

Thirteenth Annual Report 2003 - 2004



THIS SIDE UP

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BLUE DART



AWB No. : 5800402001

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BLUE DART

20
YEARS'

Service To The Nation



Our vision

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

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

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CONSOLIDATED ACCOUNTS

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Board of Directors



Tushar K. Jani
Chairman



Clyde C. Cooper
Managing Director



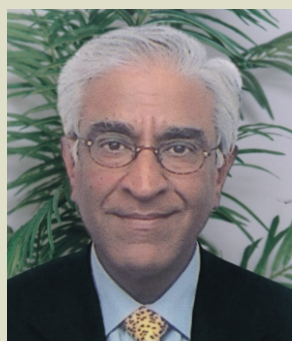
Khushroo M. Dubash
Director



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
Alternate Director

REGISTERED OFFICE

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

Tel : 28396444, Fax : 28244131 / 28311184 www.bluedart.com

Executive Management



Malcolm Monteiro
Sr. V.P. - Sales,
Services & Systems



Yogesh Dhingra
Sr. V.P. - Finance &
Chief Financial Officer



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



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



Nina Fernandes
V.P. - Corporate Human
Resource Development



Anil J. Gambhir
Head - Internal Audit



Tushar Gunderia
Company Secretary



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



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



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



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



Amod Dasgupta
V.P. - East Region



Samir Shah
Sr. Mgr. - West 2 Region



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



Balfour Manuel
V.P. - West 1 Region

AUDITORS
Price Waterhouse

PRINCIPAL BANKERS
Canara Bank
ICICI Bank Ltd.
IDBI Bank Ltd.

SOLICITORS
Mulla & Mulla & Craigie Blunt & Caroe
DSK Legal

Chairman's Statement

Dear Shareholders,

I wish each of you a very cordial and warm welcome to this, the 13th Annual General Meeting of your Company. You would be delighted to learn that your Company reported a record operational and financial performance this year, with its highest ever net profit of Rs. 26.48 crores since its inception. The Board of Directors of your Company has recommended a higher dividend of 45%.

The Indian Economy rallied to encouraging levels this year, with growths estimated at 7.2% (NCAER); the country's foreign exchange reserves are at a high of \$ 119 billion, the manufacturing sector advanced positively, and an 8% growth is estimated for services in this fiscal. The Asian Development Bank (ADB) predicted that Indian Industry would grow 10.2% in 2004-05, and 8.9% in 2005-06. If these are accepted indicators, then they should herald another good year for Corporate India in 2004 -05.

Post World War II, the world went through a rebuilding age. Germany, the United Kingdom, Europe, the United States and Japan got involved in the engineering revolution. Activities in the areas of construction and infrastructure took centre stage. This period continued till the late fifties. Concurrently the Eastern block and some of the countries like India, Cuba, and Egypt set off on rebuilding their nations by adopting socialistic models. These efforts continued way into the late sixties. The early seventies brought the technology revolution. Machines were upgraded to smaller sizes, lower costs and higher production. Numerical controls became popular. Numerous sources of alternate energies were being identified and implemented. This path changing phase was followed by an era of quality driven business activities. Quality standards such as ISO and Kaizen brought efficiencies in business processes.

The technology evolution had only just begun and, as part of the process, intelligent chips changed the production automation forever. In the eighties came the boom of Information Technologies and the mammoth task of increasing industrial efficiency continued. The requirement of man power in the production processes was becoming minimal. The early nineties most definitely belonged to the developing countries. These countries opened their borders to foreign investments and the cost of finance became cheaper by the day, with global funds being available for all the development that was necessary for industrial growth. In the mid-nineties, WTO norms brought about a lot of business reengineering. With the help of information technology, you could locate your production and back office operation anywhere.

The world was becoming smaller and smaller. Efficiencies were achieved in the industry by out-sourcing. In manufacturing, China became the biggest out-sourcing centre and India was emerging in the information technology sector and other intelligence related areas like research.

In this journey the industry has tried and achieved the desired efficiency and brought the cost of production down. Therefore, for organizations to now fight the competition, supply chain improvisation remains the only unexplored front. The supply chain processes get directly affected by two most critical factors, infrastructure and law. The world is working hard on both these issues. I personally believe that the next decade and beyond will belong to the supply chain and logistics movement, opening up new avenues for the industry to achieve further efficiency.

Therefore, I am happy that your company is in the business of supply chain solutions and is making all relevant infrastructure investments for the same.

In India, we have witnessed the emergence of businesses in the new economy, in areas such as the IT industry, Banking and Financial Services, Retail, Health Services and Biotechnology, that present potential for outsourcing of non-core areas and demand for new value added services such as express distribution and efficient supply-chain support. The courier industry has expanded to provide services in critical areas, and now plays an important role in contributing to efficiency in supply-chain management. The industry survey, conducted this year, pegs the overall

growth of the express industry at 20%. Based on these estimates, the size of the express industry is slated to be Rs. 6,203 crore by the year 2007-08.

This year, your Company celebrated its 20th Anniversary. The 19th November marks the day when Blue Dart came into existence 20 years ago, with a dream 'to be the best'. That dream has translated into reality and converted your Company into India's best integrated air express transportation and distribution Company and the largest in South Asia today. Your Company continued to expand its presence in the domestic market and currently leads the organised, domestic segment with the largest market share of 39%, as an independent survey conducted this year has shown.

During the year, in its drive to strengthen its unique infrastructure dedicated to support business and commerce, your Company set up state-of-the-art warehousing facilities at Bhiwandi and Hyderabad, an octroi-bonded warehouse at Mumbai, and an integrated air and surface facility, with a sales





Service To The Nation

tax notified warehouse, at Kolkata Airport. Thirty Three new retail outlets were added, bringing the total number of offices to 203, with a total area of 474,000 sq. ft. of facilities.

Blue Dart Aviation Ltd., the wholly owned subsidiary of your Company, inducted its fourth Boeing 737 aircraft into its fleet, to connect its 6th Aviation Hub at Hyderabad. The new aircraft adds 14 route connections and an additional 60 tonnes per night to Blue Dart's network, enhancing its capacity to 180 tonnes and a total of 39 route connections each night. Blue Dart Aviation Ltd. was the first private carrier to have received permission from the Director General of Civil Aviation (DGCA) to undertake a heavy maintenance D-Check on our aircraft. This is an accolade to our maintenance capability, and has also resulted in considerable cost-savings for your Company. I am also pleased to inform you that Blue Dart Aviation Ltd. is now a scheduled carrier and has been allocated a 2-character designator by IATA.

Skyline Air Logistics Pvt. Ltd. and Concorde Air Logistics Pvt. Ltd. have become Subsidiaries of your Company recently.

Continuing with its technology innovations towards building service excellence, your Company launched new technology tools: CARESS™ (Complaint Appreciation Resolution and Evaluation to Satisfaction System), a customer complaint redressal system and SHIELD™, an online security module.

Your Company has successfully leveraged its partnership with DHL Worldwide Express, the largest international express player. The complementary international and domestic strengths of DHL Worldwide Express and Blue Dart provide access to over 220 countries worldwide to a large domestic customer base over the widest geographical reach in the country. Today, your Company has the capacity to render globally-benchmarked services to more than 13,700 locations in India, Bangladesh, Bhutan and Nepal and over 220 countries worldwide, providing a vital link to business and trade.

This year, your Company re-commenced its media campaign after a gap of almost a decade. Extensive marketing research indicated that Blue Dart's customers perceived it as the most reliable brand in the Indian express industry. The research showed that, when customers needed to ship something critical and urgent, they used only Blue Dart. The campaign seeks to consolidate the 'reliability' platform where Blue Dart is clearly differentiated from the rest of the players. It also reinforces the delivery capability of Blue Dart in terms of its capacity that is the largest in the country today. The campaign conveys the message that your Company has graduated from being a document carrier to a large shipment company with a focus on trade and distribution.

A validation of your Company's brand strength was its selection as a Superbrand from over 700 brands across 93 categories. Your company was also presented the Brand Leadership and

Excellence Award at the India Brand Summit in November 2003. The award is based on the brand's ability to create lasting relationships with customers and delivering value for the Company.

During the year, your Company added SriLankan Airlines and Polar Air to its existing list of 20 interline partners. These agreements enable International Airlines to tranship cargo to stations to which they do not operate, and gain access to markets other than their gateways.

Our largest threat continues to remain the high and rising costs of Aviation Turbine Fuel (ATF). Though we have a fuel surcharge mechanism in place to neutralise the rising prices, uncontrolled increases over a long period will have a detrimental impact on the world economy that will cascade down to business. We hope that international prices will be reined in soon.

Good Corporate Governance has always been an integral part of the Company's business philosophy. Over the years, the Company has consistently made efforts to increase transparency. 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. We also attempt to develop human potential and reach out to those less privileged than us, through various activities during the year, as our social responsibility.

I wish to place on record the exemplary dedication and hard work of our employees that contributed to the improved performance of the Company.

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

We remain committed to delivering sustainable, profitable growth that in turn delivers value to you. And to do this while benefiting all our other stakeholders - our customers, our employees, our associates, our suppliers and society at large.

I wish to thank each one of you for your confidence and trust which has provided us with the impetus to grow. I also take this opportunity to thank every member of the Blue Dart team for their contribution in creating a proud brand that delivers on its promise. I look forward to your continued support and strength as we march forward on our promising journey.

Warm regards,

Mumbai
June 17, 2004

Tushar Jani
Chairman

Financial Summary

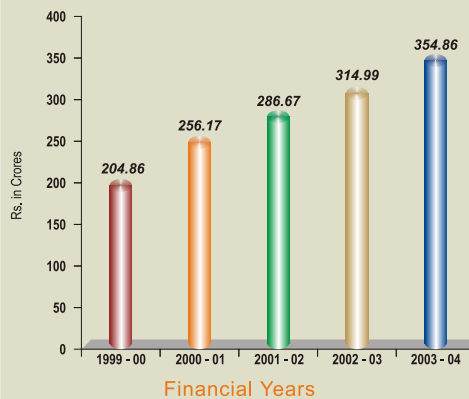
FINANCIAL SUMMARY OF LAST 5 YEARS

	(Rs. in Crores)				
Year End March	1999-00	2000-01	2001-02	2002-03	2003-04
Income from Operations	204.86	256.17	286.67	314.99	354.86
Other Income	0.32	0.54	0.59	0.38	0.47
Total Income	205.18	256.71	287.26	315.37	355.33
Total Expenditure	178.72	215.24	247.26	270.67	299.67
Operating Profit	26.46	41.47	40.00	44.70	55.66
Interest (Net)	8.66	10.04	8.52	5.69	4.35
Gross Profit	17.80	31.43	31.48	39.01	51.31
Depreciation	3.79	5.60	6.21	7.82	10.01
Profit Before Tax	14.01	25.83	25.27	31.19	41.30
Taxation	1.70	2.80	7.26	10.11	14.82
Profit After Tax	12.31	23.03	18.01	21.08	26.48
Equity	11.89	11.89	23.73	23.73	23.73
Reserves	77.33	95.79	84.79	94.23	108.66
Gross Fixed Assets	100.72	122.29	136.17	146.06	186.90
Book Value (in Rs.)	73.70	89.72	45.63	49.30	55.47
ROCE (in percentage)	17.88	24.54	23.03	25.76	28.95
Debt Equity (in times)	0.64	0.44	0.33	0.25	0.31
Total Debt Equity (in times)	0.89	0.67	0.57	0.44	0.49

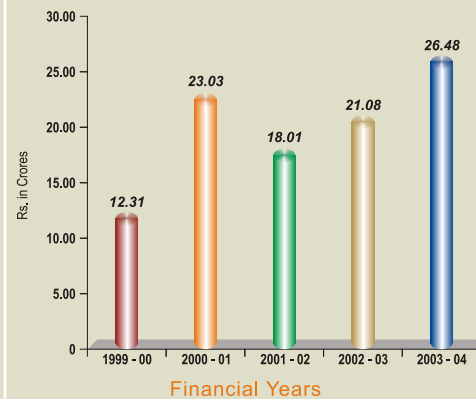
During the Financial year 2001-02, the company had issued Bonus Shares in the ratio of 1:1.

FIVE YEARS IN REVIEW

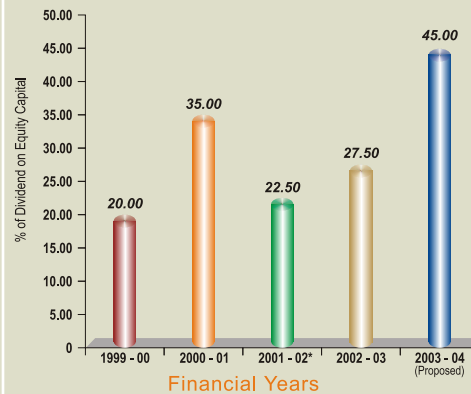
Income from Operations



Net Profit

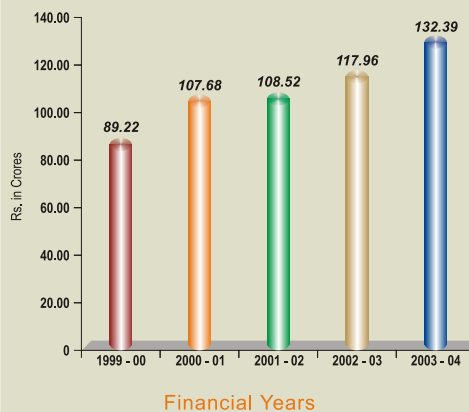


Dividend Percentage

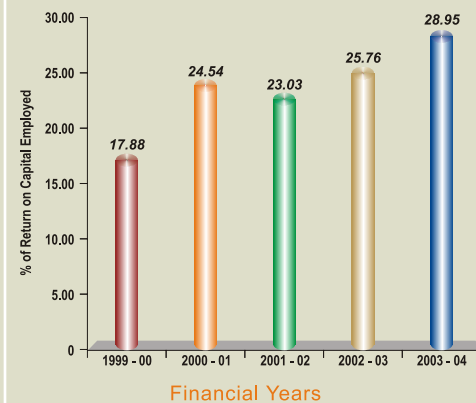


* During the Financial Year 2001 - 02, Company had issued bonus shares in the ratio of 1 : 1.

Networth



Return on Capital Employed



Leadership

Blue Dart is the market leader in South Asia's express industry, with a market share of *39% in the organized, domestic segment.

Meeting the needs of over 41,000 customers through.....



8

INFRASTRUCTURE

- India's only domestic cargo airline with a fleet of 4 Boeing 737 freighters and 39 route connections each day.
- 203 offices, 183 franchisees and 171 service participants.
- 474,000 sq. ft. of facilities, including 7 bonded warehouses and 9 hubs.
- Delivering to over 13,700 locations in India, Bangladesh, Bhutan and Nepal, and 220 countries worldwide
Via an integrated air and surface system.
- The widest geographical reach linked by a surface network of 2,717 vehicles.

SERVICES

- Over 36.4 million domestic and 0.5 million international shipments.
- 87,198 tonnes of express and air freight loads.
- Delivered at reliability levels of 99.95%.
- ISO 9001-2000 certified standards for the entire operations, products and services.

* ACNielson Market Survey Report, 2004

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YEARS'

Service To The Nation

PEOPLE

- Over 4,000 committed professionals
- Over 5,000 associates operating to quality benchmarked standards.

BRAND

- Selected a Superbrand from over 700 brands in the country, based on parameters of mind dominance, trust and emotional bonding that create strong customer loyalty.
- In November 2003, Blue Dart bagged the 'Brand Excellence & Leadership Award' at the India Brand Summit, judged on the ability to create lasting relationships with customers, and delivering value for the company.



Services

EXPRESS SERVICE OFFERINGS



From a document to a charter load, Blue Dart offers a range of services to meet all distribution needs, backed by advanced technology and reliability levels of 99.95%.

Reliable, time-definite, door-to-door distribution and supply-chain solutions...

Domestic Priority:

For documents and packages, under 32kgs per piece, that require unfailing reliability and speed. This service is available for 13,700 locations in India, and Bangladesh, Bhutan and Nepal.

Dart Apex:

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

Smart Box:

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

Dart Surfaceline:

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

International Services:

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

AIR FREIGHT SERVICE OFFERINGS

Domestic Airport-to-Airport Services:

Late cut-offs and early morning deliveries to the 6 cities of Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Mumbai. Shipments are security checked at screening facilities available in Blue Dart's warehouses at the airports.

Interline Services:

Transshipment of customs-bonded import and export loads to and from six of India's main international gateways. This facility is available with 22 major international airlines who are Blue Dart's interline partners.

Charters:

Blue Dart's freighters offer palletized capacity for carriage of urgent, time-sensitive, emergency material between 18 airports in India and 4 international airports in the region. Blue Dart's freighters offer the highest payload available in the Indian skies.

Large shipment delivery capability, through India's only domestic cargo airline with dedicated night operations, by a fleet of 4 Boeing 737 freighters.



T echnology



Blue Dart has been a pioneer in the Indian express industry, creating technology tools and customer software aimed at providing customers with greater convenience and an edge in the marketplace

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 receives real-time, complete and accurate information about his shipments.

SMART™ An indigenously developed, real-time space and revenue management system. A confirmation of space availability can be obtained over the telephone. All shipments booked on SMART™ are picked up, moved on the network and tracked until delivery.

SENTOR™ An application program specially developed to interface with Blue Dart's alliances and locations, especially in far flung areas, with COSMATII™ via the internet, to achieve faster update and feedback. SENTOR™ enables detailed feedback on packages coming into a location for delivery. When shipments are delivered, details are logged in and sent to the Blue Dart web server so they can be accessed by customers within 4 hours of delivery. SENTOR™ also has an inbuilt monitoring mechanism to check delivery performance.

WMS (Warehouse Management System) A warehouse management system developed inhouse by Blue Dart. This software manages the entire storage, inventory control and maintenance, order fulfilment and logistics activities in the warehouse, including generation of various types of reports. The tool can also be web-based to suit individual customer requirements. The benefit to the customer is a more efficient and integrated supply-chain.

CARESS™ (Complaint Appreciation, Resolution and Evaluation to Satisfaction System), Blue Dart's latest innovation and an extremely powerful online customer complaint-redressal system. Enables intelligence on every single customer complaint to enhance service excellence.

SHIELD™ The powerful, online, security module that simplifies tracking of any security incident across the country. Facilitates closure of cases and deriving of trends as an effective management tool.

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 the Blue Dart service location, counter or franchisee office that is closest to him. Any of Blue Dart's 13,700 domestic locations and 220 international destinations can be ascertained by city, street name or pincode.

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YEARS'

Service To The Nation

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 facilitate 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 into the Blue Dart system all their data that 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.

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

ShopTrack™ An Application Program Interface designed specifically to support and enhance the services provided by a portal or any e-business, ShopTrack™ provides an effortless, plug-and-play customised solution. Customers no longer have to leave the portal site to track their purchases. They just need to enter their order numbers, and the shipping and delivery details are displayed on the same page. A time and cost-saving tool, this application gives Blue Dart's customers a competitive edge.

PackTrack™ Another Applications Program Interface, designed for any customer involved in 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.

ImageDart™ This tool is the first of its kind in the domestic express industry. Imagedart™ enables customers to download proof of delivery (POD) and Delivery Challans (DC) on line from Blue Dart's website, bringing down the billing-cycle time to their customers from 10 days to 48 hours.

MobileDart™ MobileDart™ eliminates the need to access a computer for tracking details of shipments. MobileDart™ enables customers to make shipping decisions on the run.

WAP Works on any mobile phone or device that supports Wireless Application Protocol. The current status of a shipment can be tracked. An automated delivery message is also available by e-mail or SMS as soon as a shipment is delivered. In addition, access to the Location Finder, data on product offerings and the company are available on the WAP site (wap.bluedart.com).

SMS SMS works on any mobile phone or device that supports sending of e-mail over Short Messaging Service. Customers can send a message to receive current details of shipments, or receive intimation as soon as a shipment is delivered.

13



Corporate Social Responsibility

In keeping with our People philosophy of creating a nurturing work environment, developing human potential to benefit the company and society at large, and reaching out to those less privileged than we are.



Association of Cricket for Blind in India (ACBI)

Blue Dart has a 7-year association

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Sponsorship of The First Asian Chess Championship for the Visually Impaired

A truly uplifting event where the gifted players pit their talents against each other. This is one game where the visually impaired can match, and even outdo, the sighted. Blue Dart was proud and honoured to have been part of this event during December 2003 in Mumbai.



Best Administrative Practice Award

Recognizing innovations and best practices in the workplace for the Indian Association of Secretaries and Administrative Professionals. The winner carried home a trophy and laptop, and attended an executive management course at the IIM, Bangalore.

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YEARS'

Service To The Nation



Straight From The Heart

Delivering Love and Smiles to Orphans on Valentine's Day, 14th February 2004, at Ahmedabad, Bangalore, Delhi, Hyderabad, Kolkata and Mumbai. Blue Darters across the country contributed wholeheartedly and generously towards this event.



Small contributions to worthy causes, through carriage of the organisation's mail & products



Supporting CRY brighten lives of our little nation builders



Children's Painting Competition

On the 2nd November 2003, Blue Dart children participated in large numbers across the country in Bangalore, Chennai, Delhi, Hyderabad and Mumbai, along with their happy parents. Contributions eagerly came in from Blue Darters from other locations as well. The best painting was selected as the company's New Year greeting card design.

V alue



In an increasingly dynamic environment, value is derived through continuous innovation to meet evolving customer demand. Quality is a basic requirement, and service excellence an active driver. Blue Dart has strived to listen closely to its customers, identify and anticipate their needs and build through technology, infrastructure, innovation and people a business aligned to its stakeholders' objectives.

Blue Dart delivers Peace Of Mind.

Cost-Savings

Through a complete and reliable system dedicated to quality distribution. Customers can look at effectively managing their supply-chain, lowering their inventories and linking their data flow close to real time, by using Blue Dart's dependable range of services.

Time-Saving

Speed, reliability and security via an integrated air and surface infrastructure dedicated to quality distribution. Flights that operate at night to business (not passenger) convenience. Capacity for high-volume, odd-size packages on India's only domestic cargo airline, and customised charters for urgent project roll-outs.

Focus on Core Business

By leaving the multiple and complex processes of distribution to the expert, Blue Dart provides a spectrum of service offerings and the regulatory expertise to manage shipping door-to-door seamlessly, backed by customised software and integrated systems focused on customer convenience and to keep the customer in control of his business.

Competitive Edge

Being first to market and being able to beat the high rates of obsolescence of new product innovations at the most cost-efficient levels are challenges that, when successfully overcome, provide organisations with the competitive edge to help differentiate themselves in an increasingly cluttered market. Blue Dart provides the widest reach of speed, reliability, security and technology to business distribution in the country - the power to move from a document to a charterload within a committed timeframe.

DIRECTORS' REPORT

To the Members

The Directors have great pleasure in presenting the Thirteenth Annual Report of your Company for the year ended March 31, 2004.

FINANCIAL RESULTS

		(Rs. in lacs) For the year ended	
Particulars	March 31, 2004	March 31, 2003	
Revenues			
Services	35,486	31,499	
Lease and other Income	47	38	
Less : Operating Expenses	29,967	27,067	
Operating Profit (EBIDTA)	5,566	4,470	
Less : Interest Cost (Net)	435	569	
Depreciation	1,001	782	
Profit before tax	4,130	3,119	
Less : Provision for Income tax	1,482	1,011	
Profit after tax	2,648	2,108	
Profit & Loss A/c balance brought forward	4,272	3628	
Less : Provisions for tax (prior periods)	-	428	
Profit available for appropriation	6,920	5,308	
Dividend	1,068	652	
Dividend Tax	137	84	
Transfer to Reserves	500	300	
	5,215	4,272	

REVIEW OF PERFORMANCE

Your Company has improved its performance on all parameters during the year. Your Company has effectively leveraged its assets, infrastructure and investments, resulting in improved productivity and performance for the year under review. During the year, your Company has successfully added infrastructure with substantial facilities at Bhiwandi, Hyderabad, Kolkata and Mumbai amongst other places. Your Company continues to strengthen its dominance in domestic markets with a 39% of market share and has significantly grown its operating profits with a mixture of topline growth and effective cost management.

Your Company has recorded a profit before interest, depreciation and amortisation of Rs. 5,566 lacs as compared to Rs. 4,470 lacs of the previous year and profit after interest and depreciation of Rs.4,130 lacs as compared to Rs. 3,119 lacs of the previous year.

DIVIDEND

Encouraged by the performance achieved by your Company since its inception, your Directors are pleased to recommend a higher dividend of Rs. 4.50 per equity share of Rs.10/- each as compared to Rs.2.75 per share in the previous year.

The dividend, once approved by the members in the ensuing Annual General Meeting will be paid out of the profits of the Company for the year and will sum up to a total of Rs.1,205 lacs, including corporate dividend tax, as compared to Rs.736 lacs in the previous year.

OPERATIONS REVIEW

Revenue

During the year, your Company recorded a growth of 13% in Income from Operations.

Incremental revenues, coupled with cost efficiencies and right product mix, resulted in profit before interest and depreciation of Rs.5,566 lacs, as compared to Rs. 4,470 lacs of the previous year, and profit after interest and depreciation of Rs. 4,130 lacs, as compared to Rs. 3,119 lacs of the previous year.

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

Your Directors are pleased to inform you that the Company's path breaking Sales Alliance contract with DHL Worldwide Express, for its international services, has been progressing well.

As you may be aware, your Company has been certified for ISO 9001 standards since 1996 and has been successfully re-certified to the new global ISO 9001 - 2000 standards for "Design, management and operations of countrywide express transportation and distribution services within the Indian sub-continent and to international destinations serviced through multinational express companies".

Your Company is South Asia'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 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 customers, innovating new products and expanding its network and infrastructure, thereby increasing its market share in the country.

DIRECTORS' REPORT

During the year under review, your Company carried over 36.4 million domestic shipments and 0.5 million international shipments weighing over 87,198 tonnes.

Aviation System

During the year, your Company has acquired an additional Boeing 737 freighter aircraft as a part of its fleet expansion plan. The acquisition reinforces the Company's leadership in the domestic express industry. It reiterates our commitment to our customers and enables us to enhance our service capabilities in the Integrated Air Express Transportation and Distribution Industry.

Interline Arrangements

Your Company continues to expand airside and customs bonded warehouses, along with trans-shipment facilities at the 5 major domestic airports to facilitate movement of import / export cargo within India. During the year, your Company signed Interline Agreements with 'Sri Lankan Airlines' and 'Polar Air', thereby increasing the total of such international carriers services to 22.

Facilities

Your Company has Infrastructure facilities including the state-of-the-art warehousing facilities of approximately 474,000 sq.ft. area across the country.

FINANCE

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

The Company's Return on Capital Employed has increased to 28.95% as compared to 25.76% in the previous year.

Credit Rating

The Company continues to enjoy the highest rating assigned "F1+(ind)" [F one plus (ind)] by FITCH Ratings India Private Limited for the Company's short - term debt programme of Rs.20 Crores, indicating very high certainty of timely payment.

SUBSIDIARY COMPANY

The Company's wholly owned subsidiary, Blue Dart Aviation Ltd. has shown an improvement in performance by achieving a net profit of Rs.171.95 lacs as compared to Rs.35.78 lacs of the previous year.

The audited statement of accounts for the year ended March 31, 2004 of Blue Dart Aviation Ltd., the Company's wholly owned subsidiary together with the report of the Directors and the Auditors, as required pursuant to the provisions of Section 212 of the Companies Act, 1956 are attached.

In accordance with the requirements of Accounting Standard AS -21, prescribed by 'The Institute of Chartered Accountants of India', the Consolidated Accounts of the Company with its wholly owned subsidiary, Blue Dart Aviation Limited, has been incorporated in this Annual Report.

OUTLOOK FOR THE FUTURE

Your Company, along with its subsidiary, is ideally placed in the Indian market, with a trained and committed force of over 4,000 people, the latest state - of - the - art technology, integrated air and ground infrastructure, wide geographical coverage to support India's growth and development, distribution and third party logistics and supply chain management needs of the Industry.

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 continue to maintain dominance. The Company plans to enhance capacities within the network by induction of additional aircraft, over a period of time, to capitalize on the future growth of the express industry.

In keeping with its vision and goal of national and regional leadership, Blue Dart is planning to consolidate its presence in neighbouring countries viz; Sri Lanka, Bangladesh, Bhutan and Nepal.

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Air Marshal S.S. Ramdas (Retd.), Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The terms of appointment of Mr. Tushar Jani, Mr. Clyde Cooper and Mr. Khushroo Dubash had expired on March 31, 2004 and the Board of Directors have recommended their re-appointment for a period of 5 Years in its Board Meeting held on January 20, 2004, subject to necessary approval by the Members as set out in the Notice convening the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

DIRECTORS' REPORT

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

LISTING ARRANGEMENT

The Company's equity shares are listed on the Stock Exchanges at Ahmedabad, Delhi, Mumbai and The National Stock Exchange of India Ltd. (NSE). SEBI has issued guidelines for voluntary delisting of its shares subject to the approval of the shareholders provided however that the equity shares of the Company are listed on one or more of the Stock Exchanges having nationwide trading facilities.

As the trading of the Company's equity shares on the Stock Exchanges at Ahmedabad and Delhi has been nil over the past 3 years, it is proposed to delist the Company's equity shares from these Stock Exchanges. The Company proposes to continue its listing with the Mumbai Stock Exchange and the NSE which has nationwide trading facilities and hence there will not be any inconvenience or hardship to the investors.

A proposal in this respect is contained in the accompanying Notice of the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

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

FIXED DEPOSITS

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

AUDITORS

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

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

HUMAN RESOURCE DEPLOYMENT

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

EMPLOYEES

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

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

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

SOCIAL COMMITMENT

During the year, the Company had organized an event 'Straight from the Heart' for the benefit of 'orphaned children'. As a gesture of social responsibility towards the less privileged, the representatives of the Company had spent a day with them distributing gifts.

During the year, your Company had also sponsored 'The Best Administrative Practice Award' which is initiated to recognize best practices initiated in the workplace by Secretaries to benefit business through personal development and application. Your Company has always believed in the development of people and instituting the 'Best Administrative Practice Award' is another effort towards this endeavour.

Your Company had also sponsored the Asian Chess competition in Mumbai and Cricket for the Blind in Delhi.

Your Company continues to support children's organization 'CRY' (Child Relief and You) in free distribution of its shipments/materials within India.

DIRECTORS' REPORT

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

Clyde C. Cooper
Managing Director

Khushroo M. Dubash
Director

Suresh G. Sheth
Director

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

Mumbai,
April 27, 2004

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.4,26,43,891 (previous year – Rs. 7,54,02,817)

B) Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs. 21,80,14,532 (previous year – Rs. 3,91,25,961)

REPORT ON CORPORATE GOVERNANCE

1. Blue Dart's philosophy on Corporate Governance

The basic philosophy of Corporate Governance at 'Blue Dart' is to achieve business excellence and to create and enhance the value for its Stakeholders, Customers, Employees and business associates and thereby to make a significant contribution to the Economy. Blue Dart Corporate Governance principles upholds its standing at the forefront of Corporate Governance best practices. The Company endeavours to achieve the highest levels of transparency, accountability, integrity and responsibility.

2. Board of Directors

The Board of Directors consists of three Executive Directors and three Non -Executive Directors. All key decisions are taken only after detailed deliberations and discussions by the Board. The Board acts with autonomy and independence in exercising strategic decision making process and discharging its fiduciary responsibilities.

The Company is managed by Mr. Clyde Cooper, Managing Director, with substantial powers of management as delegated by the Board of Directors of the Company.

The Board members are presented with all the relevant information on vital matters affecting the working of the Company as well as those which require deliberations at the highest level. It is ensured that the information, as required under Annexure I to the provisions of Clause 49 of the Listing Agreement is being made available to the Board Members.

The size and composition of the Board conforms to the requirements of the Corporate Governance norms as stipulated under the provisions of the Listing Agreement entered into with the Stock Exchanges.

The meetings of the Board of Directors are scheduled well in advance and generally held at the Company's Registered Office at Mumbai. The Notice of the Board meeting is sent 15 days in advance, and the Board agenda with detailed enclosures are sent at least 7 days in advance to all the Directors.

During the year under review, five Board Meetings were held viz; on April 24, 2003, July 8, 2003, October 14, 2003, January 20, 2004 and March 23, 2004.

Details of attendance of each Director at the Board Meetings, last Annual General Meeting, and the number of Other Directorship and Membership in Committees thereof are as under :

Name of Director	Category	Designation	Attendance Particulars		Directorship of Other Indian Companies *	Committee Memberships *	
			Board Meetings	Last AGM		Member	Chairman
Mr. Tushar Jani	Promoter & Executive Director	Chairman	5	Yes	8	2	0
Mr. Clyde Cooper	Promoter & Executive Director	Managing Director	5	Yes	1	1	0
Mr. Khushroo Dubash	Promoter & Executive Director	Director	5	Yes	2	0	1
Mr. Suresh G Sheth	Independent & Non Executive Director	Director	5	Yes	2	0	0
Air Mshl. S.S.Ramdas (Retd.)	Independent & Non Executive Director	Director	4	Yes	0	0	0
Mr. Anil Thadani **	Independent & Non Executive Director	Director	0	No	7	0	0
Mr. Deepak Vaidya (Alternate to Mr. Anil Thadani)	Independent & Non Executive Director	Director	5	Yes	7	2	1

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

** Nominee Director of M/s. Newfields Holdings Limited.

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

REPORT ON CORPORATE GOVERNANCE

3. Audit Committee

The Board of Directors of the Company had constituted an Audit Committee in its Board Meeting held on May 8, 2001 and the Audit Committee comprises of three Independent Non-Executive Directors viz; Air Marshal S.S. Ramdas (Retd.), Mr. Suresh Sheth and Mr. Deepak Vaidya. The Chairman of the Committee is Air Marshal S.S. Ramdas (Retd.). Mr. Tushar Gunderia, Company Secretary acts as the Secretary to the Committee.

The permanent invitees to the 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 into 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 and Internal Auditors and fixation of their fees.

The constitution of Audit Committee and other related information as on March 31, 2004 are as under:

Name of Director	Status	No. of Meetings	
		Held	Attended
Air Mshl.S.S. Ramdas (Retd.)	Chairman	4	3
Mr. Suresh G Sheth	Member	4	4
Mr. Deepak Vaidya	Member	4	4

4. Compensation Committee

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

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

The terms of reference of 'Compensation Committee' includes review and recommendation to the Board of Directors on remuneration payable to Executive Directors. The Committee met on January 20, 2004 for recommending the revision in the remuneration payable to Executive Directors which has since been approved by the Board of Directors subject to necessary approval by the members in the ensuing Annual General Meeting.

Ministry of Finance, Department of Company Affairs had vide its notification no. GSR 580(E) dated July 24, 2003 permitted the Companies to pay the sitting fees up to a maximum of Rs. 20,000/- per meeting. In view of considerable time spent by the Non-Executive Directors for detailed deliberations and discussions, the Board of Directors of the Company in its meeting held on October 14, 2003 approved the increase in the payment of Sitting Fees from Rs.5,000/- per meeting to Rs.20,000/- per meeting to Non-Executive Directors for each meeting of the Board and the Audit Committee attended by them.

For the valuable contribution by way of advice 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.21.60 lacs towards professional consultancy services rendered by them during the financial year 2003 - 04. The Company has the necessary approval of the Central Government giving its 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 services in their professional capacity.

In terms of Agreements executed with the Company, the details of the terms of the remuneration payable to 'Executive Directors' for the year ended March 31, 2004 are as under:

1. Mr. Tushar Jani – Chairman :

- Salary : Rs. 70,000/- per month.
- 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 self and family for a sum insured upto Rs. 5,00,000/- per annum.
 - A car with chauffeur provided by the company.

REPORT ON CORPORATE GOVERNANCE

- (e) Leave and Travel Concession: For self and family, once in a year incurred in accordance with the 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 the 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 provided by the Company.

2. Mr. Clyde Cooper – Managing Director

- 1. Salary : Rs. 6,00,000/- per month
- 2. Perquisites & Commission :
 - (a) House Rent Allowance: Rs.1,50,000/- per month (The Company has provided the 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 self and his family for a sum insured upto Rs.5,00,000/- per annum.
 - (d) A car with chauffeur 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 provided by the Company.

3. Mr. Khushroo Dubash – Whole Time Director.

- 1. Salary : Rs. 70,000/- per month.
- 2. Perquisites & 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 self and his family for a sum insured upto Rs. 5,00,000/- per annum.
 - (d) A car with chauffeur 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.
 - (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 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.

REPORT ON CORPORATE GOVERNANCE

5. Investors Grievance Committee

The 'Investors Grievance Committee' of the Company 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 investor related matters. The Meetings are held once in a fortnight to consider the matters placed before it.

The Committee consists of Mr. Suresh Sheth, Non Executive Director acting as the Chairman of the Committee and Mr. Clyde Cooper.

Mr. Tushar Gunderia, Company Secretary has been designated as 'Compliance Officer'.

During the year under review, three hundred and two correspondences were received from the shareholders/ investors. All the correspondences have been attended to expeditiously.

All valid share transfers / transmission and other requests received during the year were approved and attended to by the Committee. There were 9 requests for transfer of 1,200 Equity Shares pending as on March 31, 2004, which has since been processed.

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

Nature of Correspondence	No. of Correspondence received	No. of Correspondence resolved/attended
Change of Address	82	82
Non Receipt of Share certificate / Transfer / Transmission	14	14
Request for loss / duplicate/ replacement of Share Certificates	34	34
Revalidation / Non Receipt of Dividend Warrants	63	63
Others *	109	109
Total	302	302

* 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 have attended to most of the investor's correspondence within a period of 8 days from the date of receipt of correspondence during the year 2003 - 04.

During the year under review, the Company has appointed M/s. Intime Spectrum Registry Limited as its new Registrars and Share Transfer Agents with effect from January 1, 2004 in place of M/s. IIT Corporate Services Limited.

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

The Investors' Grievance Committee monitors the compliance of the provisions of the codes.

Under the said codes, the Company has appointed Mr. Tushar Gunderia, Company Secretary, as the 'Compliance Officer'.

6. General Body Meetings

Details of Annual General Meetings held during last three years:

AGM for Financial Year ended	Date	Time	Location
2000 – 2001	24.07.01	4.30 p.m	Walchand Hirachand Hall,
2001 – 2002	25.07.02	4.30 p.m	Indian Merchants' Chamber,
2002 – 2003	08.07.03	4.30 p.m	LNM IMC Building, Churchgate, Mumbai 400 020

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

7. Disclosures

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

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

8. Means of Communication

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

For the information of the investors, the Company also publishes at least 7 days in advance, notice of the Board Meeting at which the financial results are proposed to be approved by the Board.

REPORT ON CORPORATE GOVERNANCE

The quarterly, half yearly and yearly results are published in newspapers with adequate disclosures for the knowledge of shareholders. The Company does not have a system of intimating shareholders individually of results but queries, if any, are replied immediately.

The Company makes the best efforts to clarify any of the doubts / queries of Research Analysts during the Research Analyst meet.

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

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

9. General Shareholder Information

Annual General Meeting

: July 22, 2004 at 4.30 p.m Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate Mumbai 400 020

Financial Calendar

(tentative and subject to change)

: Schedule of the Board Meetings

Date

First quarter ending June 30, 2004	July 22, 2004
Second quarter ending September 30, 2004	October 19, 2004
Third quarter ending December 31, 2004	January 18, 2005
Year ending March 31, 2005	April 26, 2005

Financial Calendar

(tentative and subject to change)

: Schedule of the

Audit Committee Meetings

Date

First quarter ending June 30, 2004	July 22, 2004
Second quarter ending September 30, 2004	October 19, 2004
Third quarter ending December 31, 2004	January 18, 2005
Year ending March 31, 2005	April 26, 2005

Book Closure period

: July 13, 2004 to July 22, 2004

Dividend Payment Date

: July 24, 2004

Listing on Stock Exchanges

- : 1. The Stock Exchange, Mumbai
2. The Stock Exchange, Ahmedabad
3. The Delhi Stock Exchange Association Ltd
4. The National Stock Exchange of India Limited

(The Company has paid its Annual Listing fees to all the above Stock Exchanges for F.Y 2004 – 2005). The Company has sought the approval from members in the ensuing Annual General Meeting for delisting of its equity shares from Ahmedabad and Delhi Stock Exchanges.

REPORT ON CORPORATE GOVERNANCE

Stock Code / Symbol : BSE : 526612
 ASE : 09433
 DSE : 102166
 NSE : Symbol - BLUEDART
 Series – EQ

ISIN : INE233B01017

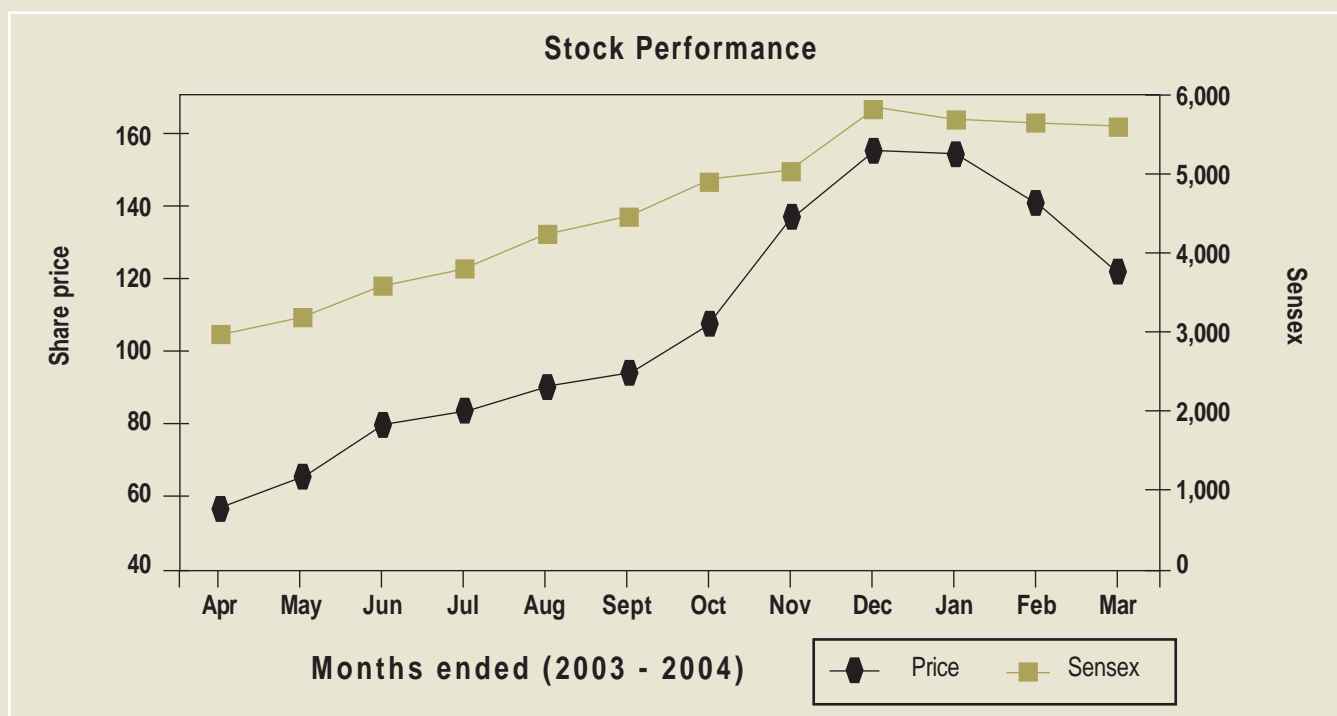
Stock Market Data:

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

2003- 2004		BSE		NSE	
		High	Low	High	Low
April	- 2003	61.00	52.00	60.40	52.15
May	- 2003	69.70	55.25	70.00	57.25
June	- 2003	84.40	65.00	84.70	64.70
July	- 2003	99.00	79.50	99.00	71.95
August	- 2003	95.95	81.20	96.00	81.50
September	- 2003	95.90	84.30	96.00	83.10
October	- 2003	115.90	93.50	117.00	93.10
November	- 2003	149.85	107.00	154.00	107.00
December	- 2003	165.00	134.00	163.00	137.05
January	- 2004	182.50	143.00	180.00	142.35
February	- 2004	153.50	135.00	161.00	134.25
March	- 2004	138.00	105.10	164.00	105.25

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Stock Price Performance in comparison to the BSE Sensex :



REPORT ON CORPORATE GOVERNANCE

Registrar & Share Transfer Agent

: M/s. Intime Spectrum Registry Ltd
C-13, Pannalal Silk Mill Compound,
L.B.S Marg, Bhandup (W),
Mumbai 400 078
Phone: 022 - 55555454
Fax : 022 - 55555353
Email : isrl@intimespectrum.com

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. All share transfers are approved in the Investors' Grievance Committee Meeting, which is held once in a fortnight.

Distribution of Shareholding as on April 23, 2004

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	7,325	87.21	12,75,713	5.37
501 - 1000	501	5.97	3,89,943	1.64
1001 - 2000	296	3.52	4,52,656	1.91
2001 - 3000	83	0.99	2,10,298	0.90
3001 - 4000	42	0.50	1,54,935	0.65
4001 - 5000	35	0.42	1,64,397	0.69
5001 - 10000	47	0.56	3,47,941	1.47
10001 - Above	70	0.83	2,07,32,051	87.37
Total	8,399	100.00	2,37,27,934	100.00

Categories of shareholders as on April 23, 2004

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoters	31	1,21,51,552	51.21
Foreign Body Corporate	01	49,51,598	20.87
Banks, Financial Institution and Mutual Funds	26	28,31,873	11.93
Individuals	7,887	27,97,239	11.79
Companies	372	7,65,544	3.23
NRIs & FIIs	65	2,26,699	0.96
Clearing Members	17	3,429	0.01
Total	8,399	2,37,27,934	100.00

REPORT ON CORPORATE GOVERNANCE

Dematerialisation 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 April 23, 2004, 2,31,45,805 Equity Shares representing 97.55 % of the paid up Equity Share Capital of the Company is in the dematerialised mode.

Outstanding GDR /ADR

: NIL

Plant Location

: The Company does not carry on any manufacturing activities. The Company offers its existing range of integrated transportation and distribution of shipments through its network of 203 offices spread across India.

Address for communication

: Investors should address their correspondence to the Registrar & Share Transfer Agents at the address mentioned hereinabove.

Contact Person :

Ms. Swati Uchil – Head : Share Registry

Ms. Smita Prabhulkar – Group Co-ordinator

Investors may also contact Mr. Bharat Sanghavi or Ms. Prabha Singh, Manager - Secretarial at the Registered office of the Company for any assistance and guidance in connection with investors matters.

Telephone : 022 - 2839 6444

Ext. Nos. : 3437 or 3422

Email : Bharats@bluedart.com
Prabhas@bluedart.com

Analyst Contact

: Mr. Yogesh Dhingra – Sr. V.P. Finance & Chief Financial Officer

General Information Contact

: Ms. Tulsi Nowlakha Mirchandaney – Sr. V. P. Marketing & Projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments - Overview

The Indian Courier and Express Industry has undergone a major transformation in the past few years and has become increasingly fragmented. Marketing research⁽¹⁾ reveals that major players who contributed significantly to the premium segment a decade ago are no longer in existence; the low-cost segment has mushroomed, dominated by numerous, region-specific players; and, in major metros, there is an emergence of intra-city couriers catering to demands of retail customers as well as businesses that are outsourcing their non-core activities.

Globally, the economic slowdown and geo-political unrest had an adverse impact on commerce and presented an arduous challenge. However, the major international players in the express industry remained profitable, even as international airlines continued to bleed. In the international express industry, there seems to be an underlying trend of consolidation through acquisitions and investments in strategic networks; also, a broadening of service offerings to include a complete range of supply-chain solutions. While some have found a niche in an exclusive business segment, others have expanded to home delivery and retail networks, mail, ground and freight forwarding. The common denominator appears to be that the services have been brought under the umbrella brand of the company. Trends point to an increasing liberalisation of the Post in many countries, and many express players have strategic working relationships with government postal organisations or participate in some mail deliveries. Focus continues to lie in differentiation through innovation, excellent service and people. The size of the global express market is estimated to exceed USD 120 billion⁽²⁾.

The size of the courier industry in the country is estimated⁽³⁾ at Rs. 25 billion, with the domestic segment constituting almost 60% of the total at Rs. 15 billion. The organised domestic segment comprises about 45% of the total domestic segment with fewer than two dozen players, the rest being accounted for by EMS Speedpost and the unorganised and semi-organised segments. Document delivery is the predominant business of most industry players, the majority of whom populate the unorganised and semi-organised, low-priced segment with a high rate of churn.

Blue Dart leads the organised, domestic segment with a 39% market share and is currently the only player in the premium segment. Blue Dart's product mix is skewed towards packages rather than documents, in contrast to the rest of the industry. This is primarily due to its dedicated, integrated air and surface transportation and distribution infrastructure that is unique and is geared to support trade and commerce. Today, eight years after the launch of its aviation system, Blue Dart through its 100% owned subsidiary is still the only express cargo airline operator in the country with its own integrated

infrastructure. Blue Dart extends transportation support to India Post, but the rest of the industry is dependent on passenger airlines and ground transportation for movement of their documents and some small packages.

Review of Performance

2003-04 was a year of consolidation for Blue Dart. While the previous two years were engaged in meeting the formidable challenges of a sluggish global economy, geo-political unrest, soaring world oil prices and a poor monsoon, the current year refocused on building and recharging the organisation to respond appropriately to the eventual upturn in the economy. Blue Dart expanded its distribution network with the addition of 12 new offices in Tamil Nadu, Andhra Pradesh, Karnataka and Kerala to service 198 towns and cities in South India. In the West, Blue Dart added newer, larger premises at Panjim and Nagpur. The North expanded to new locations in Dehra Dun, Faridabad, Ludhiana and Delhi. Blue Dart strengthened its East network with a new facility in Patna, and the appointment of a Regional Service Participant to service Kharagpur. Additionally, new operational designs resulting in enhanced delivery commitments were established at Aurangabad, Nagpur, Nasik, Cochin, Hyderabad and the North East.

State-of-the-art warehousing facilities were set up at Bhiwandi and Hyderabad, an octroi-bonded warehouse at Mumbai and an integrated air and surface facility with a sales tax notified warehouse at Kolkata Airport. These serve to enhance efficiency, and complement Blue Dart's existing infrastructure of approximately 474,000 sq. ft. of facility space across the country.

In 2003-04, Blue Dart leveraged its brand with a renewed thrust on the retail segment. A total of 33 new service centres were added in Bangalore, Chennai, Delhi and Mumbai, with 8 in Mumbai alone. The service centres not only serve as convenient drop-off points for the retail customer, but increase operational efficiency, add visibility to the Blue Dart brand and provide a uniform customer experience across the country.

Innovations in communication technology include an enhancement of the trunk route bandwidth capacity, with the induction of VPNs to add about 4 times the bandwidth, upgrading of some non-metro critical links and server capacities, and a move to a centralised database. Volume weight scanners were introduced at regional hubs to automate volume weight audits for the International, Apex and Surface products. Two new technology solutions, developed indigenously, were introduced: CARESS™ (Complaint Appreciation Resolution and Evaluation to Satisfaction System) and SHIELD™ (Security Investigation and Events Logging Database). CARESS™ allows any employee, from anywhere in the country, to log in a

(1) Drshti: Marketing Research Agency

(2) Annual Reports of companies

(3) Internal Marketing Research Studies

MANAGEMENT DISCUSSION AND ANALYSIS

complaint that is automatically allocated to a customer service executive for resolution. Every complaint is tracked, thereafter, and closed within a stipulated timeframe. SHIELD™ is an online security-case tracking module that simplifies tracking of any shipment incident occurring in the country. Any employee who notices a security incident can log it in SHIELD™, after which the regional security team tracks it till closure. This enables obtaining trends and intelligence from historic data.

Blue Dart acquired a Boeing 737 aircraft in June 2003, adding a 4th freighter to its fleet. Blue Dart's 100% owned subsidiary is the only private operator in the country to have received permission by the DGCA (Director General of Civil Aviation) to carry out a D-Check, the ultimate maintenance check on an aircraft, an endorsement of our maintenance capability and stringent quality control. The D-Check was undertaken locally at considerable cost-savings, before the aircraft was converted into a freighter.

During the year, Blue Dart added SriLankan Airlines and Polar Air to its existing list of 20 Interline Agreements that enable international airlines to access stations to which they do not operate.

Blue Dart has an ongoing successful sales alliance with DHL Worldwide Express, the largest international express player. The relationship is professional and strong, and the sales design of facilitating and channelling the international needs of Blue Dart's domestic customers through DHL, while providing DHL with Blue Dart's wide geographical reach, works well as growing sales in this segment indicate.

The focus on the important elements that augment and enhance Blue Dart's delivery capability has created a definitive service that outdistances the company from other players in the industry. Today, Blue Dart meets the needs of over 41,000 customers through 203 offices, 183 franchisees and 171 service participants that deliver to over 13,700 locations in India, Bangladesh, Bhutan and Nepal, and to over 220 countries worldwide through its sales alliance with DHL Worldwide Express. Over 36.4 million shipments and 87,198 tonnes were carried through its integrated network of 4,000 plus people, 22 flights, 474,000 sq. ft. of facilities and 2,717 vehicles. Data flow in real time is achieved through a vast communication network of leased lines, vpn links and via the internet, and over 70% of customers are hooked on to technology developed by our people and provided to customers at no charge. More than 4,000 of our own people, professional, trained and committed, and over 5,000 associates handle over 142,000 shipments daily, at reliability levels of 99.95%, to deliver 'Peace of Mind' to our customers.

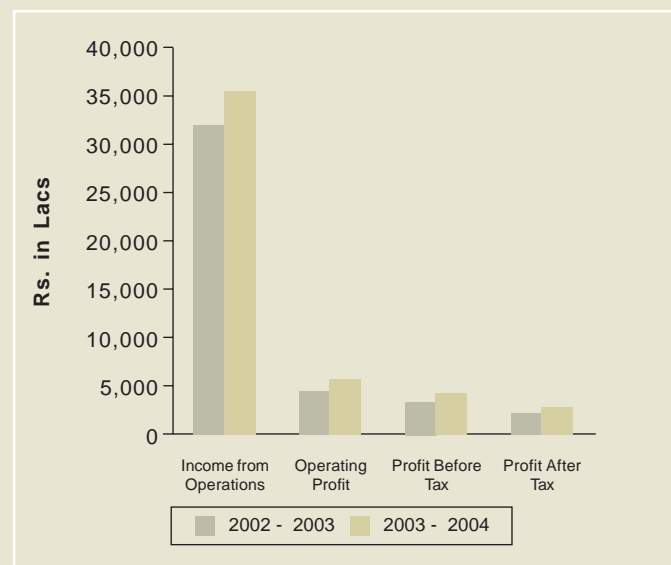
The improving economic scenario in India and an increase in trade and commerce has supported the Company's performance as is evident from its results during the year. Blue Dart has posted a 19% topline growth, on a like to like basis, and a 26% bottomline growth during the year.

The Accounting statements have been prepared in compliance with the Companies Act, 1956 (as amended up to date) and in conformity with the generally accepted accounting standards and practices in India. The review of annual operations and discussions on selected financial data have been made on a prudent basis in order that the financial statements reflect, in a true and fair manner, the company's state and affairs for the period.

The Company's performance during the year :

- Operating Profit Margin of 15.66% against 14.17% of previous year.
- Profit Before Tax Growth of 32.40% against 23.42% of previous year.
- Profit After Tax Growth of 25.61% against 17.05% of previous year.

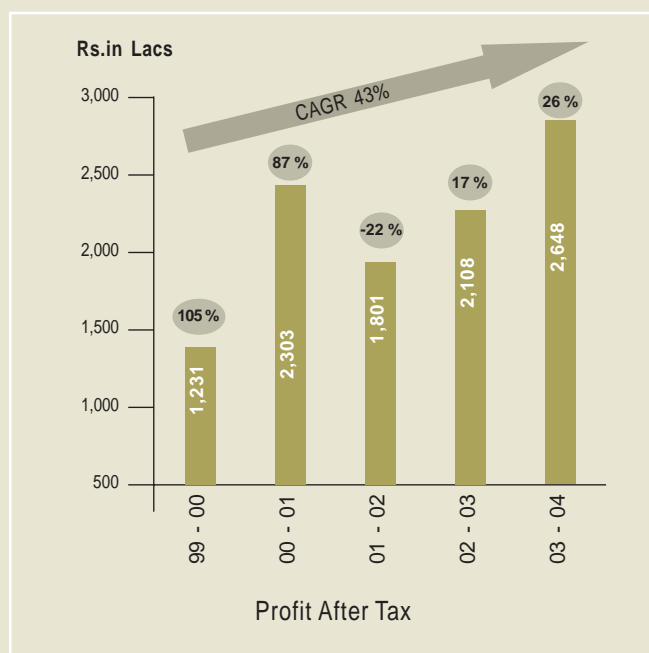
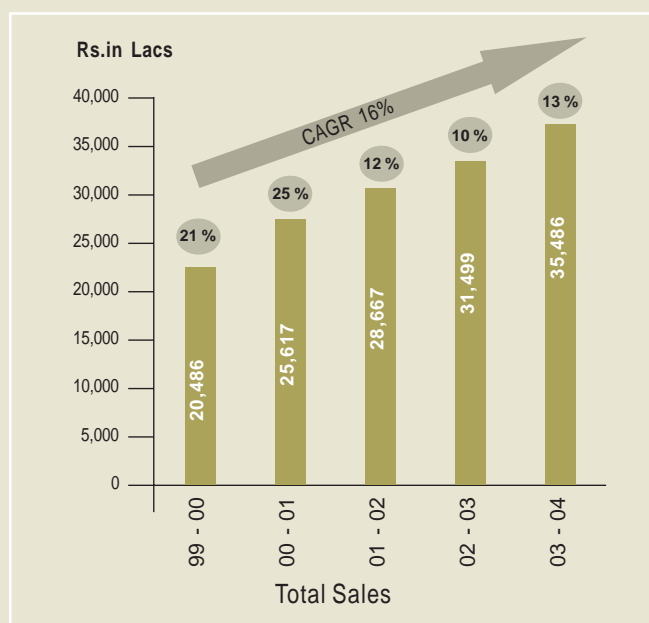
	Rs. in lacs	
Particulars	2002-2003	2003-2004
Income from Operations	31,499	35,486
Operating Profit	4,470	5,566
Profit Before Tax	3,119	4,130
Profit After Tax	2,108	2,648



The Company has been recording steady growths as can be seen from the Company's performance during the last five years. The Company's Total Sales have grown from Rs.20,486 lacs in 1999-2000 to Rs. 35,486 lacs in 2003-2004.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company's Profit After Tax have grown from Rs. 1,231 lacs in 1999-2000 to Rs. 2,648 lacs in 2003-2004.



Blue Dart has developed a formidable infrastructure and systems to support trade and commerce, and has almost single-handedly expanded the integrated air-express market. Customers have responded with a positive vote that gives Blue Dart a 39% market share, and it has grown today to become an important part of the supply-chain for many industries. Our results reflect the consistent effort in building strong loyalty to the Blue Dart brand.

Awards

A resolute, consistent customer and brand focus has seen Blue Dart emerge as a strong and reliable service brand. This year, Blue Dart was selected a Superbrand by Superbrands India. Superbrands India is part of the Superbrands organisation of the U.K. present in 18 countries worldwide, and this is the organisation's first initiative in India.

The Superbrands organisation is committed to recognising enduring brands and encouraging brand development. The Blue Dart brand was chosen from over 700 brands across 98 categories by a jury comprised of eminent professionals from the Advertising and Marketing world, among whom were Anmol Dar - President of Frank Simoes Advertising & Council Chairperson, K.M.S. Ahluwalia - Chairman of ACNielsen ORG-MARG, Tara Sinha - Former Chairperson of the Indian Institute of Mass Communication, Piyush Pandey - Group President & National Creative Director of Ogilvy & Mather, the late Shunu Sen - Chairman & Chief Executive of Quadra Advisory and Mike Khanna - Chief Executive & Area Director Central Asia of J. Walter Thompson. The selection was based on parameters such as mind-dominance, trust and emotional bonding that create strong customer loyalty.

In November 2003, Blue Dart bagged the 'Brand Excellence & Leadership Award' at the India Brand Summit. The India Brand Summit jury of eminent corporate leaders and professionals nominated the Blue Dart brand based on parameters such as ability to create lasting relationships with customers, and delivering value for the company.

With respect to financial parameters, the company continues to enjoy the highest rating assigned 'F1+(ind)' [F one plus (ind)] by FITCH Ratings India Private Limited for the Company's short term debt programme of Rs. 20 Crores, indicating a very high certainty of timely payment.

The company was certified to the ISO 9001 standards in 1996 for all products and facilities, the first Indian express company to have been so certified. The certification has helped standardise processes across the company. Re-certification to the new ISO 9001:2000 standards were successfully completed in August 2002 and Blue Dart continues to excel in all its half-yearly audits.

OPPORTUNITIES

The Courier and Express business started as a convenient means of moving documents and small packages and has, today, evolved into a major value contributor to reliable delivery in the supply-chain. The business has a direct co-relation to economic and industry growth cycles. Increased consumption patterns lead to a greater demand for production and distribution; lean and efficient inventory management that present cost-savings to organisations are dependent on reliable delivery systems; being first-to-market

MANAGEMENT DISCUSSION AND ANALYSIS

provides lead times that give companies a competitive edge to win over customers, and beat the high rate of obsolescence of new products that are launched and changed at frequent intervals. Integration across networks are fundamental to ensure data flow and real-time information. Express deliveries play a major role in meeting all of these demands that require a high degree of reliability and technology support, and the consistent growth of the industry is a validation of its relevance in commerce.

Increased GDP growths and higher disposal incomes can only fuel consumption and demand for goods. India's large and growing population also has growing needs, and domestic consumption is a vast opportunity. The retail industry, after many years, is expanding beyond metros and showing signs of what is being touted as a retail revolution.

In the past year, secondary markets have shown changing consumption patterns, overtaking the main metros in their demand for certain high-value items. Blue Dart will shortly be taking the first step in linking Hyderabad, an emerging and growing city, to its air network. Other Tier II cities are potential areas for expansion.

Distribution is poised for a significant growth in the coming years as new Companies, especially in sectors such as automotive, banking and financial services, pharmaceuticals, computer/IT, electronics and telecommunications, are increasingly opting to outsource their non-core activities to specialized service providers. According to a McKinsey report, 80% of goods would be manufactured in a country other than where they are purchased. We are already witnessing this phenomenon in the automotive industry in the country, and this could extend to other areas of manufacturing. The implications on express distribution are enormous.

The burgeoning positive relationships with our neighbouring countries and the Free Trade Agreement with Sri Lanka will be drivers for more vibrant trade between India and its neighbours in the SAARC countries. With its aircraft based in Kolkata, Chennai and Bangalore and its wide domestic network, Blue Dart is ideally positioned to leverage its network to service customers in these countries.

Threats, Risks & Concerns

Disruption of any nature, whether through a bandh or a natural calamity, is detrimental to business, as capacity is perishable and service inventory cannot be stored. The loss of a single day's business can never be recovered.

The rising and volatile prices of Aviation Turbine Fuel are also a concern. Blue Dart has mitigated this risk effectively through its Fuel Surcharge mechanism, but an unrelenting climb in price could

affect the consumer adversely. Despite the reduction in excise duty charged by the government, there has been no respite in the basic cost of fuel that has been on a continuous upswing for most of the year.

Since there is a direct and close linkage of the business with the economic environment of the country, any downturn in the economy and GDP growth would have a direct, downward impact.

As a prudent company we continuously assess our risks as an ongoing exercise and build systems to mitigate them.

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.

Blue Dart's product range is comprised of Express and Freight Services. The Express Services offer door-to-door, time-definite delivery solutions and are the company's core products.

Express Services

- i. **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.
- ii. **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.
- iii. **Smart Box** - a packaging unit, in sizes of 10kgs and 25kgs. that can be conveniently used by customers to send a variety of 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.
- iv. **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.
- v. **International Services** - Blue Dart, through its International Service Alliance with DHL Worldwide Express, offers a one-stop shipping service for reliable, time-definite, door-to-door delivery of international documents and packages to 220 countries worldwide.

MANAGEMENT DISCUSSION AND ANALYSIS

Freight Services

Blue Dart Aviation, with its fleet of four Boeing 737 aircraft, warehouses including bonded cargo warehouses, and its own ground-handling and maintenance capability, is 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.

- i. **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.
- ii. **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 22 international airlines - Air Canada, Air France, Air India, Air Mauritius, Alitalia, Asiana, British Airways, Cargolux, Cathay Pacific, China Airlines, Crossair, Das Air, El Al Israel Airlines, Emirates Sky Cargo, KLM Royal Dutch Airlines, Kuwait Airways, Polar Air, Saudi Arabian Airlines, Singapore Airlines, SriLankan Airlines, Swiss Air and South African Airways. Blue Dart facilitates the carriage of bonded cargo to and from these airlines' gateways, thereby enhancing their marketing possibilities within the country.
- iii. **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 when 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, project good, high-value TV and broadcasting equipment for cricket matches and large inventory for JIT plants.

Technology

Technology has been an intrinsic part of Blue Dart's business since 1988, differentiating it from competition and positioning the company at the forefront of the industry. Blue Dart has continued its in-house technology development, adding to its list of innovations CARESS™ (Complaint Appreciation, Resolution and Evaluation to Satisfaction System), and SHIELD™ (Security Investigation and Events Logging Database), the powerful, online, security module that will simplify tracking of any Shipment incident that takes place across the country.

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 receives real-time, complete and accurate information about his shipments.

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

SENTOR™: is an application program specially developed for all Blue Dart's alliances and locations to interface with COSMAT II™ via the internet for the purpose of achieving faster update and feedback. SENTOR™ enables detailed feedback on packages coming into a location for delivery. When delivered, details are logged in and sent to the Blue Dart web server so they can be accessed by customers within 4 hours of delivery. SENTOR™ also has an inbuilt monitoring mechanism to check delivery performance.

WMS (Warehouse Management System): WMS is a warehouse management system developed inhouse by Blue Dart. This software has the capability to manage the entire storage, inventory control and maintenance, order fulfillment and logistics activities in the warehouse, including generation of various types of reports. The tool can also be web-based to suit individual customer requirements. The benefit to the customer is a more efficient and integrated supply-chain.

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 the closest Blue Dart service location, counter or franchisee office. Any of Blue Dart's 13,700 domestic locations and 220 international destinations can be ascertained by city, street name or pincode.

MANAGEMENT DISCUSSION AND ANALYSIS

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 facilitate 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 into the Blue Dart system all their data that 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, InternetDart™ can track by a range of dates, origin, destination, delivered or undelivered shipments, or services used. This potent tool also gives customers the benefit of generating reports and downloading tracking and status data. This tool integrates easily with the user's back end systems.

ShopTrack™: an Application Program Interface designed specifically to support and enhance the services provided by a portal or any e-business, ShopTrack™ provides an effortless, plug-and-play customised solution. Customers no longer have to leave the portal site to track their purchases. They just need to enter their order numbers, and the shipping and delivery details are displayed on the same page. A time and cost-saving tool, this application gives Blue Dart's customers a competitive edge.

PackTrack™: another Applications Program Interface, designed for any customer involved in 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™: MobileDart™ eliminates the need to access a computer for tracking details of shipments. MobileDart™ enables customers to make shipping decisions on the run.

MobileDart-WAP: works on any mobile phone or device that supports Wireless Application Protocol. The current status of a shipment can be tracked. An automated delivery message is also available by e-mail or SMS as soon as a shipment is delivered. In addition, access to the Location Finder, data on product offerings and the company are 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 send a message to receive current details of shipments, or receive intimation as soon as a shipment is delivered.

ImageDart™: This tool is the first of its kind in the domestic express industry. ImageDart™ enables customers to download proof of delivery (POD) and Delivery Challans (DC) on line from Blue Dart's website, bringing down the billing-cycle time to their customers from 10 days to 48 hours.

Internal Controls and its Adequacy

In any industry, internal processes control and systems play a critical role in the health of the company.

An effective system of internal controls forms a keystone necessary for building, maintaining and improving shareholder value and helping to enhance the overall quality of the business and enterprise.

The Company has a sound internal control system to ensure that all assets are protected against loss from unauthorized use, and all transactions are recorded and reported correctly. The Company's internal control systems is further supplemented by internal audits carried out by the Inhouse internal audit teams and outsourced Internal Audit firm viz; KPMG.

The Audit committee of the Board addresses significant issues raised by both the Internal Auditors and Statutory Auditors.

The Company was re-certified for three years, in the year 2002-2003 to ISO 9001-2000 standards for its Quality Management Systems by Lloyd's Register Quality Assurance.

Outlook

The year 2003-04 witnessed vigorous economic growth and industry optimism. Favourable monsoons had a positive impact on the agriculture sector, resulting in a cascading effect on industry and services. Growth in the Services and the Manufacturing Sectors are expected to be 8.3% and 7.2% respectively ⁽⁴⁾. As per the revised estimates made by the Centre for Monitoring of Indian Economy (CMIE), real GDP is projected to grow by 8.2% - a remarkable growth compared to the previous year's growth that was just 3.98%. The Agriculture sector is expected to grow robustly by 10.7% in the Financial Year 2003- 2004, as against a decline of 5.2% in the Financial Year 2002-2003. GDP growth for the year 2004-05 is projected at 6.7%⁽⁵⁾.

(4) Centre For Monitoring of Indian Economy (CMIE)

(5) National Council of Applied Economic Research (NCAER)

MANAGEMENT DISCUSSION AND ANALYSIS

A direct beneficiary of the improvement in the economy is the Courier and Express Industry. With strong and direct linkages to GDP growth, the natural outcome of a vibrant economy will be evident in our business. The improving economic environment in India and an increase in trade and commerce has supported the Company's consistent strong performance. We shall continue to invest in our retail and service facilities, with 14 more under commission in various parts of the country at this time. The returns from these investments should be apparent from the next financial year.

The enduring value of the Blue Dart brand has been Reliability - the ability to offer "Peace of Mind". There has been a renewed thrust on marketing research and customer interaction, and on building a total and uniform quality experience for the customer through all the 'touchpoints', both tangible and intangible. The tangible retail outlets, vehicles and facilities as well as the softer aspects of customer service are the focus of increased attention.

There are two key determinants that have contributed to the brand's growth - firstly, the changed environment and evolution of consumer demand, and secondly, the company's ability to identify and anticipate changing consumer needs, and to respond boldly and positively to service these needs:

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Industries like the Computer/IT, Banking and Financial Services, Telecom and Consumer Durables industries among others, that have an affinity for express service advantages of speed, reliability and security, have been growing consistently. The unpredictable economic environment has also fostered greater cost-efficiencies and focus on the supply-chain by the corporate sector, which has moved from more traditional just-in-case planning to just-in-time planning. This has resulted in increased demand for time-definite and just-in-time distribution needs. Blue Dart has responded by expanding its service range to a wider audience, and customers have responded with their loyalty to a dependable brand.

As far as cost-efficiency is concerned, we have rationalized most of our costs but realise that this is a continuous process that must be maintained.

Human Resource Management

Human Resources

The Blue Dart Human Resource story is a saga of how vision and values meet in action to build a professional organisation focused on delivering service excellence and shareholder value.

Focused Vision and Strategy

At Blue Dart, a shared visioning and missioning process was carried out involving over 600 managers, beginning with the Executive Management team, in August 1993. What emerged was a long-term vision for the company, titled "Pursuit of Endless Excellence". In creating

the company vision, management made a clear stand as to their preferred future. It is a bold statement of management accountability, and recognises that the sustained growth of the organisation is dependent on how well we are in touch with and serve all our key stakeholders.

Guiding Philosophy and Values

At the core of our "People" philosophy is the belief that customer loyalty and service excellence can only be achieved through committed, motivated and empowered people at all levels in the organisation. This is what guarantees profitability and continued growth for the organisation, and lasting shareholder value. Flowing from this philosophy, Blue Darters arrived at their guiding principles or values. These are values that Blue Darters strongly identify with and believe will give a sense of direction in their journey of transformation and change.

Internal Brand-Building Initiatives

The strategy going forward is clearly aimed at appropriating Blue Dart's supremacy of Brand Leadership, Reliability and Responsiveness, with Sales and Profits as the key focus of success measurement. Blue Dart's people are business partners to achieve this end. As such, the brand strategy and communication are focused both on external and internal customers. Brand workshops have been held across the country to help people understand the premium service positioning on the pillars of Reliability, Responsiveness and Value to customers.

The internal branding efforts include many tangible and intangible areas such as:

- Providing basic physical amenities at all locations so as to provide a congenial working environment where people can give of their best.
- Re-organising the physical space to uniform and standard specifications.
- Making the office layout and decor express the Company's vision and values and provide the customer with a uniform experience.
- Imparting soft skills training to all customer-interfacing functions such as Sales, Customer Service and Operations, thus transforming people into brand ambassadors for the company.

In a lighter vein, to commemorate the winning of the dual accolades, The Brand Excellence and Leadership Award and the Superbrand nomination, Blue Darters across the country made the 20th Anniversary celebrations on the 19th November 2003 a day to remember. Employees proudly sported 'I am a Superbrand' badges. Cakes iced with 'Happy Birthday Superbrand' were distributed to both employees and customers. Offices were colourfully decorated, capturing vistas of what it means to be a young, confident 20 year old Superbrand Leader in the Express industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Ultimately, we would like our people to be seen by our customers as warm, friendly and professional. And we are fully aware that building this requires working inside out.

Training

The company invested handsomely towards the development of its human capital. The thrust in 2003-04 was on strengthening service excellence as a significant differentiator for Blue Dart, and also enhancing the professional development of our people.

Some of the unique programs that were held include Leadership for Service Excellence, Delivering Smiles to Customers and Shareholders, Professional Selling Skills and Customer Service Training for front line operations staff. In all a record 6,424 man-days were spent in 2003-04 for training our people.

Building a Culture of Fun and Bonding in the Work Place

In a fast paced and high-pressured business like ours, we have recognised the importance of creating a work environment where people can bond with each other, have fun and rejuvenate their energies. A host of events organised by self-managed, cross-functional teams of employees across the country were formed to bring the company's guiding philosophy and values alive in the work place and create a better work-life balance. These included sports, entertainment, family events as well as events aimed at demonstrating social responsibility.

Amongst the most memorable events organised was the Children's Painting Competition held on 2nd November 2003, where Blue Dart children participated in large numbers, along with their happy parents. One of our children's paintings was selected and designed into a greeting card for our clients and well-wishers.

On 14th February, Blue Darters celebrated Valentine's day with a difference, delivering love and smiles to several orphan children across the country. As part of this charity drive, christened 'Straight from the Heart', each employee contributed a token amount of Rs. 50 each. The proceeds went towards buying toys and other essentials for select orphanages across the country. A lively entertainment program was also held for the children, leaving some indelible memories in our hearts.

Healthy Employee-Relations Practices

Additionally, Blue Dart has a host of proactive Employee-Relations practices that ensure that we listen to the voices of our people, and help them to give their best to the organisation. These include regular tracking of internal customer satisfaction indices, ongoing employee communications, multiple reward and recognition schemes, and speedy and fair grievance redressal.

The fact that, despite having an above 4,000 strong workforce, we have a long history of virtually no industrial relations unrest or unionism, speaks for itself. Indeed our recent internal customer satisfaction survey had an enviable 98.43 % of our people state that they were proud to work for Blue Dart.

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' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

BLUE DART EXPRESS LIMITED,

We have examined the compliance of the conditions of Corporate Governance by Blue Dart Express Limited (the Company) for the year ended March 31, 2004, as stipulated in clause 49 of the Listing Agreements of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended March 31, 2004, no investor grievances are pending against the Company as on March 31, 2004 as per the records maintained by the Company and presented to the Investors Grievance Committee.

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

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Mumbai, April 27, 2004

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

AUDITORS' REPORT

To the Members of

BLUE DART EXPRESS LIMITED

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

Mumbai, April 27, 2004

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

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Blue Dart Express Limited on the financial statements for the year ended March 31, 2004)

- 1 (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A majority of the fixed assets are physically verified by the management on an annual basis and the remaining assets are verified once every three years. In our opinion, the frequency of verification is reasonable, having regard to the size of the company and the nature of its business. We are informed that no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off by the company during the year.
- 2 (a) The inventory of consumables and spares has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 3 The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 4 In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- 5 (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6 The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- 7 In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- 8 (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, customs duty and other material statutory dues, as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, customs duty and wealth tax as at March 31, 2004, which have not been deposited on account of any dispute.
- 9 The company has no accumulated losses as at March 31, 2004 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 10 According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- 11 The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 12 In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.

ANNEXURE TO AUDITORS' REPORT

- | | |
|---|---|
| <p>13 In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by its subsidiary from banks and financial institutions during the year, are not prejudicial to the interest of the company.</p> <p>14 In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.</p> <p>15 On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment. Out of the Net Current Assets of Rs. 35.29 crores as at the year - end, an amount of Rs. 10.61 crores has been financed from Shareholders' Funds.</p> <p>16 The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.</p> | <p>17 According to the information and explanations given to us, the unsecured, floating rate, non-convertible debentures, which were privately placed with the bank for a period of eighty - nine days, were redeemed by the company prior to the year-end and no securities were created in respect of such debentures.</p> <p>18 The company has not raised any money by public issues during the year.</p> <p>19 During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.</p> <p>20 The other clauses, (iii)(b), (iii)(c), (iii)(d), (viii) and (xiii) of the paragraph 4 of Companies (Auditor's Report) Order, 2003 are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.</p> |
|---|---|

Mumbai, April 27, 2004

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

BALANCE SHEET AS AT MARCH 31, 2004

	Schedule No.	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	1,086,603	942,264
		1,324,231	1,179,892
Loan Funds			
Secured Loans	3	412,995	315,328
Unsecured Loans	4	240,000	200,000
		652,995	515,328
Deferred Tax Liability (Net) [Refer notes 1(h) and 5 - Schedule 19]			
Deferred Tax Liability		166,895	151,354
Less : Deferred Tax Asset		4,963	4,083
		161,932	147,271
TOTAL		2,139,158	1,842,491
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		1,869,036	1,460,568
Less: Depreciation		444,914	350,073
Net Block		1,424,122	1,110,495
Capital Work in Progress (including capital advances)		53,142	27,460
		1,477,264	1,137,955
Investments	6	301,360	301,360
Current Assets, Loans and Advances			
Interest accrued on Investments		1,529	1,022
Inventories	7	11,972	11,286
Sundry Debtors	8	455,044	341,150
Cash and Bank Balances	9	63,167	79,852
Loans and Advances	10	303,286	277,324
		834,998	710,634
Less: Current Liabilities and Provisions			
Liabilities	11	342,167	226,944
Provisions	12	139,924	90,320
		482,091	317,264
Net Current Assets		352,907	393,370
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	7,627	9,806
TOTAL		2,139,158	1,842,491
Notes to Accounts	19		

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

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

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

Clyde C.Cooper
Managing Director

Khushroo M.Dubash
Director

Suresh G.Sheth
Director

Place : Mumbai
Dated : April 27, 2004

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

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

	Schedule No.	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
INCOME			
Service Charges [Refer note 1(e) - Schedule 19]		3,548,638	3,149,935
Other Income	14	4,687	3,748
		3,553,325	3,153,683
EXPENDITURE			
Freight, Handling and Servicing Costs	15	2,140,262	1,944,039
Employee Costs	16	558,888	492,486
Other Costs	17	297,555	270,183
		2,996,705	2,706,708
Profit before interest,depreciation and taxation		556,620	446,975
Interest Expense (Net)	18	43,516	56,867
Depreciation / Amortisation		100,144	78,208
Profit before Taxation		412,960	311,900
Provision for Taxation			
[Refer notes 1(h)]and 5 - Schedule 19]			
Current Tax		133,502	105,219
Deferred Tax		14,663	(4,139)
		148,165	101,080
Profit after Taxation		264,795	210,820
Taxation in respect of earlier years		-	(42,800)
Balance brought forward from previous year		427,201	362,793
Available for Appropriation		691,996	530,813
Proposed dividend		106,776	65,252
Tax on Proposed Dividend		13,680	8,360
Transfer to General Reserve		50,000	30,000
		521,540	427,201
Balance carried forward to Balance Sheet			
Earnings per share			
(Refer note 4 - Schedule 19)			
Basic and diluted Earnings Per Share (In Rupees)		11.16	7.08
Nominal value per equity share (In Rupees)		10.00	10.00
Notes to Accounts	19		

Schedules 14 to 19 referred to above form an integral part of the Profit and Loss Account.

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

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

Place : Mumbai
Dated : April 27, 2004

Clyde C.Cooper
Managing Director

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

Khushroo M.Dubash
Director

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Suresh G.Sheth
Director

Tushar Gunderia
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

	Year ended March 31, 2004 in Rs.('000)	Year ended March 31, 2003 in Rs.('000)
A. Cash flow from Operating activities:		
Profit before Taxation	412,960	311,900
Adjustments for:		
Depreciation	100,144	78,208
Interest expense	45,185	63,554
Interest income	(1,669)	(6,687)
Loss on Fixed Assets sold (Net)	1,399	1,681
Miscellaneous expenditure written off	2,179	3,641
Bad Debts /Advances written off	14,451	18,643
Provision for Leave encashment	2,759	-
Operating profit before working capital changes	577,408	470,940
Adjustments for changes in working capital :		
(Increase) / Decrease in Inventories	(686)	(4,008)
(Increase) / Decrease in Sundry Debtors	(121,430)	(39,081)
(Increase) / Decrease in Other Receivables	(30,809)	71,726
Increase / (Decrease) in Trade and other payables	103,337	73,046
Cash generated from operations	527,820	572,623
Taxes paid (net of TDS)	(139,974)	(124,348)
Long Term Contract Negotiation cost incurred	-	(10,895)
Net cash from operating activities	387,846	437,380
B. Cash flow from Investing activities:		
Purchase of Fixed Assets	(399,651)	(113,736)
Addition to Capital Work in Progress	(18,891)	(27,460)
Proceeds from Sale of Fixed Assets	330	1,559
Investment in Share Capital of Blue Dart Aviation Ltd., a subsidiary company	-	(100,000)
Interest received	1,064	5,286
Net cash used in investing activities	(417,148)	(234,351)
C. Cash flow from Financing activities:		
Proceeds from Long term borrowings	275,000	70,000
Repayment of Long term borrowings	(152,630)	(138,369)
Proceeds from Short term borrowings	140,000	150,000
Repayment of Short term borrowings	(100,000)	-
Bank overdrafts (net)	(24,703)	(174,382)
Interest paid	(39,201)	(50,690)
Borrowing cost - capitalised	(12,611)	-
Dividend paid	(64,878)	(53,224)
Dividend tax paid	(8,360)	-
Foreclosure charges paid	-	(1,800)
Net cash from/(used in) financing activities	12,617	(198,465)
Net Increase/(Decrease) in Cash and Cash Equivalents	(16,685)	4,564
Cash and cash equivalents at the beginning of the year	79,852	75,288
Cash and cash equivalents at the end of the year	63,167	79,852

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

	As at March 31, 2004 in Rs.('000)	As at March 31, 2003 in Rs.('000)
Cash and cash equivalents comprise		
Cash, cheques and remittances in transit	39,361	43,002
Balance with Scheduled Banks		
on current accounts	16,518	29,463
on deposit accounts	4,018	4,308
on margin money accounts	1,702	1,702
on unpaid dividend accounts	1,568	1,377
	63,167	79,852

Notes :

- 1 The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outgo.
- 3 Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- 4 Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs.98 ('000) [(Previous year - Rs.1,266 ('000))].
- 5 Cash and cash equivalents includes Rs.7,288 ('000) [(Previous year - Rs.7,387 ('000))] which are not available for use by the Company. (Refer Schedule 9 in the Financial Statements)

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

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

Place : Mumbai
Dated : April 27, 2004

Clyde C.Cooper
Managing Director

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

Khushroo M.Dubash
Director

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Suresh G.Sheth
Director

Tushar Gunderia
Company Secretary

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)		As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 1			SCHEDULE 3		
CAPITAL			SECURED LOANS		
Authorised			Term Loans [Refer note (a) below]		
40,000,000 equity shares of Rs. 10/- each	400,000	400,000	From Banks	351,168	173,350
			From Financial Institutions	55,000	110,000
Issued and Subscribed			{Amount payable within a year Rs.175,742 ('000) [Previous Year - Rs.141,582 ('000)]}		
23,727,934 equity shares of Rs. 10/- each fully paid - up	237,280	237,280	Bank Overdrafts [Refer note (b) below]	6,827	31,530
Add : Forfeited Shares	348	348	Obligations under hire purchase contracts [Refer note (c) below]	-	448
Total	237,628	237,628	Total	412,995	315,328

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Note:

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

SCHEDULE 2

RESERVES AND SURPLUS

Share Premium	394,057	394,057
General Reserve		
At the beginning of the year	121,006	91,006
Add: Transfer from Profit and Loss Account	50,000	30,000
At the end of the year	171,006	121,006
Profit and Loss Account	521,540	427,201
Total	1,086,603	942,264

(a) Term Loans from banks and financial institutions are secured by pari passu first charge on movable and immovable properties of the Company.

(b) Bank Overdrafts are secured by hypothecation of book debts, collateral security on the Company's property at Bhiwandi and second charge on the Company's movable and immovable properties.

(c) Obligations under hire purchase were secured by fixed assets acquired under these contracts.

SCHEDULE 4

UNSECURED LOANS

Short term

Short Term Loans from Banks	40,000	-
Commercial Paper from Banks	200,000	100,000
{400 units of Rs.500 ('000) each [Previous Year - 10 Units of Rs.10,000 ('000) each]}		
Non-Convertible Debentures	-	100,000
[Previous Year - 10 Mibor linked Non-Convertible Debentures of Rs.10,000('000) each,privately placed with a Bank, redeemed at par on June 28, 2003]		
Total	240,000	200,000

SCHEDULES

Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

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

in Rs. ('000)

Description of Assets	As at April 1, 2003	GROSS BLOCK (At Cost)			DEPRECIATION / AMORTISATION			NET BLOCK		
		Additions	Deductions	As at March 31, 2004	As at April 1, 2003	For the year	On Deductions	As at March 31, 2004	As at March 31, 2004	As at March 31, 2003
Goodwill [Refer note (a) below]	30,000	-	-	30,000	18,000	1,500	-	19,500	10,500	12,000
Land - Freehold	392,055	4,228	-	396,283	-	-	-	-	396,283	392,055
Buildings	158,913	9,235	-	168,148	10,505	2,679	-	13,184	154,964	148,408
Office Equipment	61,115	5,542	3,018	63,639	17,467	4,745	842	21,370	42,269	43,648
Electrical Equipment	109,296	12,866	2,439	119,723	30,777	8,313	925	38,165	81,558	78,519
Computers	194,287	32,958	372	226,873	125,206	21,589	601	146,194	80,679	69,081
Computer software [Refer note (b) below]	66,617	5,242	-	71,859	37,772	7,948	-	45,720	26,139	28,845
Furniture and Fittings	143,892	25,764	616	169,040	39,741	10,358	511	49,588	119,452	104,151
Vehicles	36,374	3,561	3,040	36,895	18,002	3,237	2,424	18,815	18,080	18,372
Aircraft Engines [Refer note (c) below]	151,221	-	-	151,221	27,422	17,541	-	44,963	106,258	123,799
Aircraft [Refer note (d) below]	-	300,213	-	300,213	-	5,537	-	5,537	294,676	-
Aircraft Components and Overhaul [Refer note (e) below]	98,118	18,344	-	116,462	17,248	15,203	-	32,451	84,011	80,870
Assets given on lease-Aircraft parts	18,680	-	-	18,680	7,933	1,494	-	9,427	9,253	10,747
Total	1,460,568	417,953	9,485	1,869,036	350,073	100,144	5,303	444,914	1,424,122	1,110,495
Previous Year	1,361,734	114,393	15,559	1,460,568	284,183	78,208	12,318	350,073	1,110,495	

Notes:

- The balance period over which goodwill be amortised is seven years.
- The balance period over which computer software will be amortised varies, depending upon the date of acquisition of various software, but does not exceed 5.86 years.
- The Company has revised its estimate of the economic useful lives of Aircraft Engines, on the basis of technical evaluation carried out during the year. The unamortised depreciable amount relating to Aircraft Engines whose economic useful lives were revised, is charged over the revised remaining useful lives. Consequently, the depreciation charge for the year is higher by Rs. 6,744('000) and the net profit for the year is lower by a similar amount.
- Borrowing Costs capitalised to the cost of aircraft purchased during the year amounts to Rs. 12,611 ('000).
- Aircraft Components and Overhaul represent cost of modifications of airframes not owned by the Company, which the Company is contractually liable to incur.
- The net book value of fixed assets shown above includes an amount of Rs. 8,319 ('000) (Previous Year - Rs.12,491('000)) in respect of assets held under hire purchase contracts.
- Expenditure incurred towards heavy maintenance aviation check ('D' Check) which was in progress as at 31st March, 2004 has been classified under Capital Work in Progress.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)		As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 6			15,256,893 (Previous year - Nil) Units of HDFC Liquid Fund Dividend Plan		
INVESTMENTS			27,504,272 (Previous year - Nil) Units of SBI Mutual Fund Dividend Plan		
(Long Term, Unquoted, At Cost) (Refer notes 1(c) - Schedule 19)			Total	301,360	301,360
Trade			SCHEDULE 7		
24,000,000 (Previous Year - 24,000,000) equity shares of Rs. 10 each in Blue Dart Aviation Limited, a wholly owned subsidiary company	300,000	300,000	INVENTORIES [Refer note 1(i) - Schedule 19]		
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50	Packing & Stationery Consumables	6,749	11,286
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	Spares	5,223	-
Non - Trade			Total	11,972	11,286
<i>In Government Securities</i>			SCHEDULE 8		
National saving certificates (6 year NSCs - VIII issue)	1,300	1,300	SUNDRY DEBTORS (Unsecured, considered good)		
<i>Others (Current)</i>			Debts outstanding for a period exceeding six months	1,538	3,872
Units in Mutual Funds	-	-	Other debts *	453,506	337,278
Purchased and Sold during the year			Total	455,044	341,150
19,659,630 (Previous year - 11,145,349) Units of IL & FS Liquid Fund Growth Plan					
49,850,000 (Previous year - Nil) Units of IL & FS Liquid Fund Dividend Plan			SCHEDULE 9		
4,128,514 (Previous year - 1,940,348) Units of ICICI Liquid Fund Growth Plan			CASH AND BANK BALANCES		
14,745,482 (Previous year - 12,779,272) Units of HDFC Liquid Fund Growth Plan			Cash, cheques on hand and remittances in transit	39,361	43,002
			Balance with scheduled banks		
			on current accounts	16,518	29,463
			on deposit accounts	4,018	4,308
			on margin money accounts	1,702	1,702
			on unpaid dividend accounts	1,568	1,377
			Total	63,167	79,852

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.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 10		
LOANS AND ADVANCES (Unsecured, considered good)		
Aircraft payload deposit with Blue Dart Aviation Limited, a wholly owned subsidiary company	117,341	107,554
Advances recoverable in cash or in kind or for value to be received :		
Prepaid expenses	33,162	30,560
Deposits	84,318	80,491
Advance Tax (Net of Provision)	33,292	26,722
Other advances	35,173	31,997
Total	303,286	277,324

The maximum amount due from Blue Dart Aviation Ltd., a wholly owned subsidiary company, during the year was Rs.203,630 ('000) (Previous year - Rs.257,628 ('000))

SCHEDULE 11

LIABILITIES

Acceptances for Aviation turbine fuel	30,000	-
Sundry Creditors		
Small Scale Industrial Undertakings (Refer note 10 - Schedule 19)	2,208	3,926
Others	213,187	166,494
Unclaimed dividend *	1,568	1,194
Other Liabilities	95,045	55,090
Interest accrued but not due on loans	159	240
Total	342,167	226,944

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

SCHEDULE 12 PROVISIONS

Provision for Leave Encashment (Refer note 1(f) - Schedule 19)	19,467	16,708
Proposed Dividend	106,776	65,252
Tax payable on Proposed Dividend	13,681	8,360
Total	139,924	90,320

SCHEDULE 13

MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) (Refer note 1(d) - Schedule 19)

Advertising costs		
At the beginning of the year	-	1,190
Less : Amortised during the year	-	(1,190)
At the end of the year	-	-
Long-term Contract Negotiation costs		
At the beginning of the year	9,806	1,362
Add : Additions during the year	-	10,895
Less: Amortisation during the year	2,179	2,451
At the end of the year	7,627	9,806
Total	7,627	9,806

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
SCHEDULE 14		
OTHER INCOME		
Lease rentals from Blue Dart Aviation Ltd., a wholly owned subsidiary company	1,850	1,500
Miscellaneous income	2,837	2,248
Total	4,687	3,748

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
SCHEDULE 15		
FREIGHT, HANDLING AND SERVICING COSTS		
Aircraft charter costs	1,067,097	991,937
Domestic network operating costs	464,483	390,156
International servicing charges	357,030	346,444
Domestic excess baggage	146,032	123,719
Printing, stationery and consumables	61,317	53,844
Handling and clearing charges	44,303	37,939
Total	2,140,262	1,944,039
SCHEDULE 16		
EMPLOYEE COSTS (Refer notes 1(f), 9(a) and 9 (b) - Schedule 19)		
Salaries, wages, bonus and leave encashment	399,342	356,261
Contribution to provident and other funds	49,740	45,309
Staff welfare expenses	109,806	90,916
Total	558,888	492,486
SCHEDULE 17		
OTHER COSTS		
Rent	74,015	70,252
Electricity	30,865	27,830
Repairs and maintenance- others	22,733	19,388
Insurance	4,976	3,364
Rates and taxes	14,774	14,751
Lease rentals	7,759	10,624
(Refer notes 1(j) and 8 - Schedule 19)		
Bad debts/Advances written off	14,451	18,643
Communication	40,306	34,355
Legal and Professional charges		
[Refer note 9(c) - Schedule 19]	20,167	18,541
Office expenses	19,318	15,483
Travelling and Conveyance	12,561	6,169
Sales promotion and advertising	12,610	5,390
Miscellaneous expenditure written off	2,179	3,641
Loss on sale of Fixed Assets (net)	1,399	1,681
Miscellaneous expenses	19,442	20,071
Total	297,555	270,183

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
SCHEDULE 18		
INTEREST EXPENSE (NET)		
On Term loans	26,533	45,144
On Commercial Paper	10,280	12,617
On Bank Overdraft	1,470	1,460
On Non - Convertible Debentures / Short Term Loans	6,861	2,862
On Hire Purchase Contracts	41	1,471
	45,185	63,554
Less : Interest on deposit with Blue Dart Aviation Limited, a wholly owned subsidiary company and margin money deposits [Tax deducted at source Rs. 98('000) (Previous Year - Rs. 1,266 ('000)]	1,669	6,687
Total	43,516	56,867

Schedules forming part of the Accounts

SCHEDULE 19

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956.

(b) Fixed Assets (Tangible and Intangible) and Depreciation/ Amortisation

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

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

SCHEDULES

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

Description of Assets	Depreciation Rate per annum %
Aircraft	6.25
Aircraft Engines	13.55
Assets given on lease - Air craft parts	8.00
Office Equipment	6.33
Electrical Equipment	6.33

Cost related to airframe, engine overhauls and components are classified under Fixed Assets as 'Aircraft Components and Overhaul'. Such costs are depreciated/amortised on the basis of hours flown or the life cycle of the overhaul program, as applicable.

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

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

(c) Investments

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

(d) Miscellaneous expenditure

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

(e) Service charges

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

(f) Retirement benefits

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

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

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

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

(g) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit and Loss Account, except those relating to the acquisition of fixed assets, which are adjusted to the cost of such assets.

(h) Taxes on Income

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

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

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

SCHEDULES

(i) Inventories

Inventories primarily consist of packing and stationery consumables and spares. These are valued at lower of cost (First In First Out method) and net realisable value.

(j) Leases

All lease rentals are accounted for on accrual basis over the term of the lease and charged / credited to the Profit and Loss Account under the Straight Line Method.

(k) Borrowing Cost

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

4. Earnings per share :

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
a Profit after taxation for the year	264,795	210,820
b Profit after taxation for the year and in respect of earlier years	264,795	168,020
c Weighted average number of shares	23,727,934	23,727,934
d Nominal value of shares outstanding	Rs.10	Rs. 10
e Basic and diluted Earnings Per Share	Rs.11.16	Rs.7.08

5. Deferred Tax Balances:

Major components of deferred tax liabilities and assets arising on account of timing differences are as follows :

(a) Liabilities

Depreciation/Amortisation	159,904	141,890
Heavy maintenance expenditure	4,255	6,212
Long Term Contract Negotiation costs	2,736	3,252

Total

166,895	151,354
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(b) Assets

Provision for Leave Encashment	4,200	3,289
Bonus Payable	763	443
Preliminary Expenses	-	351

Total

4,963	4,083
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Net Deferred Tax Liability

161,932	147,271
---------	---------

6. Segment Information

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

2. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

31,404	1,982
--------	-------

3. Contingent Liabilities not provided for :

a. Corporate Guarantees given on behalf of Blue Dart Aviation Limited, a wholly owned subsidiary company

408,000	411,581
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b. Bank Guarantees

42,547	9,447
--------	-------

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

SCHEDULES

7. 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

(i) Wholly owned Subsidiary company

Blue Dart Aviation Limited

(ii) Key Management Personnel

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

(iii) Relative of Key Management Personnel

Farida C.

(iv) Enterprises where key management personnel or their relatives have significant influence

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

(c) Transactions with related parties during the year :

(i) With Wholly owned Subsidiary company, Blue Dart Aviation Limited

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
Aircraft charter costs	1,067,097	991,493
Additional Aircraft payload deposit placed	9,787	-
Interest income/(expenditure) on current account (net)	(90)	4,424
Courier charges income	3,053	3,702
Lease rent income	1,850	1,500
Corporate guarantees given on behalf of Blue Dart Aviation Limited	408,000	411,581
Reimbursement of capital expenditure (CWIP) incurred by subsidiary company	37,979	23,932
Payment for D check on Aircraft	46,671	-
Investment in Share Capital	-	100,000
Repayment/ adjustment of loans & advances	-	59,410
Recoveries towards excess baggage & handling charges	6,417	4,112

(ii) With Key Management Personnel

Components of Remuneration paid to the following personnel have been disclosed in Note 9 (a) below

Mr. Clyde C. Cooper	17,206	14,442
Mr. Tushar K. Jani	2,441	2,284
Mr. Khushroo M. Dubash	2,335	2,174
Others	170	130
	22,152	19,030

Professional Fees paid to Air Marshal S.S.Ramdas (Retd.)	1,080	1,050
Professional Fees paid to Suresh G. Sheth	1,080	1,050

(iii) With Relative of Key Management Personnel

Consultancy charges paid to C.Farida	1,295	1,260
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(iv) With Enterprises where Key Management Personnel or their relatives have significant influence

Reimbursement of establishment charges to Concorde International	400	458
Reimbursements towards air freight, etc		
Concorde International	68,963	-
Skyline International	12,900	4,672
	81,863	4,672

Agency Charges to Skyline International	1,171	1,171
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(d) Related party balance as at the year end :

Receivable from Blue Dart Aviation Limited, wholly owned subsidiary	117,341	107,684
Remuneration payable to Key Management Personnel		
Mr. Clyde C. Cooper	228	19
Mr. Tushar K. Jani	51	54
Mr. Khushroo M. Dubash	59	61
Payable to Enterprises where Key Management Personnel or their relatives have significant influence		
Concorde International	4,777	-
Skyline International	795	-

SCHEDULES

8. Commitments under lease agreements

The Company had 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, 2004, the Company have no commitments under non-cancellable leases which are payable within a year (Previous Year - Rs.562 ('000)).

9. Supplementary data as required under Schedule VI to the Companies Act, 1956

a. Managerial remuneration

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
Salary	8,880	8,880
Commission (Refer (b) below)	6,045	5,006
Contribution to Provident and Other Funds	1,066	1,066
Leave Encashment	1,850	
Perquisites	4,141	3,948
Directors' sitting fees	170	130
	22,152	19,030

b. Computation of 'net profit' in accordance with sections 198/349 of the Companies Act, 1956 and commission payable to the whole-time directors (including Managing Director) :

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
Profit before tax	412,960	311,900
Add: Directors' remuneration (Refer note 9 (a))	22,152	19,030
Depreciation and amortisation provided in the books of account	100,144	78,208
Loss on sale of fixed assets (net)	1,399	1,681
	536,655	410,819
Less: Depreciation under Section 350 of the Companies Act, 1956	100,144	78,208
Net profit' as per Sections 198 and 349 of the Companies Act, 1956	436,511	332,611
Commission to whole-time directors at 1 per cent of net profit per director, limited to annual salary of each director	6,045	5,006

Directors' remuneration does not include provision for gratuity and superannuation since the directors are exempted from the definition of employee as per the approved schemes of the Company with the Life Insurance Corporation of India.

c. Legal & Professional Charges include Auditors' Remuneration as follows :

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
Audit Fees		
Statutory Audit fees	2,400	2,400
Tax Audit fees	200	200
For other matters	450	26
Reimbursement of expenses	69	20
	3,119	2,646

d. Earnings in foreign currency

Service charges	42,644	75,403
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e. Expenditure in foreign exchange

Foreign travel	1,829	3,232
Others	1,959	343
	3,788	3,576

f. Value of imports (C&F Basis)*

Aircraft and other Capital Item (including components and spares)	214,227	44,056
	214,227	44,056

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

g. Remittance in foreign currency on account of dividends

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
Number of Non-resident shareholders	1	1
On number of Equity Shares held	4,951,598	4,951,598
Amount of dividend remitted [Net of TDS Rs. Nil ('000) (Previous Year - Rs. 2,340)]	13,617	8,801

SCHEDULES

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

The small scale industrial undertakings to whom amounts are outstanding for more than 30* days at March 31, 2004 are :

Alpha Carbonless Manufacturing Co.	Royal Art
Desai Industries	Sago Paper Products-CRS
Rambhia Industrial Traders	Supac Packaging Pvt.Ltd
United Plastic Corporation	

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

* In accordance with the terms of contracts, the credit period is generally upto 41 days.

11 Previous years figures have been regrouped / reclassified / restated wherever necessary.

SCHEDULES

Schedule forming part of the Accounts

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

I. Registration Details

Registration No.

State Code

Balance Sheet Date
Date
Month
Year

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

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

Total Liabilities

Sources of Funds

Paid-up Capital

Secured Loans

Deferred Tax Liability(Net)

Total Assets

Reserves & Surplus

Unsecured Loans

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Misc. Expenditure

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

Turnover *

Total Expenditure**

* Including Other Income

+ - Profit/Loss before tax
☒ ☐

+ - Earning Per Share in Rs.
☒ ☐

** Net of Interest Income

+ - Profit/Loss after tax
☒ ☐

+ - Dividend rate %.
☒ ☐

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

Item Code No. (ITC Code)

Product Description
D O M E S T I C P R I O R I T Y
I N T E R N A T I O N A L
D A R T A P E X

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	:	240,00,000 Equity Shares of Rs. 10 each fully paid up
Extent of Holding	:	100%
The "Financial Year" of the Subsidiary Company ended of	:	31st March, 2004
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 profits/ (losses) not dealt with in the Holding Company's accounts	:	
For the Subsidiary's aforesaid financial year (Rs. in thousand)	:	17,595
For the previous financial years (Rs.in thousand)	:	3,578

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For and on behalf of the Board of Directors

Clyde C.Cooper
Managing Director

Khushroo M.Dubash
Director

Suresh G.Sheth
Director

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

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

Place : Mumbai
Dated : April 27, 2004

DIRECTORS' REPORT

To the Members

The Directors have great pleasure in presenting the Tenth Annual Report of your Company for the year ended March 31, 2004.

FINANCIAL RESULTS

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

	(Rs. In thousands)	
	For the year ended	
	March 31 2004	March 31 2003
Revenues	10,67,708	9,91,493
Maintenance Services & Other Income	47,648	7,889
Less: Operating Expenses	(10,32,044)	(9,26,006)
Operating Profit (EBIDTA)	83,312	73,376
Less: Interest Cost (Net)	(20,214)	(28,977)
Depreciation	(45,503)	(40,821)
Profit before tax	17,595	3,578
Less: Provision for Income tax	(400)	-
Profit after tax	17,195	3,578

Your Company has this year wiped out the accumulated losses of the prior years. However, your Directors would prefer to strengthen the financial position of the Company and as such, no dividend is recommended for the year.

OPERATIONS

During the year, your Company has achieved a Profit after tax of Rs.171.95 lacs as compared to a profit after tax of Rs. 35.78 lacs for 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 integrated air express transportation and distribution and courier door to door products, supply-chain management solutions and logistics.

The air network which is self-sustaining with its own airside and city side facilities, security systems including modern X-ray systems, aircraft

and ground handling and maintenance capabilities, also provides enhanced marketing and distribution capabilities for the carriage of global cargo of international airlines into and out of India from its five gateway hubs.

EXPANSION

The Company plans to introduce Hyderabad and other stations in the Air Network over a period of time. The Company plans to increase the fleet size over a period of time to support the future growth of the Express Industry. Your Company's existing fleet comprises of 4 Boeing 737-200 freighter aircraft.

AIRCRAFT ENGINEERING AND MAINTENANCE

Your Company with its in-house Engineering, Structural and Technical expertise continues to provide maintenance support to the fleet of aircraft to ensure reliability and on-time performance.

During the year, the Company has successfully carried out one Heavy Maintenance "D" Check on one of its aircraft and is in the process of doing the "D" Check on another Aircraft.

Your Company is the only private operator in this country which is approved by Director General of Civil Aviation (DGCA) to carry out "D" Check.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Tushar K. Jani, Director, 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 :

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

DIRECTORS' REPORT

AUDITORS

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

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

FIXED DEPOSIT

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

EMPLOYEES

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

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Information on particulars of employees' remuneration as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all Shareholders of the Company, excluding the statement of particulars of employees. 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.

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

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.746.61 Lacs

AUDIT COMMITTEE

The Audit Committee of the Company constituted under the provisions of Section 292A of the Companies Act, 1956 continues to facilitate and contribute to the Board of Directors in their decision making.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Clyde C. Cooper
Managing Director

Place : Mumbai
Date : April 27, 2004

Khushroo M. Dubash
Director

AUDITORS' REPORT

To the Members of

BLUE DART AVIATION LIMITED

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

Mumbai, April 27, 2004

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

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Blue Dart Aviation Limited on the financial statements for the year ended March 31, 2004)

- 1 (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off by the company during the year.
- 2 (a) The inventory of consumables and loose tools has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 3 (a) In accordance with the contractual arrangement between the company and its holding company, Blue Dart Express Limited, a company covered in the register maintained under Section 301 of the Act, any balance in the inter-company current account at anytime during the year, constitutes either loan granted or loan taken, as the case may be. The maximum amount of debit balance during the year in such current account (representing loan granted) was Rs.3.27 crores and the maximum amount of credit balance during the year in such current account (representing loan taken) was Rs.8.63 crores. There is no year-end balance in the account of Blue Dart Express Limited. The company has not granted or taken any loan, secured or unsecured, to/from any other company, firm or party covered in the register maintained under Section 301 of the Act.
- (b) In our opinion, the rate of interest and other terms and conditions of such current account balances in the nature of loans are not prima facie prejudicial to the interest of the company.
- (c) In respect of the aforesaid current account balances in the nature of loans granted/taken, the company is regular in recovery/payment of interest and principal amounts, as applicable.
- (d) In respect of the aforesaid current account balances in the nature of loans, there is no overdue amount as at the year-end.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- 5 (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of the contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6 The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- 7 In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- 8 (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, customs duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, customs duty and wealth tax as at March 31, 2004, which have not been deposited on account of any dispute.
- 9 The company has no accumulated losses as at March 31, 2004 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

- | | |
|---|--|
| <p>10 According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.</p> <p>11 The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>12 In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.</p> <p>13 In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.</p> <p>14 In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.</p> <p>15 On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment. Out of the Net Current Assets of Rs.22.71 crores at the year-end, an amount of Rs.14.83 crores has been financed from Long-term Funds.</p> | <p>16 The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.</p> <p>17 The Company has not issued any debentures during the year.</p> <p>18 The company has not raised any money by public issues during the year.</p> <p>19 During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.</p> <p>20 The other clauses, (viii) and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.</p> |
|---|--|

Mumbai, April 27, 2004

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

BALANCE SHEET AS AT MARCH 31, 2004

	Schedule No.	As at March. 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	240,000	240,000
Reserves and Surplus	2	61,633	60,000
		301,633	300,000
Loan Funds			
Secured Loans	3	177,275	168,730
Unsecured Loans	4	30,000	40,000
		207,275	208,730
Aircraft Payload Deposit (from Holding Company)		117,341	107,554
TOTAL		626,249	616,284
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		576,805	541,324
Less: Depreciation		217,673	178,195
Net Block		359,132	363,129
Capital Work in Progress (including Capital Advances)		2,110	-
		361,242	363,129
Deferred Tax Asset (Net)			
[Refer Notes 2(g), 6 and 7 - Schedule 18]			
Deferred Tax Asset		34,749	34,749
Less : Deferred Tax Liability		2,534	2,534
		32,215	32,215
Current Assets, Loans and Advances			
Inventories	6	59,349	61,093
Sundry Debtors	7	1,661	633
Cash and Bank Balances	8	12,476	13,222
Loans and Advances	9	207,342	185,793
		280,828	260,741
Less: Current Liabilities and Provisions			
Liabilities	10	47,564	61,342
Provisions	11	6,138	4,126
		53,702	65,468
Net Current Assets		227,126	195,273
Miscellaneous Expenditure	12	5,666	11,455
(to the extent not written off or adjusted)			
Profit and Loss Account		-	14,212
TOTAL		626,249	616,284
Notes to Accounts	18		

Schedules 1 to 12 and 18 referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

Thomas Mathew
Partner

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

Place: Mumbai
Dated: April 27, 2004

Clyde C. Cooper
Managing Director

Niteen M. Gupte
Chief Operating Officer

Suresh Balakrishnan
Company Secretary

Khushroo M. Dubash
Director

C. Bhavani Sankar
Chief Finance Manager

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

	Schedule No.	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
INCOME			
Express air charter services		1,067,708	991,493
[Refer Note 2(d) - Schedule 18]			
Other Income	13	47,648	7,889
		1,115,356	999,382
EXPENDITURE			
Operating Costs	14	766,365	695,735
Employee Costs	15	196,526	167,189
Other Costs	16	69,153	63,082
		1,032,044	926,006
Profit before interest, depreciation and taxation		83,312	73,376
Interest Expense (Net)	17	20,214	28,977
Depreciation / Amortisation		45,503	40,821
Profit before Taxation		17,595	3,578
Provision for Taxation			
[Refer Notes 2(g) and 14 - Schedule 18]			
For the year		400	-
Profit after Taxation		17,195	3,578
Taxation in respect of earlier years		(1,350)	(518)
Balance brought forward from previous year		(14,212)	(17,272)
Balance carried forward to Balance Sheet		1,633	(14,212)
Earnings per share			
(Refer Note 5 - Schedule 18)			
Basic and Diluted Earnings Per Share (In Rupees)		0.66	0.22
Nominal value per equity share (In Rupees)		10.00	10.00
Notes to Accounts	18		

Schedules 13 to 18 referred to above form an integral part of the Profit and Loss Account
This is the Profit and Loss Account referred to in our report of even date.

Thomas Mathew
Partner

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

Place: Mumbai
Dated: April 27, 2004

Clyde C. Cooper
Managing Director

Niteen M. Gupte
Chief Operating Officer

Suresh Balakrishnan
Company Secretary

Khushroo M. Dubash
Director

C. Bhavani Sankar
Chief Finance Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

	Year ended March 31, 2004 in Rs.('000)	Year ended March 31, 2003 in Rs.('000)
A. Cash flow from Operating activities:		
Profit before Taxation	17,595	3,578
Adjustments for:		
Depreciation	45,503	40,821
Interest expense	21,302	29,954
Interest income	(1,088)	(977)
Profit on sale of Fixed Assets (Net)	(518)	(1,706)
Miscellaneous expenditure written off	5,789	5,454
Provision for Gratuity & Leave encashment	2,012	(301)
Operating profit before working capital changes	90,595	76,823
Adjustments for changes in working capital:		
(Increase) / Decrease in Inventories	1,744	(6,150)
(Increase) / Decrease in Sundry Debtors	(1,028)	(603)
(Increase) / Decrease in Other Receivables	(24,234)	(36,096)
Increase / (Decrease) in Trade and other payables	(13,593)	(65,408)
Cash generated from operations	53,484	(31,434)
Share Issue Expenses incurred	-	(1,500)
Air Crew Augmentation Expenses incurred	-	(6,200)
Tax refund	1,038	69
Net cash from/(used) in operating activities	54,522	(39,065)
B. Cash flow from Investing activities:		
Adjustments for changes in:		
Purchase of Fixed Assets	(48,041)	(37,708)
(Additions)/Deletions to Capital Work in Progress	(2,110)	9,733
Proceeds from Sale of Fixed Assets	7,053	4,767
Interest received	985	1,364
Net cash used in investing activities	(42,113)	(21,844)
C. Cash flow from Financing activities:		
Proceeds from fresh issue of Share Capital	-	100,000
Proceeds from Long term borrowings	60,000	-
Repayment of Long term borrowings	(68,713)	(34,460)
Proceeds from Short term borrowings	30,000	40,000

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

	Year ended March 31, 2004 in Rs.('000)	Year ended March 31, 2003 in Rs.('000)
Repayment of Short term borrowings	(40,000)	(17,302)
Proceeds from Aircraft Payload deposit	9,787	-
Bank overdrafts (net)	21,305	3,893
Interest paid	(25,534)	(28,982)
Net cash from/(used in) financing activities	(13,155)	63,149
Net Increase/(Decrease) in Cash and Cash Equivalents	(746)	2,240
Cash and cash equivalents at the beginning of the year	13,222	10,982
Cash and cash equivalents at the end of the year	12,476	13,222
Cash and cash equivalents comprise		
Cash, cheques and remittances in transit	154	3,023
Balance with Scheduled Banks		
on current accounts	640	383
on deposit accounts	10,152	8,293
on margin money accounts	1,530	1,523
	12,476	13,222

Notes:

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- Previous year figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Following non-cash transactions have not been considered in the cash flow statement. Tax deducted at source (on interest income Rs 149 ('000) [Previous year - Rs 159 ('000)])
- Cash and cash equivalents include Rs 11,682 ('000) [(Previous year - Rs 9,816 ('000))] which are not available for use by the company. (Refer Schedule 8 in the financial statements.)

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

Thomas Mathew
Partner

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

Place: Mumbai
Dated: April 27, 2004

Clyde C. Cooper
Managing Director

Niteen M. Gupte
Chief Operating Officer

Suresh Balakrishnan
Company Secretary

Khushroo M. Dubash
Director

C. Bhavani Sankar
Chief Finance Manager

SCHEDULES

Schedules forming part of the Balance Sheet

Notes:

SCHEDULE 1

CAPITAL

Authorised

40,000,000 Equity Shares of Rs. 10/- each

As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
--	--

400,000	400,000
---------	---------

Issued and Subscribed

24,000,000 Equity Shares of Rs. 10/- each fully paid up

240,000	240,000
---------	---------

Total

240,000	240,000
---------	---------

Note:

- a) The entire amount of Share Capital of the Company is held by Blue Dart Express Limited, the Holding Company and its nominees.

a. Term Loans from a bank are secured by a charge on all the movable property of the Company, except the movable property offered as a security to the Company's bankers for Bank Overdraft requirements.

b. Bank Overdraft is secured by the hypothecation of inventories and book debts, both present and future, and a second charge on the fixed assets of the Company.

c. Obligations under hire purchase contracts are secured by the fixed assets acquired under these contracts.

SCHEDULE 2

RESERVES AND SURPLUS

Share premium

60,000	60,000
--------	--------

Profit and Loss Account

1,633	-
-------	---

Total

61,633	60,000
--------	--------

SCHEDULE 3

SECURED LOANS

Loans From Banks

Term Loans
(Refer Note (a) below)
[Payable within a year
Rs. 68,333 ('000), Previous
year Rs. 68,334 ('000)]

128,333	136,667
---------	---------

Interest accrued and due on Term Loans

-	4,047
---	-------

Bank Overdraft
(Refer Note (b) below)

48,942	27,637
--------	--------

Obligations under hire purchase contracts
(Refer Note (c) below)

-	379
---	-----

Total

177,275	168,730
---------	---------

SCHEDULE 4

UNSECURED LOANS

Short Term

Short Term Loan from bank

30,000	-
--------	---

Non Convertible Debentures

-	40,000
---	--------

[Previous Year - 4 Mibor linked privately placed Non Convertible Debentures of Rs. 10,000 ('000) each, with a bank, redeemed at par on June 9, 2003]

Total

30,000	40,000
--------	--------

Note :

Due to Blue Dart Express Limited, the holding company at the year end Rs. Nil (Previous Year Rs. Nil)

The maximum amount due to Blue Dart Express Limited during the year was Rs. 203,630 ('000) [Previous Year Rs. 257,628 ('000)]

SCHEDULES

Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

(Refer notes 2 (b), 2 (f) and 2 (i) - Schedule 18)

in Rs. ('000)

Description of Assets	As at April 1, 2003	GROSS BLOCK (At Cost)			DEPRECIATION / AMORTISATION			NET BLOCK	
		Additions	Deductions	As at March 31, 2004	As at April 1, 2003	For the year	On Deductions	As at March 31, 2004	As at March 31, 2003
Aircraft Engines	22,266	-	-	22,266	13,317	3,563	-	16,880	8,949
Aircraft Rotable Parts									
(Refer Notes (a), (b) and (c) below)	175,639	19,348	1 1,290	183,697	52,885	18,281	5,475	65,691	118,006
Ground Equipment	118,784	11,807	-	130,591	33,825	6,325	-	40,150	90,441
Office Equipment	7,265	1,361	59	8,567	2,223	583	16	2,790	5,777
Electrical Equipment	22,081	1,277	796	22,562	6,579	1,407	286	7,700	14,862
Computers	26,268	3,265	-	29,533	22,049	1,470	-	23,519	6,014
Furniture and Fittings	71,338	6,789	-	78,127	23,157	4,742	27,899	50,228	48,181
Vehicles	19,455	1,962	415	21,002	10,039	2,027	248	11,818	9,416
Capital expenditure for Aircraft acquired on lease (Refer Note (d) below)	78,228	2,232	-	80,460	14,121	7,105	-	21,226	59,234
TOTAL	541,324	48,041	12,560	576,805	178,195	45,503	6,025	217,673	359,132
Previous Year	508,356	37,708	4,740	541,324	139,053	40,821	1,679	178,195	363,129

Notes:

- Aircraft Rotable parts include expenditure incurred on overhauling which enhances/ reinstates their estimated useful lives.
- Additions to aircraft Rotable Parts include the effect of foreign exchange fluctuation gain of Rs. 244 ('000) [Previous year foreign exchange fluctuation gain of Rs. 73 ('000)]
- The Company revised its estimate of the economic useful lives of Aircraft Rotable Parts, based upon technical evaluation carried out during the year. The unamortised depreciable amount relating to Aircraft Rotable Parts whose economic useful lives were revised, is charged over the revised remaining useful lives. Consequent to the revision in the estimated useful lives, the depreciation charge for the year is higher by Rs. 2,758 ('000) and the net profit for the year is lower by a similar amount.
- Capital expenditure for Aircraft acquired on lease includes certain expenses incurred in the earlier years to make aircraft operational, which primarily consist of finance charge, training costs, salaries and consultancy charges.
- The net book value of Fixed Assets includes an amount of Rs. NIL [Previous Year - Rs. 2993 ('000)] in respect of assets held under hire purchase contracts.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
--	--	--

SCHEDULE 6

INVENTORIES

(Refer Note 2(h) - Schedule 18)

Consumables	55,152	57,652
Loose Tools	4,197	3,441
Total	59,349	61,093

SCHEDULE 7

SUNDRY DEBTORS

(Unsecured, considered good)

Debts outstanding for a period exceeding six months	-	11
Other debts	1,661	622
Total	1,661	633

SCHEDULE 8

CASH AND BANK BALANCES

Cash and cheques on hand	154	3,023
Balance with scheduled banks :		
on current accounts	640	383
on deposit accounts	10,152	8,293
on margin money accounts	1,530	1,523
Total	12,476	13,222

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 certain facilities availed from the Airport Authority of India.

SCHEDULE 9

LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received :		
Prepaid Expenditure	157,794	118,989
Maintenance expense recoverable	34,256	47,721
Deposits	9,885	10,015
Advance Tax (Net of Provision)	2,044	4,683
Other Advances	3,363	4,385
Total	207,342	185,793

SCHEDULE 10

LIABILITIES

Acceptances for Aviation Turbine Fuel	-	30,000
Sundry creditors		
Small Scale Industrial Undertakings	31	196
(Refer Note 12 - Schedule 18)		
Others*	41,803	25,284
Other liabilities	5,730	5,677
Interest accrued but not due on loans	-	185
Total	47,564	61,342

* Includes Rs NIL [Previous year Rs 130 ('000)] due to Blue Dart Express Limited, the Holding Company.

SCHEDULE 11

PROVISIONS

(Refer Note 2(e) - Schedule 18)

Provision for Leave Encashment	3,050	2,320
Provision for Superannuation	3,088	1,806
Total	6,138	4,126

SCHEDULE 12

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

(Refer Note 2 (c) - Schedule 18)

Share Issue Expenses		
At the beginning of the year	1,200	-
Additions during the year	-	1,500
Amortised during the year	(300)	(300)
At the end of the year	900	1,200
Air crew augmentation expenses		
At the beginning of the year	10,255	9,209
Additions during the year	-	6,200
Amortised during the year	(5,489)	(5,154)
At the end of the year	4,766	10,255
Total	5,666	11,455

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)		Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
SCHEDULE 13			SCHEDULE 16		
OTHER INCOME			OTHER COSTS		
Maintenance service income	43,680	2,249	Rent	15,525	12,393
Profit on sale of Fixed Assets (net)	518	1,706	Electricity	3,837	2,935
Miscellaneous income	3,450	3,934	Repairs and maintenance - others	5,976	5,135
Total	47,648	7,889	Insurance	1,820	1,184
SCHEDULE 14			Rates and taxes	1,458	470
OPERATING COSTS			Lease rentals	412	3,318
Aircraft fuel and operating costs (Refer Note 2(d) - Schedule 18)	497,212	468,882	(Refer Notes 2(i) & 9 - Schedule 18)		
Aircraft Lease Rentals (Refer Note 2(i) - Schedule 18)	122,167	122,042	Travelling and Conveyance	19,214	20,233
Engineering maintenance costs (Refer Note 11 - Schedule 18)	52,523	30,919	Communication	2,832	2,345
Consumption of stores and spare parts	22,234	18,624	Legal and Professional Charges (Refer Note 10(a) - Schedule 18)	3,855	3,915
Cost of job work for maintenance	20,496	-	Miscellaneous expenditure written off	5,789	5,454
Aircraft Insurance (Refer Note 2(d) - Schedule 18)	29,945	37,188	Miscellaneous expenses	8,435	5,700
Handling, clearing and baggage charges	21,788	18,080	Total	69,153	63,082
Total	766,365	695,735	SCHEDULE 17		
SCHEDULE 15			INTEREST EXPENSE (NET)		
EMPLOYEE COSTS (Refer Note 2(e) - Schedule 18)			On term loans from Banks	11,555	18,591
Salaries, Allowances, Bonus and Leave encashment	170,031	150,739	On current account with Blue Dart Express Limited, the holding Company (net)	-	4,424
Contribution to Provident and other funds	6,883	5,896	On Bank Overdraft/ Short term loans	7,912	1,242
Staff welfare expenses	19,612	10,554	On Non Convertible Debentures	169	3,010
Total	196,526	167,189	On Others	1,666	2,687
				21,302	29,954
			Less:		
			Interest income on deposits with banks and from Blue Dart Express Limited, the holding company (net)	1,088	977
			[Tax deducted at source Rs 149 ('000), Previous year Rs 159 ('000)]		
			Total	20,214	28,977

SCHEDULES

Schedule forming part of the Accounts

SCHEDULE 18

NOTES TO ACCOUNTS

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. A substantial amount of "Express Air Charter Services" income is generated from the charter flight services rendered to Blue Dart Express Limited.

2 Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The financial statements are been prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956.

(b) Fixed Assets and Depreciation / Amortisation

Fixed assets are stated at cost less accumulated depreciation/ amortisation. The Company capitalises all costs relating to acquisition, installation and substantial modifications which enhance the operating performance or extend the useful lives of fixed assets (including those relating to assets acquired on lease).

Capital expenditure incurred for Aircraft acquired on lease is amortised over the term of such lease.

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

Description of Assets	Depreciation Rate per annum %
Aircraft Engines	16.00
Aircraft Rotable Parts (including overhaul cost)	9.81
Capital expenditure incurred on Aircraft acquired on lease	8.33
Office Equipment	6.33
Electrical Equipment	6.33

(c) Miscellaneous expenditure

Air crew augmentation expenses incurred in connection with the upgradation and expansion of the Company's flight crew upto March 31, 2003 are proportionately amortised under Straight Line Method over a period of three years. Effective April 1, 2003, such Air crew augmentation expenses are written off as incurred, in accordance with the provisions of Accounting Standard 26 on 'Intangible Asset', issued by the Institute of Chartered Accountants of India.

Share issue expenses are amortised over a period of five years, beginning from the year in which they are incurred.

(d) Express Air Charter Services

Service charges for the express air charter services are recognised upon completion of daily flights and constitute income earned in connection with operating aircraft, primarily for Blue Dart Express Limited, the holding Company. These include reimbursement towards aircraft fuel and insurance costs incurred by the Company on behalf of Blue Dart Express Limited.

(e) Retirement benefits

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

The Company's employees are covered under the group gratuity scheme with the Life Insurance Corporation of India ('LIC').

The group gratuity scheme is funded in line with LIC's actuarial valuation carried out during the year.

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

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

(f) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit & Loss Account except those relating to the acquisition of fixed assets which are adjusted to the cost of such assets.

SCHEDULES

(g) Taxes on Income

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

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

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

(h) Inventories

Inventory of Consumables and loose tools are valued at cost on a specific identification basis. The cost is calculated at purchase price and expenditure directly attributable to the acquisition of such inventories.

(i) Lease Rentals

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

(j) Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

All other borrowing costs are recognised as expense in the period in which they are incurred.

3 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
1,471	833

4 Contingent Liability :

Bank Guarantees issued in favour of customs authorities

15,222 15,222

5 Earnings per share :

a Profit after taxation for the year

17,195 3,578

b Profit after taxation for the year and in respect of earlier years

15,845 3,060

c Weighted average number of shares

24,000,000 14,191,781

d Nominal value of shares outstanding

Rs. 10 Rs. 10

e Basic and Diluted Earnings Per Share

Re. 0.66 Re. 0.22

6 Deferred Tax Balances

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

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
Assets		
Unabsorbed Depreciation	27,069	27,069
Depreciation / Amortisation	7,680	7,680
Total	34,749	34,749
Liabilities		
Air crew augmentation expenses deferred, etc	2,534	2,534
Total	2,534	2,534
Net Deferred Tax Asset	32,215	32,215

7 The deferred tax asset on account of unabsorbed depreciation had been recognised in the past on the basis of the projected future profitability of the Company and the financial and operating proposals and expansion plans which were then under consideration by the Management. During the year the Company has made operating profits and is certain of making operating profit in future years considering the overall growth in industry and in business as envisaged from its growth plans in place and therefore has retained the Deferred Tax Asset recognised in the past.

SCHEDULES

8 Related party disclosures

(a) Parties where control exists:

Blue Dart Express Limited, 100% Holding Company

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

(i) Holding Company

Blue Dart Express Limited

(ii) Enterprises where Key Management Personnel have significant influence

Skyline International

(c) Transactions with related parties during the year :

Nature of Transaction	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
(i) <u>With Holding Company, Blue Dart Express Limited</u>		
Express Air Charter Service Income & recoveries	1,067,097	991,493
Interest income / (expenditure) on current account (net)	90	(4,424)
Courier charges incurred	3,053	3,702
Lease rent expense	1,850	1,500
Additional Aircraft Payload Deposit received	9,787	-
Maintenance Service Income	46,671	-
Reimbursement of capital expenditure (CWIP) incurred on behalf of holding Company	37,979	23,932
Excess baggage and handling charges reimbursed	6,417	4,112
Issue of Share Capital	-	100,000
Repayment of advance received & unsecured loans	-	59,410

(ii) With Enterprises where
Key Management
Personnel have
significant influence

Reimbursement of expenses

Agency charges incurred for
customs clearing

(d) Related party balances
as at the year end :

Payable to Holding Company
(including towards Aircraft
Payload Deposit)

Payable to Enterprises
where Key Management
personnel have
significant influence

(e) Corporate Guarantee provided by Blue Dart Express Limited, the holding Company on behalf of the Company and outstanding as at the year end amounts to Rs. 408,000 ('000)[Previous year Rs.411,581 ('000)]

Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
4,128	2,173
1,569	972
As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
117,341	107,684
683	6

9. Commitments under lease agreements

The Company has entered into agreements for acquiring aircraft on lease. These lease agreements are for a period of seven to twelve years. As at the year end, the Company had commitments under such non-cancellable leases as follows:

Period	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
Upto one year	157,808	158,072
One to five years	317,839	473,940
Beyond five years	2,500	4,000

SCHEDULES

10. Supplementary data as required under Schedule VI to the Companies Act, 1956

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
a. Auditor's remuneration (under Legal and Professional Charges) includes as follows:		
Audit Fees		
Statutory Audit Fees	400	400
Tax Audit Fees	50	50
Reimbursement of expenses	10	6
	460	456
b. Value of imports calculated on C & F basis*		
Consumables and loose tools	32,205	21,166
Aircraft Rotable Parts (Capital Goods)	23,449	24,788
	55,654	45,954

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

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
c. Expenditure in foreign currency		
Consultancy Services	2,592	-
Foreign travel	5,975	-
[includes Rs 3,151 ('000) incurred on behalf of holding company and reimbursed]		
Training	3,697	740
Membership and Subscription	2,153	1,096
	14,417	1,836

d. Value of imported and indigenous stores and spares consumed

	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
Imported (Value)	31,220	15,845
%	81	74
Indigenous (Value)	7,117	5,569
%	19	26
Total (Value)	38,337	21,414
%	100	100

Note:

Consumption of stores and spares charged to Profit and Loss Account is net of adjustments in relation to stores and spares issued for capitalisation and for heavy maintenance checks to the aircraft.

11. Engineering maintenance costs include the effect of net foreign exchange gain amounting to Rs.598('000)[Previous year : Net gain of Rs. 142('000)].

12. Outstanding dues to Small Scale Industrial Undertakings

The Small Scale Industrial Undertakings to whom the Company owes any amount, which is outstanding for a period exceeding 30 days as at the Balance Sheet date is:

Acuti Services

The above information as provided under Schedule 10 - 'Liabilities', regarding Small Scale Industrial Undertaking, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

13. Segment Information

The Company is primarily engaged in a single segment business to operate aircraft and provide aircraft maintenance services within India for the business of integrated air and ground transportation and distribution of time-sensitive packages of its holding company, Blue Dart Express Limited.

14. Provision for income tax for the current year is made based upon 'Minimum Alternate Tax' computed in accordance with the provisions of Section 115JB of the Income Tax Act, 1961.

15. Previous year's figures have been regrouped / rearranged / restated wherever necessary, to conform to the current year's classification.

AUDITORS' REPORT ON CONSOLIDATED ACCOUNTS

To the Board of Directors of

BLUE DART EXPRESS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, as at March 31, 2004, the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the management of Blue Dart Express Limited. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, included in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, as at March 31, 2004;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated result of the operations of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, for the year ended on that date;
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, for the year ended on that date.

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

Mumbai, April 27, 2004

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2004

	Schedule No.	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	1,053,263	904,715
		1,290,891	1,142,343
Loan Funds			
Secured Loans	3	590,270	484,057
Unsecured Loans	4	270,000	240,000
		860,270	724,057
Deferred Tax Liability (Net)			
[Refer Notes 1(h) and 5 - Schedule 19]			
Deferred Tax Liability		169,429	153,888
Less : Deferred Tax Asset		39,712	38,832
		129,717	115,056
TOTAL		2,280,878	1,981,456
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,403,517	1,979,964
Less: Depreciation		652,920	522,680
Net Block		1,750,597	1,457,284
Capital work in progress (including capital advances)		52,933	27,460
		1,803,530	1,484,744
Investments			
	6	1,360	1,360
Current Assets, Loans and Advances			
Interest accrued on Investments		1,529	1,022
Inventories	7	71,321	72,379
Sundry Debtors	8	456,576	341,654
Cash and Bank balances	9	75,643	93,074
Loans and advances	10	393,287	347,634
		998,356	855,763
Less: Current Liabilities and Provisions			
Liabilities	11	389,599	287,226
Provisions	12	146,062	94,446
		535,661	381,672
Net Current Assets		462,695	474,091
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	13	13,293	21,261
TOTAL		2,280,878	1,981,456
Notes to Accounts	19		

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

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

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

Clyde C.Cooper
Managing Director

Khushroo M.Dubash
Director

Suresh G.Sheth
Director

Place : Mumbai
Dated : April 27, 2004

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

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

	Schedule No.	Year ended March 31, 2004 in Rs. ('000)	Year ended March 31, 2003 in Rs. ('000)
INCOME			
Service Charges [Refer note 1(e) - Schedule 19]		3,546,196	3,146,233
Other Income	14	7,366	10,137
		3,553,562	3,156,370
EXPENDITURE			
Freight, Handling and Servicing Costs	15	1,814,241	1,646,913
Employee Costs	16	755,414	659,904
Other Costs	17	359,690	327,616
		2,929,345	2,634,433
Profit before interest, depreciation and taxation		624,217	521,937
Interest Expense (Net)	18	63,730	85,845
Depreciation / Amortisation		141,568	116,606
Profit before Taxation		418,919	319,486
Provision for Tax			
[Refer notes 1(h) and 5 - Schedule 19]			
Current Tax		133,902	105,219
Deferred Tax		14,663	(4,139)
		148,565	101,080
Profit after Taxation		270,354	218,406
Taxation in respect of earlier years		(1,350)	(43,318)
Balance brought forward from previous year		386,202	314,726
Available for appropriation		655,206	489,814
Proposed dividend		106,776	65,252
Tax on Proposed Dividend		13,680	8,360
Transfer to General Reserve		50,000	30,000
Balance carried forward to the Balance Sheet		484,750	386,202
Earnings per share			
(Refer note 4 - Schedule 19)			
Basic and diluted Earnings Per Share (In Rupees)		11.34	7.38
Nominal value per equity share (In Rupees)		10.00	10.00
Notes to Accounts	19		

Schedules 14 to 19 referred to above form an integral part of the Profit and Loss Account.

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

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

Clyde C.Cooper
Managing Director

Khushroo M.Dubash
Director

Suresh G.Sheth
Director

Place : Mumbai
Dated : April 27, 2004

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

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

	Year ended March 31, 2004 in Rs.('000)	Year ended March 31, 2003 in Rs.('000)
A. Cash flow from Operating activities:		
Profit before Taxation	418,919	319,486
Adjustments for:		
Depreciation	141,568	116,606
Interest expense	66,487	89,085
Interest income	(2,757)	(3,240)
(Profit)/Loss on Fixed Assets sold (net)	881	(25)
Miscellaneous expenditure written off	7,968	9,095
Bad Debts/Advances written off	14,451	18,643
Provision for Leave encashment	4,771	5,510
Operating profit before working capital changes	652,288	555,160
Adjustments for changes in working capital:		
(Increase) / Decrease in Inventories	1,058	(10,158)
(Increase) / Decrease in Sundry Debtors	(122,458)	(39,876)
(Increase) / Decrease in Other Receivables	(52,212)	(24,999)
82 Increase / (Decrease) in Trade and other payables	90,674	48,808
Cash generated from operations	569,350	528,935
Long Term Contract Negotiations costs	-	(10,895)
Share Issue expenses incurred	-	(1,500)
Air Crew Augmentation expenses incurred	-	(6,200)
Taxes paid	(139,865)	(123,509)
Net cash from operating activities	429,485	386,831
B. Cash flow from Investing activities:		
Purchase of Fixed Assets	(427,296)	(150,998)
Additions to Capital Work in Progress	(18,682)	(17,071)
Proceeds from Sale of Fixed Assets	7,383	6,327
Interest received	2,003	1,681
Net cash used in investing activities	(436,592)	(160,061)
C. Cash flow from Financing activities:		
Proceeds from Long term borrowings	335,000	70,000
Repayment of Long term borrowings	(221,342)	(172,043)
Proceeds from Short term borrowings	170,000	190,000
Repayment of Short term borrowings	(140,000)	-
Bank overdrafts (Net)	(3,398)	(170,489)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

	Year ended March 31, 2004 in Rs.('000)	Year ended March 31, 2003 in Rs.('000)
Interest paid	(64,735)	(82,409)
Borrowing cost (capitalised)	(12,611)	-
Dividend paid	(64,878)	(53,224)
Dividend tax paid	(8,360)	-
Foreclosure charges paid	-	(1,800)
Net cash used in financing activities	(10,324)	(219,965)
Net Increase/(Decrease) in Cash and Cash Equivalents	(17,431)	6,805
Cash and cash equivalents at the beginning of the year	93,074	86,269
Cash and cash equivalents as at the end of the year	75,643	93,074
Cash and cash equivalents comprise		
Cash, cheques and remittances in transit	39,515	46,025
Balance with Scheduled banks		
on current accounts	17,158	29,846
on deposit accounts	14,170	11,196
on margin money accounts	3,232	4,630
on unpaid dividend accounts	1,568	1,377
	75,643	93,074

Notes:

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Following non cash transactions have not been considered in the Cash Flow Statement: Tax deducted at source (on interest income) Rs.247 ('000) [Previous year - Rs.1425 ('000)]
- Cash and cash equivalents includes Rs.18,970 ('000) [Previous year : Rs.17,203 ('000)] which are not available for use by the Company. (Refer Schedule 9 in the Financial statements)

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

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

Place : Mumbai
Dated : April 27, 2004

Clyde C.Cooper
Managing Director

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

Khushroo M.Dubash
Director

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Suresh G.Sheth
Director

Tushar Gunderia
Company Secretary

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)		As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 1					
SHARE CAPITAL					
Authorised 40,000,000 equity shares of Rs. 10/- each	400,000	400,000	[Previous Year - Rs. 213,963 ('000)]		
Issued and Subscribed 23,727,934 equity shares of Rs. 10/- each fully paid up	237,280	237,280	Bank Overdrafts [Refer note (b) below]	55,769	59,167
Add : Forfeited Shares	348	348	Obligations under hire purchase contracts [Refer note (c) below]	-	826
Total	237,628	237,628	Total	590,270	484,057

Note:

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

- a) Term Loans from banks and financial institutions are secured by pari passu first charge on movable and immovable properties of the Company.
- b) Bank Overdrafts are secured by hypothecation of book debts, collateral security on the Company's property at Bhiwandi and second charge on the Company's movable and immovable properties.
- c) Obligations under hire purchase were secured by fixed assets acquired under these contracts.

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	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)		As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 2			SCHEDULE 4		
RESERVES AND SURPLUS			UNSECURED LOANS		
Share Premium	394,058	394,058	Short term		
General Reserve			Short Term Loans from Banks	70,000	-
At the beginning of the year	124,455	94,455	Commercial Paper from Banks	200,000	100,000
Add: Transfer from Profit and Loss Account	50,000	30,000	{400 units of Rs.500 ('000) each [Previous Year - 10 Units of Rs.10,000 ('000) each]}		
At the end of the year	174,455	124,455	Non-Convertible Debentures	-	140,000
Profit and Loss Account	484,750	386,202	[Previous Year - 10 Mibor linked Non-Convertible Debentures of Rs.10,000 ('000) each, privately placed with a Bank, redeemed at par on June 28, 2003 and - 4 Mibor linked privately placed Non Convertible Debentures of Rs. 10,000 ('000) each with a Bank, redeemed at par on June 9, 2003]		
Total	1,053,263	904,715	Total	270,000	240,000
SCHEDULE 3					
SECURED LOANS					
Term Loans [Refer note (a) below]					
From Banks	479,501	310,017			
Interest accrued and due on above	-	4,047			
From Financial Institutions	55,000	110,000			
{Amount payable within a year Rs.244,075 ('000)}					

SCHEDULES

Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

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

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2003	Additions	Deductions	As at March 31, 2004	As at April 1, 2003	For the year	On Deductions	As at March 31, 2004	As at March 31, 2003
Goodwill (Refer Note (a) below)	30,000	-	-	30,000	18,000	1,500	-	19,500	12,000
Land - Freehold	392,055	4,228	-	396,283	-	-	-	396,283	392,055
Buildings	158,913	9,235	-	168,148	10,505	2,679	-	13,184	148,408
Office Equipment	68,380	6,903	3,077	72,206	19,690	5,328	858	24,160	48,690
Electrical Equipment	131,377	14,143	3,235	142,285	37,356	9,720	1,211	45,865	94,021
Computers	219,570	36,223	372	255,421	146,748	22,899	601	169,046	72,822
Computers software (Refer Note (b) below)	66,617	5,242	-	71,859	37,772	7,948	-	45,720	28,845
Furniture and Fittings	215,230	32,553	616	247,167	62,898	15,100	511	77,487	152,332
Vehicles	55,829	5,523	3,455	57,897	28,041	5,264	2,672	30,633	27,788
Aircraft (Refer Note (c) below)		279,817	-	279,817		5,164	-	5,164	-
Aircraft Engines (Refer Note (d) below)	153,357	-	-	153,357	35,661	17,926	-	53,587	117,696
Aircraft Components and Overhaul	92,639	18,344	-	110,983	17,271	14,861	-	32,132	75,368
(Refer Note (e) below)									
Aircraft Rotable parts	175,326	19,348	11,290	183,384	52,859	18,255	5,475	65,639	122,467
(Refer Notes (f), (g) and (h) below)									
Ground Equipment	118,784	11,807	-	130,591	33,825	6,325	-	40,150	84,959
Capital expenditure for Aircraft	83,207	2,232	-	85,439	14,121	7,105	-	21,226	69,086
acquired on lease (Refer Notes (i) below)									
Assets given on lease - Aircraft parts	18,680	-	-	18,680	7,933	1,494	-	9,427	10,747
Total	1,979,964	445,598	22,045	2,403,517	522,680	141,568	11,328	652,920	1,457,284
Previous Year	1,849,265	150,998	20,299	1,979,964	420,071	116,606	13,997	522,680	

Notes:

- The balance period over which goodwill be amortised is seven years.
- The balance period over which computer software will be amortised varies, depending upon the date of acquisition of various software, but does not exceed 5.86 years.
- Borrowing Costs capitalised to the cost of aircraft purchased during the year amounts to Rs. 12,611 ('000)
- The Company has revised its estimate of the economic useful lives of Aircraft Engines, on the basis of technical evaluation carried out during the year. The unamortised depreciable amount relating to Aircraft Engines whose economic useful lives were revised, is charged over the revised remaining useful lives. Consequently to the revision in the estimated useful lives, the depreciation charge for the year is higher by Rs. 6,744 ('000) and the net profit for the year is lower by a similar amount.
- Aircraft Components and Overhaul represent cost of modifications of airframes not owned by the Company, which the Company is contractually liable to incur.
- Aircraft Rotable Parts include expenditure incurred on overhauling which enhances/reinstates their estimated useful lives.
- Additions to Aircraft Rotable Parts include the effect of foreign exchange fluctuation gain of Rs.244 ('000) [Previous Year foreign exchange fluctuation of Rs.73 ('000)]
- The Company revised its estimate of the economic useful lives of Aircraft Rotable Parts, based upon technical evaluation carried out during the year. The unamortised depreciable amount relating to Aircraft Rotable parts whose economic useful lives were revised, is charged over the revised remaining useful lives. Consequently to the revision in the estimated useful lives, the depreciation charge for the year is higher by Rs. 2,758 ('000) and the net profit for the year is lower by a similar amount.
- Capital Expenditure for Aircraft acquired on lease includes certain expenses incurred in the earlier year to make aircraft operational, which primarily consist of finance charge, training costs, salaries and consulting charges.
- The net book value of fixed assets shown above includes an amount of Rs. 8,319 ('000) (Previous Year - Rs.15,484 ('000)) in respect of assets held under hire purchase contracts.
- Expenditure incurred towards heavy maintenance aviation check ('D' Check) which was in progress as at 31st March, 2004 has been classified under Capital Work in Progress

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)		As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 6			SCHEDULE 7		
INVESTMENTS			INVENTORIES		
(Long Term, Unquoted, At Cost)			[Refer note 1(i) - Schedule 19]		
(Refer note 1(c) - Schedule 19)			Packing and Stationery Consumables	6,749	11,286
Trade			Consumables	55,152	57,652
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50	Spares	5,223	-
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	Loose Tools	4,197	3,441
Non - Trade			Total	71,321	72,379
<i>In Government Securities</i>			SCHEDULE 8		
National saving certificates (6 year NSCs - VIII issue)	1,300	1,300	SUNDRY DEBTORS		
<i>Others (Current)</i>			(Unsecured, considered good)		
Units in Mutual Fund Purchased and Sold during the year	-	-	Debts outstanding for a period exceeding six months	1,539	3,884
19,659,630 (Previous year - 11,145,349) Units of IL & FS Liquid Fund Growth Plan			Other debts	455,037	337,770
49,850,000 (Previous year - Nil) Units of IL & FS Liquid Fund Dividend Plan				456,576	341,654
4,128,514 (Previous year - 1,940,348) Units of ICICI Liquid Fund Growth Plan			SCHEDULE 9		
14,745,482 (Previous year - 12,779,272) Units of HDFC Liquid Fund Growth Plan			CASH AND BANK BALANCES		
15,256,893 (Previous year - Nil) Units of HDFC Liquid Fund Dividend Plan			Cash, cheques on hand and remittances in transit	39,515	46,025
27,504,272 (Previous year - Nil) Units of SBI Mutual Fund Dividend Plan			Balance with scheduled banks:		
Total	1,360	1,360	on current accounts	17,158	29,846
			on deposit accounts	14,170	11,196
			on margin money accounts	3,232	4,630
			on unpaid dividend accounts	1,568	1,377
			Total	75,643	93,074

The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company. The balances in the deposit accounts are given as security against overdraft facilities from bank and certain facilities availed from the Airport Authority of India.

SCHEDULES

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 Rs. ('000)		As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 10			SCHEDULE 13		
LOANS AND ADVANCES			MISCELLANEOUS EXPENDITURE		
(Unsecured, considered good)			(to the extent not written off or adjusted)		
			(Refer note 1(d) - Schedule 19)		
Maintenance expense recoverable	34,256	40,721	Advertising costs		
Advances recoverable in cash or in kind or for value to be received :			At the beginning of the year	-	1,190
Prepaid expenditure	190,956	149,549	Amortised during the year	-	(1,190)
Other Deposits	94,203	90,506	At the end of the year	-	-
Advance Tax (Net of provision)	35,336	30,476	Long-term Contract Negotiation costs		
Other Advances	38,536	36,382	At the beginning of the year	9,806	1,362
Total	393,287	347,634	Additions during the year	-	10,895
			Amortised during the year	2,179	(2,451)
SCHEDULE 11			At the end of the year	7,627	9,806
LIABILITIES			Air crew augmentation expenses		
Acceptances for Aviation Turbine Fuel	30,000	30,000	At the beginning of the year	10,255	9,209
Sundry Creditors			Additions during the year	-	6,200
Small Scale Industrial Undertakings			Amortised during the year	5,489	(5,154)
(Refer note 9 - Schedule 19)	2,239	4,122	At the end of the year	4,766	10,255
Others	254,859	191,648	Share Issue Expenses		
Unclaimed dividend	1,568	1,194	At the beginning of the year	1,200	-
Other Liabilities	100,774	59,837	Additions during the year	-	1,500
Interest accrued but not due	159	425	Amortised during the year	(300)	(300)
Total	389,599	287,226	At the end of the year	900	1,200
			Total	13,293	21,261
SCHEDULE 12					
PROVISIONS			Schedules forming part of the Profit and Loss Account		
(Refer note 1(f) - Sch. 19)				As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
Provision for Superannuation	3,088	1,806	SCHEDULE 14		
Provision for Leave Encashment	22,517	19,028	OTHER INCOME		
Proposed Dividend	106,776	65,252	Maintenance Service Income	561	2,249
Tax payable on Proposed Dividend	13,681	8,360	Profit on sale of fixed asset (net)	518	1,706
Total	146,062	94,446	Miscellaneous income	6,287	6,182
			Total	7,366	10,137

SCHEDULES

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 15		
FREIGHT, HANDLING AND SERVICING COSTS		
Aircraft Operating Costs	712,872	689,078
Domestic network operating costs	464,483	373,030
International servicing charges	357,030	346,444
Domestic excess baggage	152,448	127,847
Printing and stationery	61,317	53,844
Handling and clearing charges	66,091	56,670
Total	1,814,241	1,646,913

SCHEDULE 16		
EMPLOYEE COSTS		
(Refer note 1(f) - Schedule 19)		
Salaries, wages, bonus and leave encashment	569,373	507,000
Contribution to provident and other funds	56,623	51,205
Staff welfare expenses	129,418	101,699
Total	755,414	659,904

SCHEDULE 17		
OTHER COSTS		
Rent	89,540	82,645
Electricity charges	34,702	30,765
Repairs and maintenance-others	28,709	24,523
Insurance	6,796	4,548
Rates and taxes	16,232	15,221
Lease rentals	8,171	13,942
(Refer notes 1(j) and 8 - Schedule 19)		
Bad debts/Advances written off	14,451	18,643
Communication	43,138	36,700
Legal and Professional charges	24,022	22,456
Office expenses	19,318	15,483
Travelling and Conveyance	31,775	25,750
Sales promotion and advertising	12,610	5,390
Miscellaneous expenditure written off	7,968	9,095
Loss on sale of Fixed Assets (net)	1,399	1,681
Miscellaneous expenses	20,859	20,774
Total	359,690	327,616

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
SCHEDULE 18		
INTEREST EXPENSE (NET)		
On Term Loans from Banks	38,088	66,745
On Commercial Paper	10,280	12,617
On Bank Overdraft	9,382	2,702
On Non - Convertible Debentures/ Short Term Loans	7,030	2,863
On Hire purchase	41	1,786
On Others	1,666	2,372
	66,487	89,085
Less : Interest income on deposits with banks	2,757	3,240
{Tax deducted at source Rs.247 (‘000) [Previous Year - Rs. 1,425 (‘000)]}		
Total	63,730	85,845

Schedule froming part of the Accounts

SCHEDULE 19

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Method of accounting

The consolidated financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956.

(b) Fixed Assets (Tangible and Intangible) and Depreciation/ Amortisation

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

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

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

SCHEDULES

Description of Assets Depreciation Rate per annum

	%
Aircraft	6.25
Aircraft Engines	13.55 & 16.00
Aircraft Rotable parts	9.81
Capital Expenditure for Aircraft acquired on lease	8.33
Assets given on lease-Aircraft parts	8.00
Office Equipment	6.33
Electrical Equipment	6.33

Cost related to airframe, engine overhauls and components are classified under Fixed Assets as 'Aircraft Components and Overhaul'. Such costs are depreciated/amortised on the basis of hours flown or the life cycle of the overhaul program, as applicable.

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

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

(c) Investments

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

(d) Miscellaneous expenditure

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

Air crew augmentation expenses incurred in connection with the upgradation and expansion of the Company's flight crew upto March 31, 2003 are proportionately amortised under Straight Line Method over a period of three years. Effective April 1, 2003, such Air crew augmentation expenses are written off as incurred, in accordance with the provisions of Accounting Standard 26 on 'Intangible Assets', issued by the Institute of Chartered Accountants of India.

Share issue expenses are amortised over a period of five years, beginning from the year in which they are incurred.

(e) Service charges

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

(f) Retirement benefits

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

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

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

Contributions to the above funds/schemes are charged to the Statement of Profit and Loss.

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

(h) Taxes on Income

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

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

SCHEDULES

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

(i) Inventories

Inventories primarily consist of packing & stationery consumables, loose tools, spares and consumables. Packing & Stationery consumables are valued at lower of cost (First In First Out method) or net realisable value. Loose tools and consumables are valued at cost (specific identification basis), which is calculated at purchase price including expenditure directly attributable to the acquisition of such inventories.

(j) Leases

All lease rentals are accounted for on accrual basis over the term of the lease and charged / credited to the Profit and Loss Account under the Straight Line Method.

(k) Borrowing Cost

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

2. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
--	--

32,875	2,815
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3. Contingent Liabilities not provided for :

(a) Bank Guarantees	57,769	24,669
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(b) 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.

As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
--	--

4. Earnings per share :

a Profit after taxation for the year	270,354	218,406
b Profit after taxation for the year and in respect of earlier years	269,004	175,088
c Weighted average number of shares	23,727,934	23,727,934
d Nominal value of shares outstanding	Rs.10	Rs.10
e Basic and diluted Earnings Per Share	Rs.11.34	Rs.7.38

5. Deferred Tax Balances :

Major components of deferred tax liabilities and assets arising on account of timing differences

Liabilities

Depreciation/Amortisation	159,904	141,890
Heavy maintenance expenditure	4,255	6,212
Long term Contract Negotiation costs	2,736	3,252
Air crew augmentation expenses deferred etc.	2,534	2,534
Total	169,429	153,888

Assets

Unabsorbed depreciation	27,069	27,069
Depreciation/Amortisation	7,680	7,680
Provision for Leave Encashment	4,200	3,289
Bonus Payable	763	443
Preliminary Expense	-	351
Total	39,712	38,832

Net Deferred Tax Liability

129,717	115,056
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6. Segment Information

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

SCHEDULES

7. Related party disclosures

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

(i) Key Management Personnel

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

(ii) Relative of Key Management Personnel

Farida C.

(iii) Enterprises where Key Management Personnel or their relatives have significant influence

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

(ii) With Relatives of Key Management Personnel :

Consultancy charges paid to C. Farida

(ii) With Enterprises where Key Management Personnel or their relatives have significant influence :

Reimbursement of establishment charges and expenses

Concorde International

Skyline International

Reimbursement towards air freight, etc

Concorde International

Skyline International

(c) Related party balances at the year end

Remuneration payable to Key Management Personnel :

Mr. Clyde C. Cooper

Mr. Tushar K. Jani

Mr. Khushroo M. Dubash

Payable to enterprises where Key Management Personnel or their relatives have significant influence

Concorde International

Skyline International

As at March 31, 2004
in Rs. ('000)

As at March 31, 2003
in Rs. ('000)

1,295

1,260

400

458

4,128

2,173

4,528

2,631

68,963

-

12,900

4,672

81,863

4,672

2,740

2,143

228

19

51

54

59

61

4,777

-

1,478

6

(b) Transactions with related parties during the year :

	As at March 31, 2004 in Rs. ('000)	As at March 31, 2003 in Rs. ('000)
(i) <u>With Key Management Personnel:</u>		
(a) Managerial remuneration		
Salary	8,880	8,880
Commission	6,045	5,006
Contribution to Provident and Other Funds	1,066	1,066
Leave Encashment	1,850	-
Perquisites	4,141	3,948
Directors' sitting fees	170	130
	22,152	19,030
<u>Incurred for :</u>		
Mr. Clyde C. Cooper	17,206	14,442
Mr. Tushar K. Jani	2,441	2,284
Mr. Khushroo M. Dubash	2,335	2,174
Others	170	130
	22,152	19,030
(b) Professional Fees paid to Air Marshal S.S. Ramdas (Retd.)	1,080	1,050
(c) Professional Fees paid to Suresh G. Sheth	1,080	1,050

8. Commitments under lease agreements

The Company had 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, 2004, the Company had commitments under non-cancellable leases of approximately Rs.478,147 ('000) [Previous Year - Rs.636,544 ('000)] out of which Rs.157,808 ('000) [Previous Year - Rs.158,634 ('000)] is payable within a year.

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

The small scale industrial undertakings to whom amounts are outstanding for more than 30 days at March 31, 2004 are :

Alpha Carbonless Manufacturing Co.	Royal Art
Desai Industries	Sago Paper Products-CRS
Rambhia Industrial Traders	Supac Packaging Pvt.Ltd
United Plastic Corporation	Acuti Services

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

10 Previous year's figures have been regrouped / reclassified / restated wherever necessary.



Blue Dart Centre, Mumbai

Fact Sheet

Description	: South Asia's leading courier and integrated air express package distribution company.
Began Operations	: November, 1983
Headquarters	: Mumbai, India
Revenues (FY 2003-2004)	: Rs. 3,549 million
International Destinations Serviced	: 220 countries
Domestic Locations Serviced	: Over 13,700 locations
Air Fleet	: 4 Boeing 737 freighters
Ground Fleet	: 2,717 vehicles
Number of shipments handled (FY 2003-2004)	: Domestic : Over 36.4 million International : Over 0.5 million
People Force (as on 31st March, 2004)	: Over 4,000
World Wide Web address	: http://www.bluedart.com

20
YEARS'

Service To The Nation



FRAGILE
HANDLE WITH CARE



THIS SIDE UP

BLUE DART
EXPRESS LIMITED

Registered Office : Blue Dart Centre, Sahar Airport Road, Andheri (East), Mumbai 400 099.
Tel.: 2839 6444 ☐ Fax.: 2824 4131 ☐ www.bluedart.com