. SELLING AND ADMINISTRATION EXPENSES

	2002	2001
Lease rentals	17,027	18,218
Bad debts written off (net of provision for doubtful debts of earlier years – Nil (2001 - Rs 30,866))	16,669	17,500
Repairs and maintenance, others	15,904	14,100
Professional and consulting charges	17,392	12,419
Office expenses	14,809	11,949
Travel	8,216	7,322
Sales promotion and advertising	7,746	4,971
Miscellaneous expenditure written off (see note 2(c) & 12)	5,104	6,384
Insurance	3,107	3,199
Miscellaneous expenses	<u>14,146</u>	<u>12,267</u>
	<u>120,120</u>	<u>108,329</u>

17. ESTABLISHMENT COSTS

	2002	2001
Rent	67,939	59,911
Communications	41,419	32,938
Electricity charges	24,640	20,799
Duties, rates and taxes	11,113	10,382
	<u>145,111</u>	<u>124,030</u>

18. INTEREST EXPENSE, NET

	2002	2001
Term loans	79,487	100,433
Others	11,924	21,544
Hire purchase	1,952	2,989
Interest income (on income-tax refunds, inter corporate deposits and margin money)	(4,619)	(24,537)
Tax deducted at source Rs 79 (2001 - Rs 609)	<u>88,744</u>	<u>100,429</u>

19. EARNINGS PER SHARE

The calculations of earnings per share are based on the earnings and numbers of shares as computed below

	2002	2001
Profit after tax for the year (Rs.)	180,081	230,254
Weighted average number of shares (see note (a) below)	23,727,934	23,780,634
Nominal value of shares outstanding	Rs. 10	Rs. 10
Earnings per share – basic and diluted (see note (b) below)	Rs. 7.59	Rs. 9.68

- (a) The earnings per share of the previous year have been computed after considering the bonus shares issued during the current year, as required by Accounting Standard 20, 'Earnings Per Share'.
- (b) The Company has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

20. CONTINGENT LIABILITIES

	2002	2001
(a) Corporate guarantees given on behalf of Blue Dart Aviation	373,581	272,081
(b) Bank guarantees	12,359	17,905
(c) Letter of credit	-	4,061

- (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 advice received challenging the constitutional validity of the above amendments.

21. COMMITMENTS UNDER LEASE AGREEMENTS

The Company has entered into operating and finance lease agreements for the rental of property, vehicles, computers, equipment and other assets. Typically, lease agreements are for a period of three to five years. At March 31 2002, the Company had commitments under non-cancellable leases of approximately Rs 6,583 (2001 — Rs 15,891).

22. SEGMENT INFORMATION

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

23. RELATED PARTY DISCLOSURES*a) Parties where control exists*

Blue Dart Aviation Limited, wholly owned subsidiary company

*b) Related party relationships where transactions have taken place during the year***Subsidiary Company**

Blue Dart Aviation Limited, wholly owned subsidiary company

Associate enterprises

Concorde International, Managing Director is a partner
Skyline International, Chairman and Managing Director are partners

Key management personnel

Mr Tushar K Jani - Chairman

Mr Clyde C Cooper – Managing Director

Mr Khushroo M Dubash – Whole-time director

Mr Deepak Vaidya

Air Marshal S.S. Ramdas (Retd.)

Mr Suresh G Sheth

c) Transactions with related parties during the year

	2002	2001
<i>Subsidiary company</i>		
Aircraft charter costs	858,157	722,792
Aircraft charter deposit placed	4,566	45,688
Aircraft components and overhaul	43,394	-
Interest paid, net	189	(1,257)
Courier charges received	1,903	745
Lease rent received	1,500	1,500
Corporate guarantees given	373,581	272,081
<i>Associate enterprises</i>		
Reimbursement of establishment charges	459	581
Clearing and handling charges paid	5,641	4,148
<i>Key management personnel</i>		
Remuneration paid to these personnel have been disclosed in Note 24(a).		
<i>Relatives of key management personnel</i>		
Consultancy charges paid to C. Farida	1,260	1,260

d) *Related party balances*

	2002	2001
Receivable from wholly owned subsidiary company	187,312	209,285
Payable to associate enterprises	301	227

24. SUPPLEMENTARY PROFIT AND LOSS DATA

	2002	2001
(a) Managerial remuneration		
Salary	7,080	7,080
Commission (see (b) below)	4,367	4,105
Contribution to provident and other funds	850	850
Other perquisites	3,860	3,275
Directors' fees	80	55
	<u>16,237</u>	<u>15,365</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, 2002:

	2002	2001
Profit before tax	252,719	258,254
Add: Directors' remuneration (including Managing Director)	16,237	15,365
Depreciation and amortisation provided in the books of account	62,065	56,045
Loss on assets sold or written off as per books of account	38	21
	<u>331,059</u>	<u>329,685</u>
Less: Depreciation under Section 350 of the Companies Act, 1956	(62,065)	(56,045)
Profit on assets sold or written off as per books of account	(1,435)	(699)
Bad debts written off pertaining to provisions made in earlier years	-	(30,866)
'Net profit' as per Section 349 of the Companies Act, 1956	<u>267,559</u>	<u>242,075</u>
Commission paid to whole-time directors at 1 per cent of net profit per director, limited to annual salary of each director	<u>4,367</u>	<u>4,105</u>

Directors' remuneration does not include provision for gratuity and leave encashment.

c) *Payments to auditors*

	2002	2001
As auditors	2,600	2,600
As advisors for other matters	842	20
For service tax	131	131
	<u>3,573</u>	<u>2,751</u>
Reimbursement of expenses	48	52
	<u>3,621</u>	<u>2,803</u>

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

	2002	2001
Service charges	70,791	47,528

(e) *Expenditure in foreign exchange (on cash basis)*

	2002	2001
Aircraft components	17631	-
Foreign travel	1,156	68
Others	68	114
	<u>18,855</u>	<u>182</u>

25. OUTSTANDING DUES TO SMALL SCALE INDUSTRIAL UNDERTAKINGS

The small scale industrial undertakings to whom amounts are due exceeding Rs 100 and outstanding for more than 30 days at March 31, 2002 are:

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

26. PRIOR YEAR COMPARATIVES

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(a) Registration details	
Registration number	61074
State code	11
Balance sheet date	March 31, 2002
(b) Capital raised during the year	
Public issue	Nil
Rights issue	Nil
Bonus issue	118,640
Private placement	Nil
(c) Position of mobilisation and deployment of funds	
Total liabilities and shareholders funds	<u>1,844,973</u>
Total assets	<u>1,844,973</u>
Sources of funds	
Paid-up capital	237,628
Reserves and surplus	847,856
Secured loans	558,079
Unsecured Loans	<u>50,000</u>
Application of funds	
Net fixed assets	1,077,551
Capital work in progress including advances	656
Investments	201,360
Net current assets	562,854
Miscellaneous expenditure	<u>2,552</u>
(d) Performance of the Company	
Turnover	2,872,579
Total expenditure	2,619,860
Profit/(loss) before tax	252,719
Profit/(loss) after tax	180,081
Earnings per share in Rs	7.59
Dividend rate %	<u>22.50%</u>
(e) Generic names of three principal products/services of the Company	
Product Description	Domestic Priority
Product Description	International Priority
Product Description	Dart Apex

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

Name of the Subsidiary Company	:	Blue Dart Aviation Limited
Holding Company's interest	:	140,00,000 Equity Shares of Rs.10 each fully paid-up.
Extent of Holding	:	100%
The "Financial Year" of the Subsidiary Company ended on	:	31 st March, 2002
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)	:	1,927
For the previous financial years (Rs.in thousand)	:	4,214

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

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

Mumbai
May 7, 2002





BOARD OF DIRECTORS

Tushar K. Jani	- Chairman
Clyde C. Cooper	- Managing Director
Khushroo M. Dubash	- Director

EXECUTIVE MANAGEMENT

Niteen M. Gupte	Chief Operating Officer
Shaji Karunakaran	Dy. Chief Operating Officer & Chief Engineering Manager
Suresh Nair	Dy. Chief Operating Officer & Chief Ground Operations Manager
C. Bhavani Sankar	Chief Finance Manager
Prem K. Thomas	Chief Human Resources Manager
Ravi Rajan	Chief Administration Manager
Hemant Bhatt	Dy. Chief Flight Operations Manager
Jatinder Paul Singh	Dy. Chief Flight Operations Manager
P. A. Jeyaseelan	Quality Control Manager
S. G. Thatte	Chief Flight Safety Manager
Vishok Mansingh	Sr. Manager - Materials
Suresh Balakrishnan	Company Secretary & Manager Accounts

AUDITORS

Arthur Andersen & Associates

PRINCIPAL BANKERS

Corporation Bank
ICICI 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.bluedartaviation.com

DIRECTORS' REPORT

To the Members

The Directors take pleasure in presenting the Eighth Annual Report, along with the Audited Accounts, for the year ended March 31, 2002.

FINANCIAL RESULTS

The summary of the Company's financial performance is given below :

	(Rs. In thousands) For the year ended	
	31st March, 2002	31st March, 2001
Revenues	831,297	699,199
Maintenance Services & Other Income	48,806	20,788
Total Income	880,103	719,987
Total Expenditure	(801,927)	(656,189)
Profit before Interest and Depreciation	78,176	63,798
Interest Expense	(32,131)	(31,887)
Depreciation	(42,938)	(27,697)
Profit before tax	3,107	4,214
Profit after tax	1,927	4,214

In view of accumulated loss, no dividend is recommended.

OPERATIONS

During the year, your Company has achieved a Profit after tax of Rs. 19.27 lacs as compared to a profit after tax of Rs. 42.14 lacs of the previous year.

CARGO AVIATION INDUSTRY

Your Company continues to be the only Domestic Express Cargo Airline in India, providing the infrastructure support, that contributes to the leadership position of Blue Dart's express services and enabling it to differentiate itself and establish competencies in Express and courier door to door products, supply-chain management solutions, logistics and time-definite distribution.

The air network which is self-sustaining with its own airside and city side warehouses, bonded warehouses, security systems including state of the art X-ray systems, aircraft and ground handling and maintenance capabilities, also provides enhanced marketing and distribution possibilities for the carriage of global cargo of international airlines into and out of India from its five gateway hubs.

EXPANSION

Further to the successful addition of its third aircraft Vision III and other related infrastructure, Blue Dart Aviation has received the permission from the Ministry of Civil Aviation to add two more aircraft to its fleet of three existing aircraft and will look at the future opportunities besides connecting more cities in India on line of flying into the neighbouring countries of South Asia.

AIRCRAFT ENGINEERING AND MAINTENANCE

Your Company continues to develop and employ its in-house Engineering, Structural and Technical expertise to provide heavy maintenance to its current fleet at a competitive cost, resulting in improved reliability and efficiency of the airplanes.

Your Company successfully completed a major structural repair to one of the Aircraft in a record turnaround time exceeding the industry standard.

DIRECTORS

Mr. Tushar K. Jani, Director, retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS

It is proposed to appoint M/s. Price Waterhouse, Chartered Accountants, Mumbai as Auditors of the Company in place of the retiring auditors, M/s. Arthur Andersen & Associates, Chartered Accountants, Mumbai. The retiring auditors have expressed their inability to seek re-appointment as statutory auditors of the Company after the conclusion of the ensuing Annual General Meeting.

The Board of Directors would like to thank M/s. Arthur Andersen & Associates, Chartered Accountants, Mumbai, the outgoing Auditors, for their services rendered to the Company during their long association as Statutory Auditors.

FIXED DEPOSIT

The Company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 and accordingly, no amount of principal or interest is outstanding.

EMPLOYEES

The Directors hereby wish to place on record their appreciation of the efficient and loyal services rendered by all its People force of the Company. The Company's belief in the philosophy of People, Service, Profit, is a key cornerstone of our success.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

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' RESPONSIBILITY STATEMENT

Pursuant to the requirements of the provisions of the Companies Act, 1956, 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 have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

Your Company has constituted an Audit Committee as required under section 292A of the Companies Act, 1956 consisting of three directors as members being Mr. Khushroo M. Dubash, Mr. Tushar K. Jani and Mr. Clyde C. Cooper with Mr. Khushroo M. Dubash as the Chairman of the Committee.

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

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

A. Conservation of Energy	: Not applicable.
B. Technology absorption	: Not applicable.
C. Foreign Exchange Earnings & Outgo	:
Earnings	: Nil
Outgo	: Rs. 729.79 lacs

ACKNOWLEDGEMENT

Your Directors express their grateful appreciation for the assistance and co-operation received from customers, finance companies, suppliers, banks, Government authorities and solicitors for their ongoing support during the year under review.

For and on behalf of the Board of Directors

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing
Director

Place: Mumbai
Date : June 18, 2002

Khushroo M. Dubash
Director

AUDITORS' REPORT

To the Members of

BLUE DART AVIATION LIMITED

1. We have audited the accompanying balance sheet of BLUE DART AVIATION LIMITED at March 31, 2002 and the statements of profit and loss and cash flows for the year then ended, prepared in conformity with accounting principles generally accepted in India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
4. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements
 - a. give the information required by the Indian Companies Act, 1956 ('the Act'), in the manner so required; and
 - b. give a true and fair view of the state of affairs of BLUE DART AVIATION LIMITED at March 31, 2002 and of its profit and cash flows for the year then ended, in conformity with the accounting principles generally accepted in India.

Further, the balance sheet and the statement of profit and loss comply with the accounting standards referred to in Section 211(3C) of the Act and are in agreement with the books of account. In our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of those books.

5. On the basis of information and explanations given to us, and representations obtained by the Company and taken on record by the Board of Directors, as on March 31, 2002 none of the directors are disqualified from being appointed as directors in terms of section 274(1)(g) of the Act.
6. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of section 227 (4A) of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Arthur Andersen & Associates
Chartered Accountants

Mumbai
May 6, 2002

Richard Rekhy
Partner

ANNEXURE TO AUDITORS' REPORT — MARCH 31, 2002

1. The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets. The fixed assets were physically verified by management during the year and no material discrepancies were noted. 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 inventories of loose tools and consumables of the Company have been physically verified by management during the year. In our opinion, the frequency of physical verification is reasonable.
 4. In our opinion, the procedures for physical verification of the inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 5. In our opinion, the discrepancies between physical and book inventories are not material and have been properly dealt with in the books of account.
 6. In our opinion, the valuation of the inventories is fair and proper, in accordance with generally accepted accounting principles, and is on the same basis as in the preceding year.
 7. The Company has not taken / granted any loans secured or unsecured from / to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and / or from / to companies under the same management as defined under Section 370(1B) of the Companies Act, 1956 which are, prima facie, prejudicial to the interests of the Company.
 8. The Company has given certain interest free advances in the nature of loans to its employees and is recovering the principal amounts as stipulated.
 9. In our opinion, and according to the information and explanations given to us, the internal control procedures of the Company relating to the purchase of equipment and other similar assets are adequate and commensurate with the size of the Company and the nature of its business.
 10. In our opinion, according to the information and explanations given to us, and having regard to the explanation that certain goods sold and services rendered are of a special nature for which alternative quotations are not available, transactions of sale of goods, materials and services, made in pursuance of contracts or arrangements entered into with the holding company, and aggregating during the year to Rs 50,000 or more in respect of each party, were made at prices which are reasonable having regard to the prices at which similar transactions were made with other parties. The Company has not entered into transactions for the purchase of goods or materials from parties listed in the register maintained under section 301.
 11. The Company does not have any unserviceable or damaged loose tools, and consumables.
 12. The Company has not accepted any deposits from the public to which the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder apply.
 13. We are informed that the Company's activities do not generate any by-products or scrap.
 14. In our opinion, the Company's internal audit system is generally commensurate with its size and the nature of its business.
 15. We are informed that the Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956.
 16. The Company has been regular in depositing Employees' Provident Fund and Employees' State Insurance dues with the appropriate authorities.
 17. According to the records of the Company, there were no amounts outstanding at March 31, 2002 in respect of undisputed income-tax, wealth-tax, sales-tax, customs duty and excise duty which were outstanding for a period of more than six months from the date they became payable.
 18. 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, 2002.
 19. The Company is not a sick industrial undertaking within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- In respect of service activities:
20. The Company has a reasonable system of recording receipts, issues and consumption of spare parts and allocating man-hours utilised to specific maintenance jobs, which is commensurate with the size of the Company and the nature of its business.
 21. The Company has a reasonable system of authorisation at proper levels, and an adequate system of internal control for the issue of spare parts, commensurate with its size and the nature of its business.

Arthur Andersen & Associates
Chartered Accountants

Mumbai
May 6, 2002

Richard Rekhy
Partner

BALANCE SHEET — MARCH 31, 2002

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

	Note	2002	2001 (Note 25)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	140,000	140,000
Share premium		60,000	60,000
		<u>200,000</u>	<u>200,000</u>
LOAN FUNDS			
Secured loans	4	198,510	106,823
Unsecured loans	5	17,302	22,216
		<u>215,812</u>	<u>129,039</u>
AIRCRAFT PAYLOAD DEPOSIT			
		107,554	102,988
		<u>523,366</u>	<u>432,027</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
	2(a) & 6		
Cost		508,356	468,619
Accumulated depreciation		(139,053)	(97,224)
Net book value		<u>369,303</u>	<u>371,395</u>
Capital work-in-progress, including capital advances		9,733	-
		<u>379,036</u>	<u>371,395</u>
DEFERRED TAX ASSET			
	2(i) & 7	32,215	-
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	2(b) & 8(a)	54,943	49,418
Sundry debtors	8(b)	30	4,778
Cash and bank balances	8(c)	3,685	4,439
Loans and advances	8(d)	<u>172,382</u>	<u>158,103</u>
		<u>231,040</u>	<u>216,738</u>
CURRENT LIABILITIES AND PROVISIONS			
	9	<u>(145,406)</u>	<u>(214,876)</u>
Net current assets		85,634	1,862
MISCELLANEOUS EXPENDITURE			
(to the extent not written off)	2(c) & 10	9,209	6,176
PROFIT AND LOSS ACCOUNT			
		<u>17,272</u>	<u>52,594</u>
		<u>523,366</u>	<u>432,027</u>

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

Tushar K.Jani
Chairman

Clyde C.Cooper
Managing Director

Arthur Andersen & Associates
Chartered Accountants

Khushroo M.Dubash
Director

Niteen M. Gupte
Chief Operating Officer

Mumbai
May 6, 2002

Richard Rekhy
Partner

C. Bhavani Sankar
Chief Finance Manager

Suresh Balakrishnan
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2002

(All amounts in thousands of Rupees, except earnings per share information)

	Note	2002	2001 (Note 25)
INCOME			
Express air cargo services	2(d)	831,297	699,199
Maintenance services and other income	2(e)	48,806	20,788
		<u>880,103</u>	<u>719,987</u>
EXPENDITURE			
Operating costs	11	586,123	475,619
Employee costs	12	148,976	120,330
Selling and administration expenses	13	48,009	45,264
Establishment costs	14	18,819	14,976
		<u>801,927</u>	<u>656,189</u>
Profit before interest, depreciation and taxes	78,176	63,798	
Depreciation	2(a) & 6	42,938	27,697
Interest expense, net	15	32,131	31,887
Net profit before taxes		<u>3,107</u>	<u>4,214</u>
Provision for current tax	2(i)	-	-
Charge of deferred tax	2(i) & 7	1,180	-
Net profit after taxes		<u>1,927</u>	<u>4,214</u>
Profit and loss account, beginning of year		(52,594)	(56,808)
Adjustment of deferred tax asset as at April 1, 2001		33,395	-
Profit and loss account, end of year		<u>(17,272)</u>	<u>(52,594)</u>
Earnings per share			
	2(j) & 16		
- Basic and diluted		Rs 0.14	Rs 0.30
- Nominal value of shares		Rs 10.00	Rs 10.00

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

Tushar K.Jani
Chairman

Clyde C.Cooper
Managing Director

Arthur Andersen & Associates
Chartered Accountants

Khushroo M.Dubash
Director

Niteen M. Gupte
Chief Operating Officer

Mumbai
May 6, 2002

Richard Rekhy
Partner

C. Bhavani Sankar
Chief Finance Manager

Suresh Balakrishnan
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2002

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

	2002	2001 (Note 25)
CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES:		
Profit before tax	3,107	4,214
Adjustments to reconcile profit before tax to cash provided by operations:		
Depreciation	42,938	27,697
Interest expense	34,025	32,387
Miscellaneous /Non cash expenses written off	5,598	18,012
Profit on sale of fixed assets	-	(6,588)
Interest income	(1,894)	(500)
(Increase)/decrease in current assets, loans and advances:		
— Inventories	(5,525)	(6,505)
— Sundry debtors	4,748	(3,583)
— Loans and advances, excluding advance taxes	(15,704)	(13,596)
(Decrease) in current liabilities and provisions	(23,877)	(9,747)
Cash provided by operating activities	43,416	41,791
Direct taxes (paid)/received	1,425	(2,485)
Expenses deferred during the year	(8,631)	(2,144)
Net cash provided by/(used in) operating activities	36,210	37,162
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to fixed assets and capital work-in-progress	(52,776)	(198,850)
Interest received	1,894	500
Retirements of fixed assets	2,197	126,152
Net cash (used in) investing activities	(48,685)	(72,198)
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Proceeds from secured loans	197,004	-
Repayment of secured loans	(105,317)	(23,354)
Repayment of unsecured loans	(4,914)	-
Proceeds from bill discounting	48,500	93,460
Repayment of bill discounting	(93,460)	(46,111)
Proceeds from Aircraft Payload Deposit	4,566	45,688
Interest paid	(34,658)	(32,387)
Net cash provided by/(used in) financing activities	11,721	37,296
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS(754)	2,260	
CASH AND CASH EQUIVALENTS, beginning of year	4,439	2,179
CASH AND CASH EQUIVALENTS, end of year	3,685	4,439

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

Tushar K.Jani
Chairman

Clyde C.Cooper
Managing Director

Arthur Andersen & Associates
Chartered Accountants

Khushroo M.Dubash
Director

Niteen M. Gupte
Chief Operating Officer

Mumbai
May 6, 2002

Richard Rekhy
Partner

C. Bhavani Sankar
Chief Finance Manager

Suresh Balakrishnan
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

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

1. BACKGROUND

Blue Dart Aviation Limited ('the Company') is a wholly owned subsidiary of Blue Dart Express Limited ('Blue Dart Express') and was incorporated on May 31, 1994.

The Company is authorised by the Director General of Civil Aviation to operate aircraft and provide aircraft maintenance services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in conformity with accounting principles generally accepted in India. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

Interest on borrowed funds to finance the acquisition of fixed assets, upto the date the asset is ready for use, is capitalised and included in the cost of the asset.

Depreciation is provided pro-rata to the period of use on the straight-line method, at the annual rates stipulated in Schedule XIV of the Companies Act, 1956 or based on the estimated useful lives of the assets, whichever is higher.

Aircraft engines are depreciated at 16 per cent per annum, and aircraft rotatable parts and capital expenditure incurred on aircraft are depreciated / amortised at 8.33 per cent per annum.

(b) Inventories

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

(c) Miscellaneous expenditure

Miscellaneous expenditure primarily comprises of

preoperating expenditure in the nature of employee and other administrative costs incurred during the start-up phase up to the commencement of commercial operations and air crew augmentation expenses, incurred in connection with the upgradation and expansion of the Company's flight crew.

Preoperating expenditure is deferred and amortised on the straight-line method over a period of five years beginning from date of commencement of commercial operations. Air crew augmentation expenses incurred in connection with the upgradation of the Company's flight crew are deferred and amortised on the straight-line method over a period of three years beginning from the financial year in which such expenses are incurred.

(d) Express air cargo services

Express cargo services are recognised on completion of daily flights and comprise income earned in connection with operating aircraft primarily for Blue Dart Express.

(e) Maintenance services & other income

Maintenance service income under contracts is recognised on the basis of the percentage completion method.

(f) Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rate prevailing on the dates of the transactions. Foreign currency assets and liabilities are translated into rupees at the exchange rates prevailing on the date of the balance sheet. All exchange differences are dealt with in the statement of profit and loss, except for those relating to the acquisition of fixed assets, which are adjusted in the cost of the fixed assets.

(g) Retirement benefits

Retirement benefits to employees comprise payments to gratuity and provident funds. Contributions to provident fund are made as per the approved scheme of the Company. The Company's employees are covered under the Employees' Gratuity Fund /

Superannuation established by the Life Insurance Corporation of India.

The liability in respect of leave encashment is provided for based on an actuarial valuation carried out by an independent actuary.

(h) Leases

Accounting standard 19 “Leases” (AS 19), issued by the ICAI, is applicable to the Company in accounting for assets leased on or after April 1, 2001. Since all leased assets were leased prior to April 1, 2001, AS 19 is not applicable in respect of such assets.

All lease rentals are accounted for on an accrual basis, over the terms of the lease and charged to the statement of profit and loss on a straight-line basis.

(i) Income taxes

Provision for current income-taxes is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the current year, the Company revised its accounting policy and income-taxes have been accounted as per Accounting Standard 22 ‘Accounting for taxes on income’ (‘AS-22’) issued by the Institute of Chartered Accountants of India. The change in accounting policy has resulted in a deferred tax charge of Rs. 1,180 for the year and consequently the net profit for the year is lower, and the balance in the profit and loss account at the end of the year is higher, by a similar amount. Further, the net deferred tax asset of Rs. 33,395, pertaining to the period prior to April 1, 2001 has been adjusted against the balance in the profit and loss account, in accordance with the transitional provisions of AS-22.

(j) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year

3. SHARE CAPITAL

	2002	2001
Authorised 20,000,000 (2001 – 20,000,000) equity shares of Rs 10/- each	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up 14,000,000 (2001 – 14,000,000) equity shares of Rs 10/- each	<u>140,000</u>	<u>140,000</u>

The entire share capital of the Company is held by Blue Dart Express and its nominees.

4. SECURED LOANS

	2002	2001
Term loans from bank	173,260	82,353
Obligations under hire purchase contracts		
Payable within one year	1,128	4,134
Others	<u>378</u>	<u>1,885</u>
	1,506	6,019
Working Capital Loan	<u>23,744</u>	<u>18,451</u>
	<u>198,510</u>	<u>106,823</u>

Term loans from bank include interest accrued and due, of Rs 3,260, at March 31, 2002, and are secured by a charge on all the movable property of the Company, except the movable and immovable property offered as security to the Company’s bankers, for working capital requirements. The amount of loan repayable in the next one year is Rs 33,333.

Obligations under hire purchase contracts range from a one to two year period and are secured by the fixed assets acquired under these contracts.

Working Capital Loan from bank is secured by the hypothecation of inventories and book debts, both present and future.

5. UNSECURED LOANS

	2002	2001
From Blue Dart Express	<u>17,302</u>	<u>22,216</u>

6. FIXED ASSETS

	Balance, beginning of year	Additions/ charge	Deletions/ disposals	Balance, end of year
Cost				
Aircraft engines	22,266	-	-	22,266
Aircraft rotatable parts	126,546	30,971	2,830	154,687
Ground equipment	109,368	7,479	-	116,847
Electrical equipment	20,797	305	-	21,102
Office equipment	6,367	257	-	6,624
Computers	23,430	2,136	476	25,090
Furniture and fittings	62,325	1,856	-	64,181
Vehicles	19,292	39	-	19,331
Capital expenses for Aircraft *	78,228	-	-	78,228
	<u>468,619</u>	<u>43,043</u>	<u>3,306</u>	<u>508,356</u>
Previous year	<u>349,805</u>	<u>247,823</u>	<u>129,009</u>	<u>468,619</u>
Accumulated depreciation				
Aircraft engines	3,250	6,504	-	9,754
Aircraft rotatable parts	28,469	12,239	643	40,065
Ground equipment	21,680	5,918	-	27,598
Electrical equipment	4,011	1,343	-	5,354
Office equipment	1,296	421	-	1,717
Computers	16,436	3,945	466	19,915
Furniture and fittings	14,685	4,045	-	18,730
Vehicles	6,310	2,006	-	8,316
Capital expenses for Aircraft	1,087	6,517	-	7,604
	<u>97,224</u>	<u>42,938</u>	<u>1,109</u>	<u>139,053</u>
Previous year	<u>76,706</u>	<u>27,697</u>	<u>7,179</u>	<u>97,224</u>
Net book value				
Aircraft engines	19,016			12,512
Aircraft rotatable parts	98,077			114,622
Ground equipment	87,688			89,249
Electrical equipment	16,786			15,748
Office equipment	5,071			4,907
Computers	6,994			5,175
Furniture and fittings	47,640			45,451
Vehicles	12,982			11,015
Capital expenses for Aircraft	77,141			70,624
	<u>371,395</u>			<u>369,303</u>
Previous year	<u>273,099</u>			<u>371,395</u>
Capital work - in - progress including capital advances	<u>-</u>			<u>9,733</u>

The net book value of fixed assets shown above includes an amount of approximately Rs 6,303 (2001 — Rs 21,885) in respect of assets acquired under hire purchase contracts.

* In respect of the leased aircraft, Company has incurred expenses to make the aircraft operational. These expenses primarily comprise of finance charge, training costs, salaries and consultancy charges.

During the year, the Company revised its estimate of the economic useful lives of aircraft engines. The unamortised depreciable amount relating to fixed assets whose economic useful lives were revised, is charged over the revised remaining useful lives of the respective assets. Further to the revision in the estimated useful lives, the depreciation charge for the year is higher by Rs 3,327, and the net profit for the year is lower by a similar amount.

7. DEFERRED TAX ASSET

	2002	2001
As at April 1		
Net depreciation / amortisation	35,903	-
Others	(2,508)	-
	<u>33,395</u>	<u>-</u>
Charge for the year		
Net depreciation / amortisation	(1,154)	-
Others	(26)	-
	<u>(1,180)</u>	<u>-</u>
As at March 31		
Net depreciation / amortisation	34,749	-
Others	(2,534)	-
	<u>32,215</u>	<u>-</u>

8. CURRENT ASSETS, LOANS AND ADVANCES

	2002	2001
(a) Inventories		
Consumables	51,597	46,513
Loose tools	3,346	2,905
	<u>54,943</u>	<u>49,418</u>
(b) Sundry debtors (unsecured, considered good)		
Exceeding six months	-	58
Other debts	30	4,720
	<u>30</u>	<u>4,778</u>
(c) Cash and bank balances		
Cash on hand	139	237
Balances with scheduled banks:		
— in current accounts	844	2,468
— in margin money accounts	2,702	1,734
	<u>3,685</u>	<u>4,439</u>

The balance in the margin money account is given as security against guarantees issued by banks on behalf of the Company.

	2002	2001
d) Loans and advances (unsecured, considered good)		
Maintenance expense recoverable from Blue Dart Express	62,135	84,081
Advances	2,875	6,878
Deposits	18,073	15,552
Advance tax	5,111	6,536
Prepaid expenses	84,188	45,056
	<u>172,382</u>	<u>158,103</u>

9. CURRENT LIABILITIES AND PROVISIONS

	2002	2001
Current liabilities		
Advances from Blue Dart Express	62,135	84,081
Sundry creditors*	17,235	16,631
Bills discounted for Aviation Turbine Fuel	48,500	93,460
Interest accrued but not due	-	633
Other current liabilities	14,915	17,562
	<u>143,785</u>	<u>212,367</u>
Provisions		
Leave encashment	1,630	2,509
Gratuity	991	-
	<u>2,621</u>	<u>2,509</u>
	<u>145,406</u>	<u>214,876</u>

* There were no amounts due to small scale industries at March 31, 2002 or at March 31, 2001 exceeding Rs 100

10. MISCELLANEOUS EXPENDITURE

(to the extent not written off)

	2002	2001
(a) Preliminary expenses		
Balance, beginning of the year	-	200
Amortised during the year	-	(200)
Balance carried forward	-	-
	<u>-</u>	<u>-</u>
(b) Preoperating expenditure		
Employee and other administrative costs		
Balance beginning of the year	-	1,428
Amortised during the year	-	(1,428)
Balance carried forward	-	-
	<u>-</u>	<u>-</u>
(c) Air crew augmentation expenses		
Balance, beginning of the year	6,176	8,236
Additions during the year	8,631	2,144
Amortised during the year	(5,598)	(4,204)
Balance carried forward	9,209	6,176
	<u>9,209</u>	<u>6,176</u>

11. OPERATING COSTS

	2002	2001
Aircraft fuel and operating costs	378,037	344,810
Aircraft lease rentals	119,575	79,748
Engineering maintenance costs and consumables	40,932	27,035
Cost of spares for job work	9,801	183
Aircraft insurance	19,723	9,928
Handling, clearing and baggage charges	18,055	13,915
	<u>586,123</u>	<u>475,619</u>

12. EMPLOYEE COSTS

	2002	2001
Salaries and allowances	134,666	110,042
Staff welfare	9,168	6,579
Contribution to provident and other funds	5,142	3,709
	<u>148,976</u>	<u>120,330</u>

13. SELLING AND ADMINISTRATION EXPENSES

	2002	2001
Travel	21,795	18,663
Repairs and maintenance – others	4,524	5,162
Lease rentals and hire charges	4,735	4,617
Insurance	1,182	929
Miscellaneous expenditure written off	5,598	5,832
Miscellaneous expenses	10,175	10,061
	<u>48,009</u>	<u>45,264</u>

14. ESTABLISHMENT COSTS

	2002	2001
Rent	11,284	7,891
Duties, rates and taxes	601	400
Communication	3,693	4,124
Electricity	3,241	2,561
	<u>18,819</u>	<u>14,976</u>

15. INTEREST EXPENSE

	2002	2001
Hire purchase	2,548	7,318
Bill discounting, interest and finance charges, net of interest earned of Rs 2,354 (2001 – Rs 500) [Tax deducted at source – Rs 221 (2001 – Rs 100)]	29,583	24,569
	<u>32,131</u>	<u>31,887</u>

16. EARNINGS PER SHARE

The calculations of earnings per share are based on the earnings and number of shares as computed below.

	2002	2001
Profit after tax for the year	1,927	4,214
Weighted average number of shares	14,000,000	14,000,000
Nominal value of shares outstanding	Rs 10/-	Rs 10/-
Earnings per share – basic and diluted (see note below)	Rs 0.14/-	Rs 0.30/-

Note: The Company has not issued any potential equity shares and, accordingly, the basic earnings per share and diluted earnings per share are the same.

17. LEASE COMMITMENTS

At March 31, 2002, the Company had commitments under non-cancelable leases as follows:

	2002	2001
Up to one year	158,090	150,672
One to five years	631,993	409,858
Beyond five years	4,000	64,711
	<u>794,083</u>	<u>625,241</u>

18. CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is approximately Rs.1,821 (2001 — Rs 5,322).

19. CONTINGENT LIABILITIES

The Company has bank guarantees outstanding of approximately Rs 15,519 (2001— Rs 5,654).

20. SEGMENT INFORMATION

The Company is primarily engaged in a single segment business to operate aircraft and provide aircraft maintenance services within India for its parent's business of integrated air and ground transportation and distribution of time-sensitive packages.

21. RELATED PARTY DISCLOSURES*a) Parties where control exists*

Blue Dart Express Limited Holding company

*b) Related party relationships where transactions have taken place during the year***Holding company**

Blue Dart Express Limited, parent company

Associate enterprises

Concorde International, Managing Director is a partner

Skyline International, Chairman and Managing Director are partners

c) Transactions with related parties during the year

	2002	2001
<i>Holding company</i>		
Aircraft charter costs	858,157	722,792
Aircraft charter deposit received	4,566	45,688
Aircraft components and overhaul	43,394	-
Interest received, net	189	(1,257)
Courier charges paid	1,903	745
Lease rent received	1,500	1,500
Corporate guarantees given	373,581	272,081
<i>Associate enterprises</i>		
Bills discounted	17,500	6,000
Bill discounting charges	436	500
Reimbursement of expenses	4,788	2,416
Agency charges	2,565	4,133

d) Related parties balances

	2002	2001
Holding company	187,312	209,285

22. SUPPLEMENTARY PROFIT AND LOSS DATA

	2002	2001
(a) Payments to auditors		
As auditors	700	700
Reimbursement of expenses	100	95
	<u>800</u>	<u>795</u>

(b) Value of imports on cost, insurance, freight basis

	2002	2001
(i) Inventories Consumables (including loose tools)	<u>55,464</u>	<u>26,738</u>
(ii) Capital goods Aircraft rotatable parts	<u>33,884</u>	<u>78,345</u>

(c) Expenditure in foreign currency (on cash basis)

	2002	2001
Consultancy services	1,135	-
Training	-	1,819
Foreign travel	-	6,612
Membership and subscription	1,012	1,140
	<u>2,147</u>	<u>9,571</u>

(d) Value of imported and indigenous components consumed

	2002		2001	
	Value	Per cent	Value	Per cent
Imported	35,522	87	21,074	77
Indigenous	5,271	13	6,329	23
	<u>40,793</u>	<u>100</u>	<u>27,403</u>	<u>100</u>

23. NET FOREIGN EXCHANGE DIFFERENCES

The net foreign exchange loss recognised in the statement of profit and loss is approximately Rs 264 (2001 — Rs 473).

24. MAINTENANCE SERVICES AND OTHER INCOME

Maintenance services and other income includes profit on sale of assets of Rs Nil (2001 - 6,588).

25. PRIOR YEAR COMPARATIVES

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(a) Registration details

Registration number	78691
State code	11
Balance sheet date	March 31, 2002

(b) Capital raised during the year

Public issue	Nil
Rights issue (nominal value)	Nil
Bonus issue	Nil
Private placement	Nil

(c) Position of mobilisation and deployment of funds

Total liabilities and shareholders' funds	523,366
Total assets	523,366

Sources of funds

Paid-up capital	140,000
Share premium	60,000
Secured loans	198,510
Unsecured loans	17,302
Aircraft Payload Deposit	107,554

Application of funds

Net fixed assets (including	
Capital work-in-progress and capital advances)	379,036
Deferred tax asset	32,215
Net current assets	85,634
Miscellaneous expenditure	9,209
Accumulated losses	17,272

(d) Performance of the Company

Turnover	880,103
Total expenditure	876,996
Profit/(loss) before tax	3,107
Charge of deferred tax	1,180
Profit / loss after tax	1,927
Earnings per share in Rs.	0.14
Dividend rate %	Nil

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

Service description	Express air cargo services
Service description	Aircraft servicing and maintenance



CONSOLIDATED AUDITORS' REPORT

To the Members of

BLUE DART EXPRESS LIMITED:

We have audited the accompanying consolidated balance sheet of BLUE DART EXPRESS LIMITED and BLUE DART AVIATION LIMITED, its subsidiary, (collectively, 'Blue Dart') at March 31, 2002, the related consolidated statements of profit and loss and consolidated statement of cash flows for the year then ended. These consolidated financial statements are the responsibility of Blue Dart's management and have been prepared for the purpose of meeting the requirements of clause 32 of the listing agreement with the stock exchanges, in conformity with the accounting principles generally accepted in India. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements referred to above, give a true and fair view of the consolidated financial position of BLUE DART at March 31, 2002 and the consolidated results of its operations and its 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 7, 2002

Richard Rekhy
Partner

CONSOLIDATED BALANCE SHEET - MARCH 31, 2002

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

	Notes	2002	2001 (Note 23)
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share capital	3	237,628	118,944
Reserves and surplus	4	803,239	877,108
		<u>1,040,867</u>	<u>996,052</u>
LOAN FUNDS			
Secured loans	5	756,589	718,103
Unsecured loans	6	50,000	100,000
		<u>806,589</u>	<u>818,103</u>
DEFERRED TAX LIABILITY			
	2(i) and 7	119,195	-
		<u>1,966,651</u>	<u>1,814,155</u>
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
	2(b) & 8		
Cost		1,849,265	1,675,635
Accumulated depreciation and amortisation		<u>(420,071)</u>	<u>(321,607)</u>
Net book value		1,429,194	1,354,028
Capital work-in-progress, including advances		10,389	2,877
		<u>1,439,583</u>	<u>1,356,905</u>
INVESTMENTS			
	9	1,360	1,760
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	2(c) & 10(a)	54,943	49,418
Sundry debtors	10(b)	320,742	332,870
Cash and bank balances	10(c)	78,972	72,406
Loans and advances	10(d)	366,493	326,585
		<u>821,150</u>	<u>781,279</u>
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11(a)	(240,180)	(283,501)
Provisions	11(b)	(67,023)	(56,120)
		<u>(307,203)</u>	<u>(339,621)</u>
Net current assets		513,947	441,658
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	2(d) & 12	11,761	13,832
		<u>1,966,651</u>	<u>1,814,155</u>

The accompanying notes 1 to 23 are an integral part of this balance sheet.

Director		Tushar K.Jani	Clyde C.Cooper Chairman Managing
Arthur Andersen & Associates Chartered Accountants		Khushroo M.Dubash Director Air Marshal S.S.Ramdas (Retd.) Director	Suresh G.Sheth Director Deepak Vaidya Alternate Director for Anil Thadani
Mumbai May 7, 2002	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, 2002

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

	Notes	2002	2001 (Note 23)
REVENUES			
Service charges	2(e)	2,864,745	2,562,090
Other Income		11,512	17,096
		<u>2,876,257</u>	<u>2,579,186</u>
OPERATING COSTS			
Freight, handling and servicing costs	13	1,490,954	1,298,474
Employee costs	2(f) & 14	586,817	509,504
Selling and administration expenses	15	157,454	152,846
Establishment costs	16	162,555	139,006
		<u>2,397,780</u>	<u>2,099,830</u>
Profit before tax, interest and depreciation		478,477	479,356
Depreciation and amortisation	2(b) & 8	103,323	82,284
Interest expense, net	17	118,485	132,847
Profit before tax		256,669	264,225
Provision for tax			
- Current	2(i)	39,463	28,000
- Deferred, net	2(i) and 7	34,355	-
		<u>73,818</u>	<u>28,000</u>
Net profit		182,851	236,225
Profit and loss account, beginning of year		215,380	55,117
Profit available for appropriation		<u>398,231</u>	<u>291,342</u>
Proposed dividend		53,505	41,708
Corporate tax on dividend		-	4,254
Transfer to general reserve	4	30,000	30,000
Profit and loss account, end of year	4	<u>314,726</u>	<u>215,380</u>
Earnings per share	2(j) & 18		
- Basic and diluted		Rs 7.71	Rs.9.96
- Nominal value of shares		Rs 10.00	Rs 10.00

The accompanying notes 1 to 23 are an integral part of this statement

		Tushar K.Jani	Clyde C.Cooper
Director			Chairman Managing
		Khushroo M.Dubash	Suresh G.Sheth
		Director	Director
		Air Marshal S.S.Ramdas (Retd.)	Deepak Vaidya
		Director	Alternate Director for Anil Thadani
		Yogesh Dhingra	Tushar Gunderia
		Senior Vice President - Finance & Chief Financial Officer	Company Secretary
Mumbai May 7, 2002	Richard Rekhy Partner		
		Arthur Andersen & Associates Chartered Accountants	

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2002

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

Notes	2002	2001 (Note 23)
CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES:		
Profit before tax	256,669	264,225
Adjustments to reconcile profit before tax to cash provided by operations:		
Depreciation and amortisation	103,323	82,284
Interest expense	125,268	156,627
Miscellaneous expenses written off	10,702	10,072
Profit on retirement of fixed assets, net	(1,397)	(678)
Interest income	(6,783)	(23,780)
(Increase)/decrease in current assets, loans and advances:		
Inventory	(5,525)	(6,505)
Sundry debtors	12,128	(30,541)
Loans and advances, excluding advance taxes	(17,480)	(15,340)
Increase/(decrease) in current liabilities and provisions	13,436	(10,980)
Miscellaneous expenses deferred during the year	(8,631)	-
Cash provided by operating activities	481,710	425,384
Income-tax refund received	5,420	37,237
Income-tax paid	(62,246)	(38,346)
Net cash provided by operating activities	424,884	424,275
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Additions to fixed assets including capital work-in-progress	(189,402)	(184,134)
Sale of investments	400	25
Interest received	5,625	23,417
Proceeds from retirement of fixed assets	4,799	1,825
Net cash (used in)/provided by investing activities	(178,578)	(158,867)
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Receipt of share capital	308	265
Net repayment of secured loans	(20,504)	(116,576)
Net proceeds from/(repayment of) unsecured loans	(94,960)	100,000
Net proceeds from/(repayment of) bank overdraft	58,990	(62,142)
Interest paid	(127,952)	(155,150)
Foreclosure charges paid (net)	(8,403)	(5,026)
Dividend paid (including dividend tax)	(47,219)	(27,110)
Net cash used in financing activities	(239,740)	(265,739)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,566	(331)
CASH AND CASH EQUIVALENTS, beginning of year	72,406	72,737
CASH AND CASH EQUIVALENTS, end of year	78,972	72,406

The accompanying notes 1 to 23 are an integral part of this statement

	Tushar K.Jani	Clyde C.Cooper
Director		Chairman Managing
	Khushroo M.Dubash	Suresh G.Sheth
	Director	Director
	Air Marshal S.S.Ramdass (Retd.)	Deepak Vaidya
Arthur Andersen & Associates Chartered Accountants	Director	Alternate Director for Anil Thadani
	Yogesh Dhingra	Tushar Gunderia
Mumbai May 7, 2002	Senior Vice President - Finance & Chief Financial Officer	Company Secretary
	Richard Rekhy	
	Partner	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

(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. 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

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 conformity with accounting practices generally accepted in India. The significant accounting policies are as follows:

(a) Basis of consolidation

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.

(b) Fixed assets and depreciation/amortisation

Fixed assets are stated at cost less accumulated depreciation/amortisation. Blue Dart 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.

Modifications carried out by Blue Dart that enhance the operating performance, or extend the useful lives, of fixed assets used but not owned by Blue Dart are also capitalised, where Blue Dart is certain of deriving future economic benefits from the use of such assets.

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. Aircraft engines are depreciated at 5.6 to 25 per cent per annum, and aircraft rotatable parts and capital expenditure incurred on aircraft are depreciated /amortised at 8.33 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 twenty years.

Cost related to airframe and engine overhauls and components are stated under fixed assets as 'Aircraft – components and overhaul'. Such costs are depreciated on the basis of hours flown or the life cycle of the overhaul program.

(c) Inventories

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

(d) Miscellaneous expenditure

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

Air crew augmentation expenses, being upgradation costs and advertising costs are deferred and amortised on the straight-line method over a period of three years beginning from the financial year in which these expenses are incurred.

Contract negotiation 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. 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.

Preliminary expenses and 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.

(e) 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.

(f) 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.

(g) Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates prevailing on the dates of the transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the balance

sheet. All exchange differences are dealt with in the statement of profit and loss, except those relating to the acquisition of fixed assets, which are adjusted in the cost of the fixed assets.

(h) 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.

(i) Income-tax

Provision for current income taxes is made under assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statements determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the current year the company revised its accounting policy and income taxes have been accounted as per Accounting Standard 22 'Accounting for taxes on income' ('AS-22') issued by Institute of Chartered Accountants of India. The change in accounting policy has resulted in a deferred tax charge of Rs.34,355 for the year and consequently the net profit for the year and reserves are lower by similar amounts. Further, the net deferred tax liability of Rs. 84,840 pertaining to the period prior to April 1, 2001 has been adjusted against the general reserve in accordance with the transition provision of AS-22.

(j) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number for the equity shareholders outstanding during the year.

3. SHARE CAPITAL

	2002	2001
Authorised 40,000,000 equity shares of Rs 10 each	<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up 23,727,934 (2001 – 11,916,667) equity shares of Rs 10 each, fully paid-up	237,280	119,167
Less: Calls in arrears	-	(223)
	<u>237,280</u>	<u>118,944</u>
Forfeited shares	<u>348</u>	-
	<u>237,628</u>	<u>118,944</u>

During the year Blue Dart allotted 11,863,967 equity shares of Rs.10 each as fully paid up bonus shares by capitalisation of share premium.

4. RESERVES AND SURPLUS

	2002	2001
Share premium		
Balance, beginning of year	512,433	512,176
Received during the year	832	257
Less: Capitalisation for bonus shares issued	(119,207)	-
Balance, end of year	<u>394,058</u>	<u>512,433</u>
General reserve		
Balance, beginning of year	149,295	149,241
Less :Adjustment of deferred tax liability as at April 1,2001 (see note 2 (i) and 7)	(84,840)	-
Adjustments on account of consolidation	-	(29,946)
Transfer from profit and loss account	<u>30,000</u>	<u>30,000</u>
Balance, end of year	<u>94,455</u>	<u>149,295</u>
Profit and loss account	<u>314,726</u>	<u>215,380</u>
	<u>803,239</u>	<u>877,108</u>

5. SECURED LOANS

	2002	2001
Term Loans (see (a) below):		
From banks	238,800	32,736
From financial institutions	283,260	501,072
Working capital loans (see (b) below)	229,656	170,666
Obligations under hire purchase contracts (see (c) below)	<u>4,873</u>	<u>13,629</u>
	<u>756,589</u>	<u>718,103</u>
Aggregate amount of secured loans repayable within one year (excluding working capital loans)	<u>126,581</u>	<u>159,344</u>

- (a) Term loans from banks and financial institutions are secured by pari passu first charge on movable and immovable properties of Blue Dart.
- (b) Working capital loans are secured by hypothecation of book debts, collateral security on Blue Dart's Property at Bhiwandi and second charge on Blue Dart's movable and immovable properties.
- (c) Obligations under hire purchase are secured by fixed assets acquired under these contracts.

6. UNSECURED LOANS

	2002	2001
Short term loans and advances		
From banks – Commercial Paper (5 (2001 - 10) certificates of Rs 10,000 each)	<u>50,000</u>	<u>100,000</u>

Maximum amount outstanding during the year — Rs 150,000 (2001-Rs.100,000)

7. DEFERRED TAX LIABILITY

	2002	2001
As at April 1		
Accelerated depreciation	53,727	-
Heavy maintenance expenditure	27,915	-
Others, net	<u>3,198</u>	-
	<u>84,840</u>	-
Charge for the year		
Accelerated depreciation	43,689	-
Heavy maintenance expenditure	(8,275)	-
Others, net	<u>(1,059)</u>	-
	<u>34,355</u>	-
As at March 31		
Accelerated depreciation	97,416	-
Heavy maintenance expenditure	19,640	-
Others, net	<u>2,139</u>	-
	<u>119,195</u>	-

8. 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	155,483	4,954	-	160,437
Office equipment	57,470	4,295	1,506	60,259
Electrical equipment	113,110	10,046	692	122,464
Furniture and fixtures	177,862	15,657	1,422	192,097
Computers	229,927	34,508	1,581	262,854
Vehicles	51,264	3,989	229	55,024
Assets given on lease	18,680	-	-	18,680
Aircraft				
Engines	130,663	-	-	130,663
Components and Overhaul		69,991	-	69,991
Aircraft rotatable parts	126,546	30,971	2,830	154,687
Ground Equipment	109,368	7,479	-	116,847
Capital expenses for Aircraft	83,207	-	-	83,207
	<u>1,675,635</u>	<u>181,890</u>	<u>8,260</u>	<u>1,849,265</u>
Accumulated depreciation and amortisation				
Goodwill	15,000	1,500	-	16,500
Land — Freehold		-	-	-
Buildings	5,289	2,592	-	7,881
Office equipment	10,728	4,378	356	14,750
Electrical equipment	19,919	8,175	403	27,691
Furniture and fixtures	40,984	11,013	567	51,430
Computers	142,412	28,874	2,789	168,497
Vehicles	19,984	4,427	101	24,310
Assets given on lease	4,942	1,494	-	6,436
Aircraft				
Engines	11,113	13,779	-	24,892
Components and Overhaul		2,417	-	2,417
Aircraft rotatable parts	28,469	12,239	643	40,065
Ground Equipment	21,680	5,918	-	27,598
Capital expenses for Aircraft	1,087	6,517	-	7,604
	<u>321,607</u>	<u>103,323</u>	<u>4,859</u>	<u>420,071</u>
Net book value				
Goodwill	15,000			13,500
Land — Freehold	392,055			392,055
Buildings	150,194			152,556
Office equipment	46,742			45,509
Electrical equipment	93,191			94,773
Furniture and fixtures	136,878			140,667
Computers	87,515			94,357
Vehicles	31,280			30,714
Assets given on lease	13,738			12,244
Aircraft				
Engines	119,550			105,771
Components and Overhaul	0			67,574
Aircraft rotatable parts	98,077			114,622
Ground Equipment	87,688			89,249
Capital expenses for Aircraft	82,120			75,603
	<u>1,354,028</u>			<u>1,429,194</u>

- (a) The net book value of fixed assets shown above includes an amount of approximately Rs. 23,094 (2001 -Rs.45,074) in respect of assets held under hire purchase contracts.
- (b) The estimated amount of contracts remaining to be executed on capital account, net of advances, and not provided for, are Rs.8,904 (2001- Rs 13,770).
- (c) During the year, the Company revised its estimate of the economic useful lives of one of the aircraft engines. The unamortised depreciable amount relating to fixed assets whose economic useful lives were revised, is charged over the revised remaining useful lives of the respective assets. Further to the revision in the estimated useful lives, the depreciation charge for the year is higher by Rs. 3,327, and the net profit for the year is lower by a similar amount.
- (d) Aircraft components and overhaul includes cost of modifications of airframes not owned by the Company, which the Company is contractually liable to pay.

9. INVESTMENTS

(long term, unquoted, trade)

	2002	2001
1,000 (2001 – 1000) equity shares of Rs 50 each in Thane Janta Sahakari Bank Limited	50	50
1,000 (2001 – 1000) equity shares of Rs 10 each in Saraswat Co-operative Bank Limited	10	10
National saving certificates	1,300	1,700
	<u>1,360</u>	<u>1,760</u>

10. CURRENT ASSETS, LOANS AND ADVANCES

	2002	2001
(a) Inventories		
Consumables	51,597	46,513
Loose tools	3,346	2,905
	<u>54,943</u>	<u>49,418</u>
(b) Sundry debtors		
Unsecured, considered good		
Exceeding six months	21,773	30,296
Other debts	298,969	302,574
	<u>320,742</u>	<u>332,870</u>
(c) Cash and bank balances		
Cash and cheques in hand	20,754	17,259
Balances with scheduled banks:		
- in current accounts	48,200	45,601
- in deposit accounts	3,115	3,113
- in margin money account	6,903	6,433
	<u>78,972</u>	<u>72,406</u>

The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of Blue Dart. The balances in the deposit accounts are given as security against overdraft facilities from banks.

(d) Loans and advances

(unsecured, considered good)

	2002	2001
Advances recoverable in cash or in kind or for value to be received:		
Aircraft maintenance jobs	52,452	70,315
Prepaid expenses	117,930	80,495
Others	37,639	46,458
Deposit – others	102,968	91,176
Advance tax, net of provisions	55,504	38,141
	<u>366,493</u>	<u>326,585</u>

11. CURRENT LIABILITIES AND PROVISIONS

	2002	2001
(a) Current liabilities		
Sundry creditors	70,192	66,963
Bills discounted	48,500	93,460
Other current liabilities	121,148	113,911
Calls in advance	-	1,647
Interest accrued but not due	340	7,520
	<u>240,180</u>	<u>283,501</u>
(b) Provisions		
Gratuities	991	-
Leave encashment	12,527	10,158
Proposed dividend	53,505	41,708
Corporate tax on dividend	-	4,254
	<u>67,023</u>	<u>56,120</u>

12. MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

	2002	2001
(a) Advertising costs		
Balance brought forward	4,181	8,306
Amortised during the year	(2,991)	(4,125)
Balance carried forward	<u>1,190</u>	<u>4,181</u>
(b) Computerised systems development/long-term contract negotiation cost		
Balance brought forward	3,475	5,734
Amortised during the year	(2,113)	(2,259)
Balance carried forward	<u>1,362</u>	<u>3,475</u>

(c) Preliminary expenses

	2002	2001
Balance, beginning of the year	-	200
Amortised during the year	-	(200)
Balance carried forward	-	-

(d) Preoperating expenditure

Employee and other administrative costs		
Balance beginning of the year	-	1,428
Amortised during the year	-	(1,428)
Balance carried forward	-	-

(e) Air crew augmentation expenses

Balance, beginning of the year	6,176	8,236
Additions during the year	8,631	2,144
Amortised during the year	(5,598)	(4,204)
Balance carried forward	9,209	6,176
	<u>11,761</u>	<u>13,832</u>

13. FREIGHT, HANDLING AND SERVICING COSTS

	2002	2001
Aircraft operating costs	571,788	486,173
Domestic network operating costs	348,558	307,560
International servicing charges	361,013	314,520
Domestic excess baggage	105,110	103,007
Printing and stationery	51,662	44,377
Handling and clearing charges	52,823	42,837
	<u>1,490,954</u>	<u>1,298,474</u>

14. EMPLOYEE COSTS

	2002	2001
Salaries, wages, bonus and allowances	443,820	377,755
Staff welfare	99,658	90,122
Contribution to provident and other funds	43,339	41,627
	<u>586,817</u>	<u>509,504</u>

15. SELLING AND ADMINISTRATION EXPENSES

	2002	2001
Travel	27,546	25,985
Lease rentals and hire charges	19,769	22,835
Repairs and maintenance – others	20,054	19,262
Bad debts written off (net of provision for doubtful debts of earlier years – Nil (2001 – Rs 30,866))	16,669	17,500
Professional and consulting charges	17,392	12,419
Miscellaneous expenditure written off (see note 2(e) & 12)	10,702	12,216
Office expenses	14,809	11,949
Sales promotion and advertising	7,746	4,971
Insurance	4,289	4,146
Miscellaneous expenses	18,478	21,563
	<u>157,454</u>	<u>152,846</u>

16. ESTABLISHMENT COSTS

	2002	2001
Rent	78,435	67,802
Duties, rates and taxes	11,676	10,782
Communications	44,821	37,062
Electricity charges	27,623	23,360
	<u>162,555</u>	<u>139,006</u>

17. INTEREST EXPENSE, NET

	2002	2001
Term loans	79,487	100,433
Bill discounting and finance charges	-	25,069
Others	41,281	20,818
Hire purchase	4,500	10,307
Interest income (on income-tax refunds, inter corporate deposits and margin money)	(6,783)	(23,780)
	<u>118,485</u>	<u>132,847</u>

18. EARNINGS PER SHARE

The calculations of earnings per share are based on the earnings and numbers of shares as computed below:

	2002	2001
Profit after tax for the year	182,851	236,225
Weighted average number of shares (see note (a) below)	23,727,934	23,780,634
Nominal value of shares outstanding	Rs.10	Rs.10
Earnings per share – basic and diluted (see note (b) below)	Rs.7.71	Rs.9.93

- (a) The earnings per share of the previous year have been computed after considering the bonus shares issued during the current year, as required by Accounting Standard 20, 'Earnings Per Share'.
- (b) Blue Dart has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

19. CONTINGENT LIABILITIES

	2002	2001
(a) Bank guarantees	14,180	23,559
(b) Letter of credit	-	4,061

- (c) Blue Dart 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.

20. COMMITMENTS UNDER LEASE AGREEMENTS

Blue Dart has entered into operating and finance lease agreements for the rental of property, vehicles, computers, equipment and other assets. Typically, lease agreements are for a period of three to five years. At March 31 2002, Blue Dart had commitments under non-cancellable leases of approximately Rs 800,666 (2001-Rs.641,132)

21. RELATED PARTY DISCLOSURES

- a) *Related party relationships where transactions have taken place during the year*

Associate enterprises

Concorde International, Managing Director is a partner
Skyline International, Chairman and Managing Director are partners

Key management personnel

Mr Tushar K Jani - Chairman

Mr Clyde C Cooper – Managing Director

Mr Khushroo M Dubash – Whole-time Director

Mr Deepak Vaidya

Air Marshal S.S. Ramdas (Retd.)

Mr Suresh G Sheth

b) Transactions with related parties during the year

	2002	2001
<i>Associate enterprises</i>		
Reimbursement of establishment charges	5,247	2,997
Discounting of bills of exchange	17,500	6,000
Discounting charges	436	500
Clearing and handling charges paid	8,206	8,281
<i>Key management personnel</i>		
Remuneration	16,237	15,365
Consultancy charges	2,150	-
<i>Relatives of key management personnel</i>		
Consultancy charges paid to Ms. C. Farida	1,260	1,260

c) Related party balances

	2002	2001
Payable to associate enterprises	301	227

22 SEGMENT INFORMATION

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

23 PRIOR YEAR COMPARATIVES

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

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 always contain PIN Code.
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.
6. Your signature on the Transfer Deed, as a seller (Transferor), should match with the Specimen Signature registered with the Company.
7. Please consolidate all your holdings in one folio. Holding shares in many folios does not confer any benefits and you may lose track of Dividend Warrants and important mails.
8. Please always keep the Share Certificates in safe custody as they are valuable documents.
9. Please sign the Transfer Deed(s) only at the time of selling and after the deed(s) is/are filled in with necessary details.
10. Always quote your Folio No./ Client ID in all your correspondence relating to your holdings.
11. Instant receipts are issued for documents lodged at our Registrars viz; M/s. IIT Corporate Services Ltd., 2nd Floor, Suren Road, Andheri (E), Mumbai – 400 093.
12. 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.
13. 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.6836790-91, 6838240-41 and Fax Nos. 6836790.
14. Please claim your previous dividends, if any, not encashed. If the dividend warrants have been lost, please apply for duplicate dividend warrants.
15. 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.