

Delivering value. Inspiring growth.

IT TAKES A LEADER TO DELIVER

BLUE DART

Our vision

To be the best and set the pace in the air express integrated transportation and distribution industry, with a business and human conscience.

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

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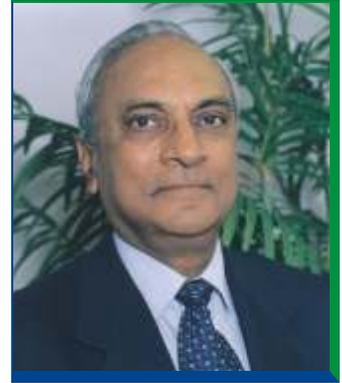
Board of
Directors



Clyde C. Cooper
Managing Director



Greg Tanner
Additional Director



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



Suresh G. Sheth
Director



Anil Thadani
Director



Deepak Vaidya
Alternate Director to
Anil Thadani

REGISTERED OFFICE

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

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



Malcolm Monteiro
Chief Operating Officer



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



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



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



V.N. Iyer
V.P. - Corporate
Accounts



Anil J. Gambhir
Head - Internal Audit



Tushar Gunderia
Company Secretary



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



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



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



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



Amod Dasgupta
V.P. - East Region



Samir Shah
General Mgr. - West 2 Region



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



Balfour Manuel
V.P. - West 1 Region

AUDITORS
Price Waterhouse

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

SOLICITORS
Mulla & Mulla &
Craigie Blunt & Caroe
DSK Legal

Dear Shareholders,

I wish each of you a very cordial and warm welcome to the 14th Annual General Meeting of your Company. You would be delighted to learn that this year your Company reported a record operational and financial performance since its inception, with its highest ever-net profit of Rs.39.04 crores. The Board of Directors of your Company has recommended a dividend of 30%.

India's encouraging growths are reflected in your Company's results that are strongly influenced by the expanding Indian economy. National statistics indicate an accelerated increase in manufacturing growth, projected at 8.3% for 2004-05, the highest in the last eight years, which augurs well for our business. As per the estimates of The Center for Monitoring of Indian Economy (CMIE), real GDP is projected to grow by 6.3 % for the year 2004-05, compared to the previous year's growth of 8.5%, and is likely to be achieved despite an indifferent monsoon, high fuel prices and the devastating tsunami.

During the year, DHL Express (Singapore) Pte. Ltd. acquired 81.03% of the equity share capital of the Company. Blue Dart is a leading domestic brand in the country with an unmatched domestic network, infrastructure and people. DHL is an acknowledged global leader with a strong and long-standing presence in India. The synergies of Blue Dart and DHL, both premium brands, provide customers with a formidable delivery capability and an entire range of complementary domestic and international express, freight and logistics services unavailable elsewhere in the country.

Together, both present a powerful backbone to business and trade success for India and its trading partners.

During the year, your Company leveraged its unique infrastructure strength, that included the addition of a fifth aircraft, to carry over 42 million domestic and 500,000 international shipments together weighing over 110,000 tonnes across its network. This was achieved by our trained and committed people at consistently high reliability levels of 99.96%.

Your Company continued its focus on building the Blue Dart brand through superior service, innovation and leadership, with a focus on the customer.

While the hard areas of reliability and service excellence are driven without compromise, there is a renewed thrust on the softer aspects of responsiveness, empathy and customer orientation that would keep your Company in touch with evolving customer needs. Extensive training and awareness in these areas were undertaken through the year. The results are evident in our market research findings showing a strong brand preference for Blue Dart and increased customer satisfaction.

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

Your Company has, since inception, placed great value on the commitment of its people and encouraged their development and growth within the organisation. Your Company takes pride in its dedicated, diverse and professional team of over 3900 people, whose admirable performance has overcome the challenges of a complex business to deliver our strong results.

I take this opportunity to thank all our people for their contribution towards the growth of the Company, and for rendering impeccable services to every constituent of our Company's customers, without which our reputation for service excellence would not have been possible.

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

I deeply appreciate and thank you for the confidence and faith that you have reposed in Blue Dart, thereby providing us with the impetus to grow.

I look forward to your continued support and participation in the growth of the Company.

Warm regards,

Mumbai
June 7, 2005

Clyde C. Cooper
Managing Director

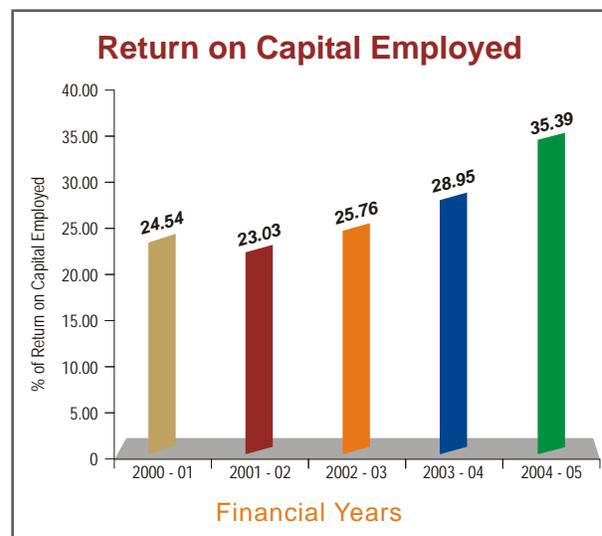
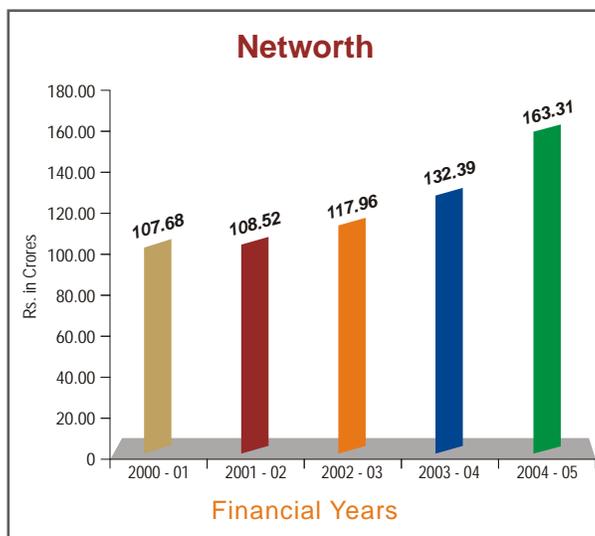
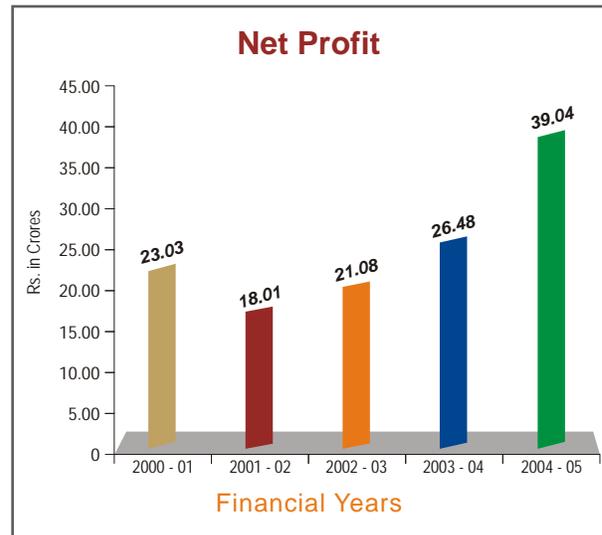
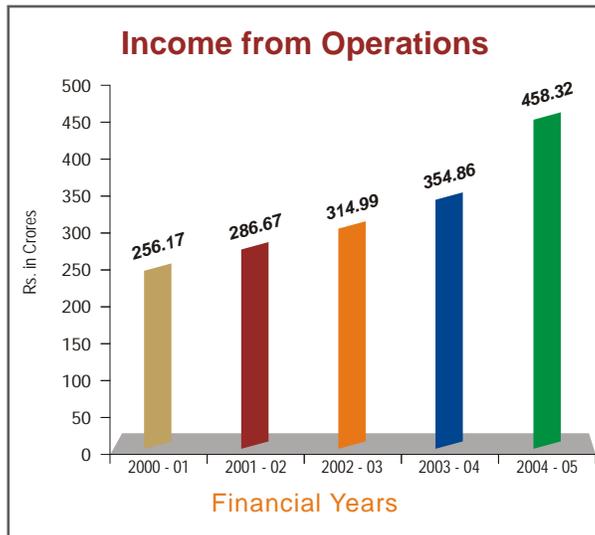
FINANCIAL SUMMARY OF THE LAST 5 YEARS

(Rs. in Crores)

Year End March	2000-01	2001-02	2002-03	2003-04	2004-05
Income from Operations	256.17	286.67	314.99	354.86	458.32
Other Income	0.54	0.59	0.38	0.47	3.79
Total Income	256.71	287.26	315.37	355.33	462.11
Total Expenditure	215.24	247.26	270.67	299.67	382.01
Operating Profit	41.47	40.00	44.70	55.66	80.10
Interest (Net)	10.04	8.52	5.69	4.35	4.65
Gross Profit	31.43	31.48	39.01	51.31	75.45
Depreciation	5.60	6.21	7.82	10.01	15.32
Profit Before Tax	25.83	25.27	31.19	41.30	60.13
Taxation	2.80	7.26	10.11	14.82	21.09
Profit After Tax	23.03	18.01	21.08	26.48	39.04
Equity	11.89	23.73	23.73	23.73	23.73
Reserves	95.79	84.79	94.23	108.66	139.58
Gross Fixed Assets	122.29	136.17	146.06	186.90	233.06
Book Value (in Rs.)	89.72	45.63	49.30	55.47	68.60
ROCE (in percentage)	24.54	23.03	25.76	28.95	35.39
Debt Equity (in times)	0.44	0.33	0.25	0.31	0.20
Total Debt Equity (in times)	0.67	0.57	0.44	0.49	0.33

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

FIVE YEARS IN REVIEW





Blue Dart is the market leader in South Asia's express industry.

INFRASTRUCTURE

- ◆ India's only express service provider with dedicated air services supported by 5 Boeing 737 freighters.
- ◆ 218 state-of-the-art offices, 168 franchisees and 173 service participants.
- ◆ Over 422,000 sq.ft. of facilities, including 6 bonded warehouses and 9 hubs.
- ◆ Delivering to over 13,880 locations in India and 220 countries worldwide via an integrated air and surface network.
- ◆ The widest geographical reach linked by a surface network of 3,429 vehicles.

SERVICES

- ◆ Handled 42.02 million domestic and 0.53 million international shipments in FY 2004 - 05.
- ◆ Carried over 110,000 tonnes of express and airfreight loads in FY 2004 - 05.
- ◆ Delivered at reliability levels of 99.96%.
- ◆ ISO 9001-2000 certified standards for the entire operations, products and services.

PEOPLE

- ◆ Over 3,900 committed professionals.
- ◆ Over 5,000 associates operating to quality benchmarked standards.

BRAND

- ◆ Blue Dart was selected a Business Superbrand from over 854 brands across 82 product categories in India.

Blue Dart meets the needs of leading businesses through unmatched infrastructure, superior technology, and high energy people with a winning attitude aligned to deliver service excellence.



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 99.96%.

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 to over 13,880 locations in India.

Dart Apex

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

Smart Box

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

Dart Surfacerline

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

Large shipment delivery capability, through India's only dedicated air services, with night operations by a fleet of 5 Boeing 737 freighters.



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

Domestic Airport-to-Airport Services

Transshipment of customs-bonded import and export loads to and from six of India's main international gateways. This facility is available with 23 major international airlines who are Blue Dart's interline partners.

Interline Services

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

Charters

Technology



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 market place.

STAND - ALONE TOOLS

COSMAT II™ (Computerised On-line System for management, accounting, and tracking). A complete ERP system that ensures customers receive real-time, complete and accurate information about his shipments.

SMART™ India's only real-time, computerised cargo reservation system with confirmed space booking.

SENTOR™ A software developed to facilitate tracking and faster feedback from far- flung locations.

WMS (Warehouse Management System) An indigenously developed software to manage the entire storage, inventory control, maintenance, order fulfillment and logistics activities in the warehouse.

CARESS™ (Complaint Appreciation, Resolution and Evaluation to Satisfaction System). An extremely powerful on-line customer complaint-redressal system that provides intelligence on every single customer complaint.

SHIELD™ On-line security module that tracks all security incidents across the country and ensures effective closure of cases.

WEB - BASED TOOLS

TrackDart™ Tracking of single or multiple shipments on Blue Dart's website.

MailDart™ Automatic tracking of single or multiple shipments by e-mail:track@bluedart.com.

Pickup Online The flexibility of scheduling a pickup via the internet.

Location Finder Locate the nearest Blue Dart office by city, street name or pincode.

Transit Time Finder Enables the customer to check the transit times for domestic and international locations.

Price Finder Calculates cost for both, domestic and international shipments.



E-BUSINESS SOLUTIONS

A revolutionary software that provides customers an interface with Blue Dart's system and enables users to manage their shipping processes from their desktop.

[ShipDart™](#)

Allows on-line tracking of shipments sent over the last 45 days and is a personal organiser for your shipments.

[Internet Dart™](#)

Best on-line tracking and CRM tool for shipment transactions of e-commerce websites.

[ShopTrack™](#)

Streamlines shipping process by enabling customers to keep track of the entire distribution status of their clients.

[PackTrack™](#)

On-line download of proof of delivery (POD) and delivery challan (DC), available from Blue Dart's website, to speed up the customer's billing process and recovery cycle.

[ImageDart™](#)

Allows you to track the status of your shipment using a mobile phone.

[MobileDart™](#)

People are key players in organisations, and we strive to propagate a spirit of social participation by empowering our people to develop a superior work culture and improve society by contributing in various ways to enrich and benefit those who are less privileged.

Career Fair -

Our Mumbai office along with LIFE, an NGO, organised a skill and employment fair for the underprivileged youth of the BMC Secondary School. The objective of the fair was to help reduce the rate of school dropouts and introduce them to various professional choices available. A Counseling Desk was also set up to help and guide the students.

Tsunami Relief -

In the wake of the Tsunami tragedy, Blue Dart personnel in Chennai adopted a Tsunami-affected village and distributed clothes, relief material and financial help to the victims. The spouses of our Blue Dart people worked with school teachers to counsel children and their parents, and helped them to improve their counseling skills. Blue Dart Aviation operated seven relief charters to Port Blair, which was devastated by the Tsunami, carrying essentials like tents, water, food and medicines.

Blood Donation Drive -

On the eve of World Blood Donor Day in June 2004, our Chennai office, along with the Red Cross and the Red Crescent Society, organized a blood donation drive where 16.45 litres of blood was collected. Our Ahmedabad office, along with a local voluntary organization, held a similar drive where our people participated enthusiastically in a generous donation of blood.

Rehabilitation Centre Visit -

The Chennai team visited the Udayam Rehabilitation Centre, a unit that aims to revitalise the lives of the diseased and the disabled, and also fights for the equality of women, dalit and other oppressed groups. The team also spent time at the children's unit.

Blue Dart has always strived to be alive to customer and market needs. Market Research and customer satisfaction surveys are ongoing and form an intrinsic part of the company's processes to continuously improve service quality and innovate to deliver customer value.



IT TAKES A LEADER TO DELIVER

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 charter load within a committed time frame.

DIRECTORS' REPORT

To the Members

The Directors have great pleasure in presenting the Fourteenth Annual Report of your Company for the year ended March 31, 2005.

FINANCIAL RESULTS

Particulars	(Rs. in lacs) For the year ended	
	March 31, 2005	March 31, 2004
Revenues		
Services	45,832	35,486
Other Income	379	47
Less : Operating Expenses	38,201	29,967
Operating Profit (EBIDTA)	8,010	5,566
Less : Interest Cost (Net)	465	435
Depreciation/ Amortisation	1,532	1,001
Earnings before Tax	6,013	4,130
Less : Provision for Income tax	2,109	1,482
Earnings after Tax	3,904	2,648
Profit & Loss A/c balance brought forward	5,215	4,272
Profit available for appropriation	9,119	6,920
Proposed Dividend	712	1,068
Tax on Proposed Dividend	100	137
Transfer to General Reserve	390	500
	7,917	5,215

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 Ahmedabad, Bangalore, Chennai, Hyderabad and Mumbai, as well as in the secondary cities of North, South and West regions. Your Company continues to strengthen its preeminent position in domestic markets and has significantly grown its operating profits with a mixture of topline growth and effective cost management.

Incremental revenues, coupled with cost efficiencies and right product mix, resulted in profit after tax of Rs. 3904 lacs, as compared to Rs. 2648 lacs of the previous year.

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."

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 3 per equity share of Rs.10/- each. Your Directors wish to conserve resources for future expansion and growth of the Company.

The dividend, once approved by the members in the ensuing Annual General Meeting will be paid out of the profits of the Company for the year and will sum up to a total of Rs. 812 lacs, including dividend distribution tax, as compared to Rs. 1,205 lacs in the previous year.

OPERATIONS REVIEW

Revenue

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

During the year under review, your Company carried over 42 million domestic shipments and 0.5 million international shipments together weighing over 110,000 tonnes.

Aviation System

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

Facilities

Your Company has Infrastructure facilities including the state-of-the-art warehousing facilities of approximately 422,000 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 35.39% as compared to 28.95 % in the previous year.

Credit Rating

Your Company continues to enjoy the highest rating assigned "F1+(ind)" (F one plus (ind)) by Fitch Ratings India Pvt. Ltd. for the Company's short-term programme of Rs. 30 crores (outstanding Rs. 20 crores), indicating very high certainty of timely payment.

Further, during the year ICRA Ltd., has assigned the highest rating, of an "A1+" (A one plus) to Company's Commercial Paper programme of Rs. 25 crores (outstanding - NIL). The rating indicates highest safety.

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

During the year under review, Indian Promoters of your Company, viz; Mr. Tushar Jani, Mr. Clyde Cooper, Mr. Khushroo Dubash, and Blue Dart Courier Services Ltd., along with persons acting in concert with the Indian promoters and Newfields Holdings Ltd. (collectively known as the "Sellers") had entered into sale/ purchase agreements dated November 6, 2004 to sell their equity shares collectively constituting 68.21% of the total paid up equity share capital of the Company to DHL Express (Singapore) Pte. Ltd. at Rs. 350/- per share.

As a result of the sale of shares by the sellers, DHL Express (Singapore) Pte. Ltd. had made an 'Open Offer' to acquire equity shares of the Company in accordance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended. Subsequent to the 'Open Offer', DHL Express (Singapore) Pte. Ltd. holds 81.03 % of the equity capital of your Company.

One of the terms of the 'Letter of Offer' dated January 24, 2005 for acquisition of shares, indicated that since the continued employment of Mr. Clyde Cooper as a Managing Director is the key element of the success of Blue Dart Express Ltd., after successful completion of acquisition process, Acquirer shall use its voting rights to ensure that Blue Dart Express Ltd. offers a one time retention compensation to Mr. Clyde Cooper, for an amount of Rs. 68 million.

Shareholders of the Company in an Extra Ordinary General Meeting held on April 8, 2005 approved the said payment, which is subject to approval from the Central Government.

The financial results declared by the Company were after providing for the retention compensation of Rs. 68 million. Please refer Para (a) of the Auditors' Report and note 10(a)(ii) of Schedule 19 forming part of the Accounts.

SUBSIDIARY COMPANY

During the year under review, your Company divested, 60% of the equity capital of Blue Dart Aviation Ltd. in favour of Mr. Tushar Jani and Mr. Khushroo Dubash in the ratio of 30 % each respectively, in accordance with the approval accorded by the Ministry of Civil Aviation and in terms of the approval accorded by the Shareholders pursuant to 'Postal Ballot' method.

Consequent to above divestment, Blue Dart Aviation Ltd. ceased to be a 'Subsidiary' of your Company with effect from March 11, 2005.

Skyline Air Logistics Ltd. and Concorde Air Logistics Ltd. became subsidiaries of your Company with effect from May 7, 2004.

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

The Consolidated Financial Results represent those of Blue Dart Express Limited and subsidiaries, viz; Skyline Air Logistics Ltd. and Concorde Air Logistics Ltd. The Company has consolidated its results based on the Accounting standard on Consolidation of Financial Statements (AS-21) and Accounting Standard on Accounting for Investments in Associates in Consolidated Financial Statements (AS-23) issued by the Institute of Chartered Accountants of India.

OUTLOOK FOR THE FUTURE

Your Company, is ideally placed in the Indian market, with a trained and committed force of over 3,900 people, the latest state of the art technology, integrated air, and ground infrastructure, wide geographical coverage to support India's growth and development, distribution and third party logistics and supply chain management needs of the Industry.

The Company plans to enhance capacities within the network by induction of additional dedicated air capacities, over a period, to capitalize on the future growth of the express industry.

DIRECTORS' REPORT

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

SUPERBRAND

During the year, your company was selected a "Business Superbrand" by Superbrands India. Superbrand India is a part of the Superbrands Organisation of the UK, which is recognised as an independent authority on branding, with offices operating in 41 countries.

The Superbrand organisation recognises enduring brands and encourages brand development.

The Blue Dart brand was chosen from among 854 brands across 82 categories by a jury comprising of eminent professionals from the world of advertising and marketing.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Anil Thadani, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Tushar Jani and Mr. Khushroo Dubash have resigned as Directors. Your Directors' place on record, their valuable contribution for the growth of the Company. During the year under review, Mr. Bryan Jamison, the nominee of DHL Express (Singapore) Pte. Ltd was appointed as an Additional Director and subsequently as the Chairman of Board of Directors. He resigned as a Director and Chairman of the Company with effect from June 7, 2005. Mr. Greg Tanner was appointed as a nominee of DHL Express (Singapore) Pvt. Ltd. and as an Additional Director of the Company with effect from June 7, 2005 and holds office upto the ensuing Annual General Meeting. The Company has received notice under the provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Greg Tanner as a Director of the Company.

AUDIT COMMITTEE

The Company has an Audit Committee comprising 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 terms of reference of Audit Committee are as mentioned in the provisions of Clause 49 of the Listing Agreement.

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;
- (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 Exchange at Mumbai and The National Stock Exchange of India Ltd. (NSE). The Company has paid its Annual Listing fees to the above Stock Exchanges for Financial Year 2005 – 2006.

During the year under review, shares of your Company were delisted from Delhi and Ahmedabad Stock Exchanges pursuant to Applications made for voluntary delisting in terms of approval accorded by shareholders.

CORPORATE GOVERNANCE

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

FIXED DEPOSITS

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

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.

DIRECTORS' REPORT

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 under review, your company had participated in various activities to enrich and benefit those who are less privileged. Your company participated in the Tsunami relief activity and Blue Dart Aviation operated seven relief charters to Port Blair.

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. The enthusiasm and unstinting efforts of the employees have clearly positioned the Company as South Asia's premier courier and integrated air express distribution Company. Your Company's consistent growth has been made possible by their hard work, service excellence, solidarity, co-operation, commitment, and support.

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

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

For and on behalf of the Board of Directors

Clyde C. Cooper
Managing Director

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

Suresh G. Sheth
Director

Mumbai,
June 7, 2005

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.84,579,575 (previous year – Rs. 42,643,891)

B) Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs. 244,720,062 (previous year – Rs. 218,014,532)

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

Mr. Tushar Jani and Mr. Khushroo Dubash, the Executive Directors resigned from the Board at its meeting held on March 11, 2005. During the year, Mr. Bryan Jamison, the nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director and the Chairman of the Board of Directors. He resigned as a Director and Chairman of the Company with effect from June 7, 2005. Mr. Greg Tanner was appointed as a nominee of DHL Express (Singapore) Pte. Ltd. and as an Additional Director of the Company with effect from June 7, 2005. The Board of Directors now consists of one Executive Director and four Non-Executive Directors. All key decisions are taken only after detailed deliberations and discussions by the Board. The 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 Corporate Governance norms as stipulated under the provisions of the Listing Agreement entered into with the Stock Exchanges.

The meetings of the Board of Directors are scheduled well in advance and held at the Company's Registered Office at Mumbai. The Notice of the Board meeting is generally 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, nine Board Meetings were held viz; on April 27, 2004, July 22, 2004, October 19, 2004, November 7, 2004, November 22, 2004, January 21, 2005, March 11, 2005 (held at 8.30 A.M), March 11, 2005 (held at 9.45 A.M.) and March 18, 2005.

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

Name of Director	Position	Designation	Attendance Particulars		Directorship in Other Indian Companies *	Committee Memberships *	
			Board Meetings	Last AGM		Member	Chairman
Mr. Tushar Jani**	Promoter & Executive Director	Chairman	7	Yes	8	2	0
Mr. Clyde Cooper	Promoter & Executive Director	Managing Director	9	Yes	4	1	0
Mr. Khushroo Dubash**	Promoter & Executive Director	Director	8	Yes	2	0	1
Mr. Suresh G Sheth	Independent & Non Executive Director	Director	9	Yes	4	0	0
Air Mshl. S.S.Ramdas (Retd.)	Independent & Non Executive Director	Director	8	No	0	0	0
Mr. Anil Thadani ***	Independent & Non Executive Director	Director	0	No	7	0	0
Mr. Deepak Vaidya (Alternate to Mr. Anil Thadani)	Independent & Non Executive Director	Director	7	Yes	11	2	1
Mr. Bryan Jamison****	Non Executive Director	Chairman	1	No	0	0	0

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

** Resigned with effect from March 11, 2005.

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

**** Appointed as an Additional Director on March 11, 2005 and resigned on June 7, 2005.

Note : Mr. Greg Tanner was appointed as an Additional Director with effect from June 7, 2005.

'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 judgment of the board may affect independence of judgment 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 & Group 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;

- (a) Overseeing the financial reporting process and ensuring correct disclosure of financial information.
- (b) 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.
- (c) Reviewing the company's financial and risk management policies.
- (d) Reviewing adequacy of internal audit function including their policies, procedures, techniques and other regulatory requirements and reporting the matter to the Board.
- (e) Recommending appointment and removal of External and Internal Auditors and fixation of their fees.
- (f) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is a suspected fraud or irregularities or a failure of internal control systems of a material nature and reporting the matter to the Board.

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

Name of Director	Position	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	2

As Air Marshal S.S. Ramdas (Retd.) could not attend the Audit Committee Meeting and the previous Annual General Meeting, both held on July 22, 2004, the Audit Committee in its meeting held on July 22, 2004 authorised Mr. Deepak Vaidya, Member, to act as the Chairman for the said Audit Committee Meeting and to remain present in the Annual General Meeting for answering queries from shareholders.

4. Compensation Committee

The Board of Directors of the Company had constituted '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 is for a period of five years from the date of his 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 the Executive Directors. During the year, there was no change in the remuneration of Executive Director.

Ministry of Finance, Department of Company Affairs had vide its notification dated 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 the above, sitting fees of Rs.20,000/- per meeting was paid 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 (inclusive of service tax), towards professional consultancy services rendered by them during the financial year 2004 - 05. The Company has necessary approval of 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 terms of the remuneration payable to 'Executive Directors' for the year ended March 31, 2005 are as under:

1. Mr. Tushar Jani – Chairman: (resigned with effect from March 11, 2005)

1. Salary: Rs. 70,000/- per month.
2. Perquisites and Commission:
 - (a) House Rent Allowance: Rs. 30,000/- per month,
 - (b) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.

REPORT ON CORPORATE GOVERNANCE

- (c) Personal Accident Insurance: In respect of self and 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 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.

One time Retention Compensation :

The Company shall pay one time retention compensation of Rs. 68 Million to Mr. Clyde Cooper, Managing Director, subject to approval from the Central Government, pursuant to terms of 'Letter of Offer' dated January 24, 2005. The Board of Directors in its Board meeting held on March 11, 2005 had recommended payment of retention compensation and the same was approved by the shareholders in the Extra Ordinary General Meeting held on April 8, 2005.

3. Mr. Khushroo Dubash – Whole Time Director (resigned with effect from March 11, 2005)

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.

REPORT ON CORPORATE GOVERNANCE

- (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 remuneration to above 'Executive Directors' within the aforesaid permissible limits and as per the provisions of law.

The Company does not have any stock option scheme.

5. Investors Grievance Committee

The 'Investors Grievance Committee' 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 the 'Compliance Officer'.

During the year under review, four hundred and five correspondence were received from the shareholders/ investors. All the correspondence have been attended to expeditiously.

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

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	71	71
Non Receipt of Share certificate/Transfer / Transmission	37	37
Request for loss / duplicate/ replacement of Share Certificates	24	24
Revalidation / Non Receipt of Dividend Warrants	76	76
Others *	197	197
Total	405	405

* Others include correspondence pertaining to updation of new signatures, non receipt of rejected Dematerialisation Request Forms, registration of Power of Attornies, procedure for transmission, dividend mandate instructions, request for Annual Reports and such administrative matters.

The Company and the Registrar & Transfer Agents have attended to most of the investor's correspondence within a period of 8 days from the date of receipt of correspondence during the year 2004 - 05.

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

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

The Investors' Grievance Committee monitors compliance of the provisions of 'Blue Dart Code of Conduct for Prevention of Insider Trading' and the 'Code for Corporate Disclosure Practices.'

Under the said Code, 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
2001 - 2002	25.07.02	4.30 p.m	Walchand Hirachand Hall,
2002 - 2003	08.07.03	4.30 p.m	Indian Merchants' Chamber,
2003 - 2004	22.07.04	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 matters related to capital markets during the last three years.

REPORT ON CORPORATE GOVERNANCE

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 release are also immediately posted on the Company's website viz; www.bluedart.com

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

The Quarterly, Half yearly and Yearly results are published in Newspapers with adequate disclosures for the knowledge of shareholders. The Company does not have a system of intimating

shareholders individually about the financial results but the 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 Analysts meet.

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

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

9. General Shareholder Information

Annual General Meeting

: July 19, 2005 at 4.00 p.m at Le Royal Meridien Mumbai, Chancellor II Sahar Airport Road, Andheri (East), Mumbai - 400 099

Financial Calendar

(tentative and subject to change)

: Schedule of Board Meetings

Date

First Quarter ending June 30, 2005	July 19, 2005
Second Quarter ending September 30, 2005	October 25, 2005
Nine months & year ending December 31, 2005	January 24, 2006
First Quarter ending March 31, 2006	April 25, 2006

Financial Calendar

(tentative and subject to change)

: Schedule of Audit Committee Meetings

Date

First Quarter ending June 30, 2005	July 19, 2005
Second Quarter ending September 30, 2005	October 25, 2005
Nine months & year ending December 31, 2005	January 24, 2006
First Quarter ending March 31, 2006	April 25, 2006

Book Closure period

: July 12, 2005 to July 19, 2005

Dividend Payment Date

: July 21, 2005

Listing on Stock Exchanges

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

(The Company has paid its Annual Listing fees to all the above Stock Exchanges for Financial Year 2005–2006. During the year, the Company delisted its equity shares from Ahmedabad and Delhi Stock Exchanges pursuant to applications made for voluntary delisting in terms of approval accorded by Shareholders.)

REPORT ON CORPORATE GOVERNANCE

Stock Code / Symbol : BSE : 526612
 : NSE : Symbol - BLUEDART
 Series – EQ

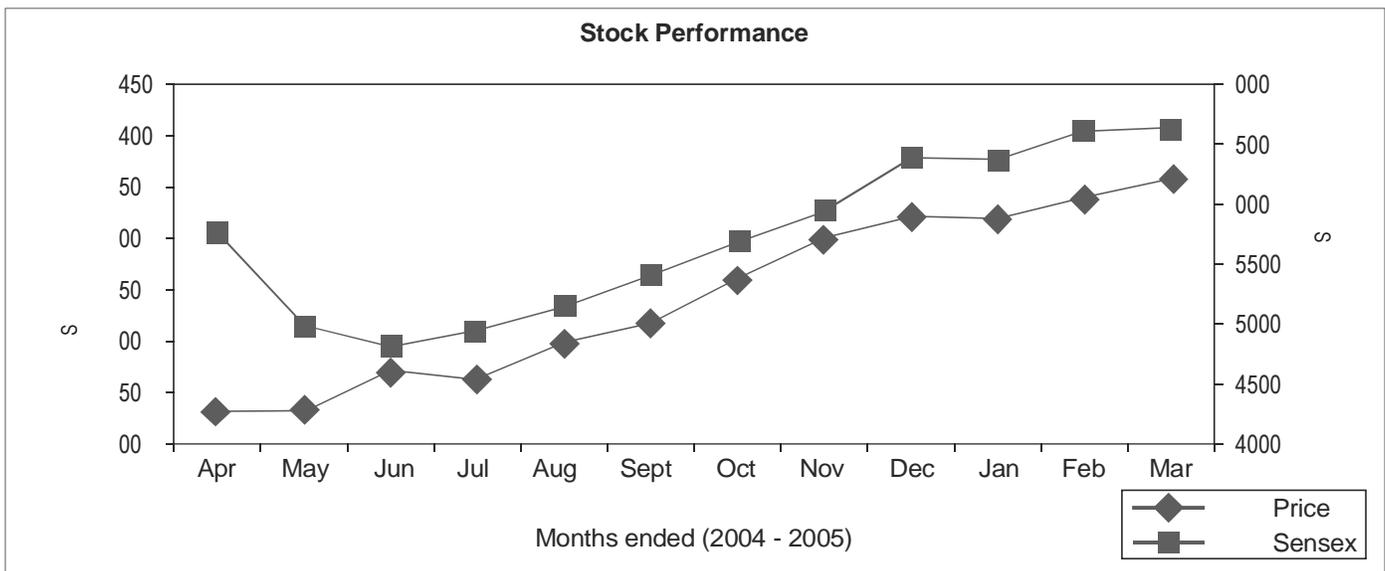
ISIN : INE233B01017

Stock Market Data:

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

2004- 2005		BSE		NSE	
		High	Low	High	Low
April	– 2004	140.00	126.00	141.50	123.80
May	– 2004	155.00	112.00	153.05	108.00
June	– 2004	204.00	141.00	204.00	120.15
July	– 2004	178.00	145.00	178.00	136.00
August	– 2004	237.60	163.00	238.70	164.00
September	– 2004	233.00	204.00	235.00	203.10
October	– 2004	268.20	204.00	268.70	203.00
November	– 2004	331.00	270.00	339.20	269.95
December	– 2004	329.95	315.05	332.00	310.00
January	– 2005	332.00	306.50	335.00	280.00
February	– 2005	363.00	320.00	367.70	311.05
March	– 2005	399.00	320.00	392.00	332.50

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 8, 2005

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	4,650	94.30	6,91,265	2.91
501 - 1000	145	2.94	1,16,300	0.49
1001 - 2000	62	1.26	94,974	0.40
2001 - 3000	22	0.45	56,765	0.24
3001 - 4000	8	0.16	28,929	0.12
4001 - 5000	5	0.10	23,319	0.10
5001 - 10000	12	0.24	88,197	0.37
10001 - Above	27	0.55	2,26,28,185	95.37
Total	4,931	100.00	2,37,27,934	100.00

Categories of shareholders as on April 8, 2005

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoters	1	1,92,27,887	81.03
Foreign Body Corporate	1	9,18,193	3.87
Banks, Financial Institutions and Mutual Funds	25	22,17,958	9.35
Individuals	4,693	11,18,652	4.70
Companies	169	2,07,064	0.87
NRIs & FII's	34	37,510	0.17
Clearing Members	8	670	0.01
Total	4,931	2,37,27,934	100.00

REPORT ON CORPORATE GOVERNANCE

Dematerialisation of Shares and Liquidity	: The trading in Company's equity shares is compulsory in the dematerialised mode for all investors with effect from August 28, 2000. As on April 8, 2005, 2,32,57,204 Equity Shares representing 98.02 % 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 any manufacturing activities. The Company offers its existing range of integrated transportation and distribution of shipments through its network of 218 offices spread across India.
Address for communication	: Investors should address their correspondence to the Registrar & Share Transfer Agents, M/s. Intime Spectrum Registry Limited at the address mentioned hereinabove. Contact Person : Ms. Swati Uchil – Head : Share Registry Ms. Bharti Mane – Group Co-ordinator Investors may also contact Mr. Vijay Kamath 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. : 3499 or 3422 Email : VKamath@bluedart.com PrabhaS@bluedart.com
Analyst Contact	: Mr. Yogesh Dhingra – Sr. V.P. Finance & Group Chief Financial Officer
General Information Contact	: Ms. Tulsi Nowlakha Mirchandaney – Sr. V. P. Marketing & Projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure And Developments

We are witnessing some of the most dramatic and significant changes of our times, especially in our country. The proliferation of technology and communication is demolishing barriers and bringing the power of access to the individual, spurring his aspirations and fuelling consumption. Demand is no longer limited by geography, and procurement of goods and services is extending beyond boundaries, driven more by value, efficiency, service quality and customer choice than by nationalism.

The implications for our industry are important and far-reaching as we move closer to a 'borderless' world. When trade and commerce are dynamic and expansive, the express industry is a lifeline that offers speed and the support network so essential to the high rate of change. While there are undoubted advantages in niche offerings, limited services also succeed in driving the customer to include other suppliers with complementary services, resulting in divided customer loyalty. To counter this, we are already seeing a process of acquisition and consolidation in the international express industry, to provide greater flexibility and responsiveness to varying business needs. In recent years, international majors are investing in air, ground and ocean networks and competencies to provide business with a single channel for a complete array of transportation, distribution and logistics offerings globally. For the customer, this means enhanced convenience and control with a single supplier for end-to-end solutions. Typically, the diverse services are integrated under a strong and familiar brand that customers are comfortable with and have grown to trust. The international integrators' broadened strategies are yielding strong performances, despite the heavy dependence on air infrastructure, even as traditional global airlines continue to bleed and project losses of approximately US\$40 billion from 2001-05⁽¹⁾. China and India, with their large and increasing consuming population and growing economies, are emerging as interesting opportunities within the evolving global patterns.

In this scenario, the acquisition of a majority share in Blue Dart by DHL Express (Singapore) Pte. Ltd. provides the company and its customers with a firm strategic advantage. The service offerings that would emanate from the synergies of both organisations cover the entire spectrum of distribution within India and between India and the rest of the world. Blue Dart is a leading brand in the country with an unmatched domestic network, infrastructure and people. DHL is an acknowledged global leader with a strong and long-standing presence in India. Together, both present a powerful backbone to business and trade success for India and its trading partners.

India's express industry, projected to grow annually at 20% over the next five years, is estimated at Rs.35.9 billion for the year 2004-05⁽²⁾.

Domestic express makes up about 60% of the total, of which a little less than half is organised. The unorganised and semi-organised segments, which consist largely of regional and intra-city service providers, and EMS Speedpost, account for the rest. The organised segment, including the international majors' share, constitutes approximately 65% of the total and is made up of a small group of under two dozen players.

The Indian Express Industry has not seen any marked shift in structure in the past year. Market Research findings⁽³⁾ show players slotted into four unambiguous quadrants – the international majors, low-cost service providers, ground/warehousing suppliers and the premium value segment. Blue Dart is the sole occupant of the premium value quadrant, clearly differentiated from all other organisations and, in fact, sharing the attributes of the international organisations. This is a tribute to Blue Dart's superior and globally benchmarked service quality that has contributed to its distinct positioning. Blue Dart has outpaced the rest of the domestic industry with its unique infrastructure, technology development, network, quality processes and people. It has transcended the constraints of capacity and control with the dedicated air capacity of five freighters operating each night to move shipments fast and reliably – a delivery capability not available elsewhere in the domestic space. The integrated air and surface infrastructure has enabled an added dimension of packages and heavyweight shipments that have undergone strong growths year over year, to Blue Dart's portfolio, apart from the document business that is the sole business for all other service providers and in which they are wholly entrenched.

Review Of Performance

2004-05 was a year of new challenges and intense activity for Blue Dart. The growing economy led to a surge in customer demand and load factors of over 90% on Blue Dart Aviation flights, calling for increased capacity. In May 2004, Blue Dart Aviation inducted its 4th aircraft to connect Hyderabad as its sixth aviation hub, and augmented capacity by an additional 60 tonnes. The company broke even on its costs within 6 months of launch. A fifth aircraft was acquired in November 2004, and was successfully deployed during the months of December to February to beat the fog that enveloped parts of the country, and grounded operations of passenger airlines for many hours in the day. The aircraft will be additionally employed to augment capacity further during the next fiscal year. Charters operated a total of 60 hours, with a maiden charter into Bangladesh in October 2004, opening up an interesting opportunity for the future. Blue Dart Aviation also contributed its mite to the Tsunami Relief operations in December 2004 and January 2005, operating 8 flights into Port Blair in the Andaman Islands to carry relief materials.

(1) Source: IATA

(2) Express Industry Report

(3) Drshti Customer Satisfaction Survey

MANAGEMENT DISCUSSION AND ANALYSIS

Blue Dart continued its effort towards greater customer convenience, brand experience and operational efficiency through expansion of its retail outlets and facilities. Thirty new facilities were added during the year, with 12 of them in the metro cities of Ahmedabad, Bangalore, Mumbai and Chennai. To reinforce its presence in the growing secondary markets, 14 facilities were added in the North, South and West regions, including a state of the art retail outlet at Baddi, Himachal Pradesh, to cater to the growing potential of the township that has emerged as an active manufacturing location. Increased warehousing area, releasing close to 90,000 sq. ft of additional space, including a bonded warehouse facility at Hyderabad, and a new, expanded facility at the Erode hub, were added during the year.

Blue Dart's technology expansion continued unabated in 2004-05, and development of a sales force automation module, SaFire, was initiated. When fully deployed, the module would integrate into the data warehouse, providing a holistic view of prospects and customers. A major upgrade of the Wide Area Network was undertaken, increasing bandwidth across trunk routes and connected locations, and enhancing capacities for critical areas of the network.

A source of great pride is the growth in volumes in the year. Blue Dart carried over 42 million domestic and 500,000 international shipments weighing over 110,000 tonnes across its network, more than the combined exports from Chennai and Bangalore airports. This was achieved at consistently high reliability levels of 99.96%, by leveraging its strong infrastructure.

The positive economic environment and increased business confidence have stimulated an exceptional performance during the year. The company has registered a turnover of Rs 462.11 crores posting a growth of 30.05% over the previous year.

The Company's performance during the year:

- Operating Profit Margin of 17.33% against 15.66% of the previous year.
- Profit Before Tax growth of 45.61% against 32.40% of the previous year.
- Profit After Tax growth of 47.44% against 25.60% of the previous year.

The past five-year growths show a steady upward graph, testimony to Blue Dart's prudent strategy and the concerted organisational effort towards sales.

Threats, Risks and Concerns

VAT has finally come into effect in 21 states in the country from the 1st April 2005, after years of deliberation and diffidence. The prevailing uncertainty and confusion have resulted in a decline in procurement by traders and a subsequent stagnation in distribution, especially in industries like Drugs and Pharmaceuticals. Over time, industry is hopeful that the multitude of taxes and levies would be replaced by a

more uniform, standard and simplified tax regime that would benefit manufacture and movement of goods and services.

The impact of CENVAT Credit Rules, 2004 alongwith certain Service Tax Notifications and the impact of Service Tax Rules, 2005 had a transitional impact on the Sales.

In 2004-05, we had an unprecedented number of closures due to strikes, especially in West Bengal. Since inventory of space is time-bound and cannot be recovered, the loss of a day's operations translates into a loss of a day's sale.

However, the cost of fuel remains the single, largest concern. Fuel prices have escalated to unimaginable levels, crossing the US\$50 bpd mark. Speculation that these high rates would be breached have only served to drive prices even higher. Domestic prices are additionally hit by high state taxes. The domestic airline industry has been the hardest hit, with peak domestic aviation turbine fuel prices scaling a 57% increase since April 2004. Sustained high levels of fuel will adversely impact not just the airline industry, but the country as a whole, as the cascading effect will be felt by all sectors of the economy. Moreover, the over stimulated activity in the domestic aviation industry has resulted in a severe manpower and airport facility crunch that can have a negative effect on efficiency in the short term, should the situation deteriorate further and more airlines permitted to operate than the current infrastructure permits.

Risks are revisited and assessed on a regular basis, and plans are updated to mitigate risk and respond proactively.

OPPORTUNITIES

With India projected to be the world's 3rd largest economy according to the now well-known Goldman Sachs BRICs report, the most attractive opportunities may perhaps lie in being Indian and located in India. Increasingly, companies are seeking cost-efficient hubs coupled with skills in knowledge fields such as engineering and research and development, and India has achieved increasing recognition for its strength in areas like the information technology, automotive, telecommunication, drugs and pharmaceutical sectors in the recent past. A shift of these manufacturing units to India would have a positive impact on distribution, both domestic and international, as would the resultant stimulation of GDP growth to which distribution has a direct co-relation. Blue Dart's domestic expertise and delivery capability is well positioned to support growing demand.

The thawing of relationships between India and its neighbours also point to a future where commerce and people-to-people programmes would take a lead over politics in establishing more sustainable and productive trade blocs. Procurement and supply across the subcontinent stimulate domestic movement of goods, which has been evident in the past year. With wider access and higher incomes across the country, demand into secondary cities and townships can only grow.

MANAGEMENT DISCUSSION AND ANALYSIS

A natural outcome of DHL's acquisition of Blue Dart is the enhanced capability of both organisations to leverage each other's networks to offer a complete and seamless range of quality services to the customer through a single interface. End-to-end customised solutions within this framework can be designed to benefit the individual customer.

Outlook

National Statistics indicate an accelerated increase in manufacturing growth, projected at 8.9%⁽⁴⁾ for 2004-05, the highest in 8 years. This has been achieved despite an indifferent monsoon, high fuel prices and the devastating tsunami. The main drivers have been machinery, textiles and basic chemicals, among others, and double digit growths have been recorded by consumer durables and capital goods. This bodes well for our industry, where these industry segments are significant contributors. The contribution of manufacturing to GDP growth is likely to increase to 21% from the earlier 14%, while the share of services has increased to 52% from 46%.

There is also an increasing awareness in the country of the opportunities that lie at the 'bottom of the pyramid'. Efforts have been made by many segments of the industry to diversify into agriculture, processed foods and education, among others, and extend the supply chain and connectivity to rural areas. The wider network would, in the long term, uplift the less privileged and open up greater opportunities through development. As an organisation, we have participated in the telecommunication rollout in 2002 and have been witness to the tremendous changes this has wrought in our society today, where mobile connections to villages that would have been unthinkable in the past, are now a mundane and accepted reality. Blue Dart is willing and able to provide its support to build the new, reinvigorated India with its seemingly limitless opportunities.

BRAND BUILDING INITIATIVES

Blue Dart has been continuously listening to its customers via consistent marketing research and customer satisfaction surveys through the years. In 2004-05, this effort evolved into a quarterly ritual covering both metros and non-metros. Research findings are minutely dissected and used to relentlessly drive up customer satisfaction through training and process improvements, especially at the customer touchpoints – customer service, operations and sales. Reliability through superior service quality with a human face has become the cornerstone and the key differentiator for customer satisfaction.

While delivery service excellence is driven and monitored daily, building a friendly face that the customer can relate to and trust has become an important objective.

Blue Dart's presence in the electronic media at the beginning of the year sought to project the softer side of Blue Dart that is often camouflaged by its professionalism. The effort at brand building was supported with complementary training programmes to our people to unify the communication to the customer through all levels of the organisation.

DEVELOPMENTS IN HUMAN RESOURCES

Blue Dart has, since inception, placed great value on its people and their development. While it is possible to replicate every asset or process in an organisation, people qualities of commitment, pride and ownership that create a winning spirit in an organisation, are more difficult to come by. These attributes are more relevant in a service industry like ours where the product is the service delivered by people.

The Human Resource Department plays a pivotal role in translating market research findings into training inputs to inculcate knowledge and attributes that are valued by the customer and contribute to his satisfaction. The entire customer service personnel of over 200 people underwent a training programme titled "Delivering Smiles to Customers and Stakeholders" to equip our people to develop a positive and helpful relationship with the customer and build service excellence. Customer Service Team Leaders were taken through training programmes on "Managing to Deliver Smiles" to enable them to coach and support frontline Customer Service personnel and ensure sustainability and improvement of service levels achieved through the programmes.

Over 2,000 frontline operations staff were inducted into the "Delivering Smiles" programme, with inputs on the importance of soft skills in their interaction with customers. Operations Managers were imparted coaching skills to provide them with insights on motivating and supporting the frontline to be oriented towards and deliver quality service. Training for the two most important touchpoints in the customer interface are synchronised to foster a uniform, customer-focused experience, so vital to building customer relationship and loyalty.

Blue Dart, as an organisation, is constantly learning, encouraging self-development, benchmarked best-practices and a quality mindset among its employees, most of whom are homegrown. The company prides itself in its dedicated, diverse and over 3,900 strong team of specialists, who provide the expertise to tackle distribution along the entire supply chain, including customs as well as regulatory clearances at all States within the country. A high-energy and winning attitude defines the Blue Dart team that has, over time, honed itself into a distinctive, Indian, service 'SUPERBRAND'.

(4) Source: Central Statistical Organisation

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Blue Dart Express Limited,

We have examined the compliance of conditions of Corporate Governance by Blue Dart Express Limited (the Company) for the year ended March 31, 2005 as stipulated in clause 49 of the Listing Agreements of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended March 31, 2005, no investor grievances are pending against the Company as on March 31, 2005 as per records maintained by the Company and presented to the Investors Grievance Committee.

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

Mumbai, June 7, 2005

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, 2005, 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 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) *Managerial Remuneration includes one time retention compensation of Rs. 68,000 ('000) (Previous Year: Nil) payable to the Managing Director, which is subject to the approval of the Central Government of India, for which an application has been made; [Refer Note 10 (a)(ii) of Schedule 19]*
 - (b) 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;
 - (c) 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;
 - (d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (e) 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;
 - (f) On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (g) 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 *subject to our remark in paragraph 4 (a) above, with consequential effect on the profit for the year and the year end net assets*, 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, 2005;
 - (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.

Place : Mumbai,
Date : April 26, 2005

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, 2005)

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets of the Company have been physically verified by the management during the 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 and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the 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 and have been properly dealt with in the books of account.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items of inventory and fixed assets purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have

neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in 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 Section 58A of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The matter specified in clause (viii) of paragraph 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act is not applicable to the Company.
9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, cess and other material statutory dues with the appropriate authorities in India. As informed to us, excise duty and sales tax are not applicable to the Company for the current year.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax, service tax, customs duty and cess as at March 31, 2005, which have not been deposited on account of any dispute. The particulars of dues of income-tax as at March 31, 2005, which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount Rs. ('000)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax, including interest	29,708	Assessment Year 2002- 03	Commissioner of Income-tax (Appeals)

ANNEXURE TO AUDITORS' REPORT

10. The Company has no accumulated losses as at March 31, 2005 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its erstwhile subsidiary, Blue Dart Aviation Limited from banks and financial institutions during the year, were not prejudicial to the interest of the Company. Effective March 11, 2005, Blue Dart Aviation Limited has ceased to be a subsidiary. However, the Company continues to provide such guarantees to Blue Dart Aviation Limited, which, considering the service agreement between the two companies, in our opinion, is not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company, noticed or reported during the year, nor have we been informed of such case by the management. *A few cases of frauds on the Company committed by way of theft/ misutilisation of credit cards meant to be delivered to third parties were noticed and reported, which as represented to us do not involve material amounts and are specifically covered by insurance.*

Mumbai, April 26, 2005

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

BALANCE SHEET AS AT MARCH 31, 2005

	Schedule No.	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	1,395,849	1,086,603
		1,633,477	1,324,231
Loan Funds			
Secured Loans	3	338,103	412,995
Unsecured Loans	4	200,000	240,000
		538,103	652,995
Deferred Tax Liability (Net) [Refer notes 1(h) and 6 - Schedule 19]			
Deferred Tax Liability		211,544	166,895
Less : Deferred Tax Asset		31,835	4,963
		179,709	161,932
TOTAL		2,351,289	2,139,158
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,330,577	1,869,036
Less: Depreciation		566,958	444,914
Net Block		1,763,619	1,424,122
Capital Work in Progress (including capital advances)		11,151	53,142
		1,774,770	1,477,264
Investments	6	139,300	301,360
Current Assets, Loans and Advances			
Interest accrued on Investments		1,326	1,529
Inventories	7	17,796	11,972
Sundry Debtors	8	563,281	455,044
Cash and Bank Balances	9	76,161	63,167
Loans and Advances	10	320,508	303,286
		979,072	834,998
Less: Current Liabilities and Provisions			
Liabilities	11	441,504	342,167
Provisions	12	105,797	139,924
		547,301	482,091
Net Current Assets		431,771	352,907
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	5,448	7,627
TOTAL		2,351,289	2,139,158
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

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

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 26, 2005

Yogesh Dhingra
Senior Vice President - Finance
& Group Chief Financial Officer

Tushar Gunderia
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

	Schedule No.	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
INCOME			
Service Charges [Refer note 1(e) - Schedule 19]		4,583,267	3,548,638
Other Income	14	37,870	4,687
		4,621,137	3,553,325
EXPENDITURE			
Freight, Handling and Servicing Costs	15	2,700,485	2,140,262
Employee Costs	16	768,911	558,888
Other Costs	17	350,739	297,555
		3,820,135	2,996,705
Profit before Interest, Depreciation and Taxation		801,002	556,620
Interest Expense (Net)	18	46,510	43,516
Depreciation / Amortisation		153,199	100,144
Profit before Taxation		601,293	412,960
Provision for Taxation [Refer notes 1(h) and 6 - Schedule 19]			
Current Tax		193,106	133,502
Deferred Tax		17,777	14,663
		210,883	148,165
Profit after Taxation		390,410	264,795
Balance brought forward from previous year		521,540	427,201
Available for Appropriation		911,950	691,996
Proposed Dividend		71,184	106,776
Tax on Proposed Dividend		9,980	13,680
Transfer to General Reserve		39,041	50,000
		791,745	521,540
Balance carried forward to Balance Sheet		791,745	521,540
Earnings Per Share			
(Refer note 5 - Schedule 19)			
Basic and diluted Earnings Per Share (In Rupees)		16.45	11.16
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

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

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 26, 2005

Yogesh Dhingra
Senior Vice President - Finance
& Group Chief Financial Officer

Tushar Gunderia
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	Year ended March 31, 2005 in Rs.('000)	Year ended March 31, 2004 in Rs.('000)
A. Cash flow from Operating activities:		
Profit before Taxation	601,293	412,960
Adjustments for:		
Depreciation / Amortisation	153,199	100,144
Interest expense	53,579	45,185
Interest income	(7,069)	(1,669)
Loss on sale/write off of Fixed Assets (Net)	10,661	1,399
Miscellaneous expenditure written off	2,179	2,179
Bad Debts /Advances written off	7,031	14,451
Provision for doubtful advances / deposits	3,568	-
Unadjusted credits written back	(8,490)	-
Provision for Leave encashment	5,166	2,759
Provision for Gratuity	15,728	-
One time retention compensation payable to Managing Director	68,000	-
Foreign exchange rate difference (loss)	218	-
Profit on sale of shares in Blue Dart Aviation Limited	(36,000)	-
Operating profit before working capital changes	869,063	577,408
Adjustments for changes in working capital :		
(Increase) / Decrease in Inventories	(5,824)	(686)
(Increase) / Decrease in Sundry Debtors	(106,996)	(121,430)
(Increase) / Decrease in Other Receivables	(10,994)	(30,809)
Increase / (Decrease) in Trade and other payables	11,606	103,337
Cash generated from Operations	756,855	527,820
Taxes paid (net of TDS)	(202,760)	(139,974)
Net cash from Operating activities	554,095	387,846
B. Cash flow from Investing activities:		
Purchase of Fixed Assets	(495,338)	(399,651)
Addition to Capital Work in Progress	41,991	(18,891)
Proceeds from Sale of Fixed Assets	564	330
Interest received	7,130	1,064
Proceeds from sale of shares of Blue Dart Aviation Limited	216,000	-
Investment in Concorde Air Logistics Limited	(14,595)	-
Investment in Skyline Air Logistics Limited	(3,345)	-
Net cash generated from Investing activities	(247,593)	(417,148)
C. Cash flow from Financing activities:		
Proceeds from Long term borrowings	270,000	275,000
Repayment of Long term borrowings	(346,168)	(152,630)
Proceeds from Short term borrowings	-	140,000
Repayment of Short term borrowings	(40,000)	(100,000)
Bank overdrafts (net)	1,276	(24,703)
Interest paid	(52,838)	(39,201)
Borrowing cost - capitalised	(4,554)	(12,611)
Dividend paid	(106,651)	(64,878)
Dividend tax paid	(13,680)	(8,360)
Foreclosure charges paid	(893)	-

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	Year ended March 31, 2005 Rs.('000)	Year ended March 31, 2004 Rs.('000)
Net cash from/(used in) financing activities	(293,508)	12,617
Net Increase/(Decrease) in Cash and cash equivalents	12,994	(16,685)
Cash and cash equivalents at the beginning of the year	63,167	79,852
Cash and cash equivalents at the end of the year`	76,161	63,167
	As at March 31, 2005 Rs.('000)	As at March 31, 2004 Rs.('000)
Cash and cash equivalents comprise of:		
Cash, cheques on hand and remittances in transit	38,549	39,361
Balance with Scheduled Banks :		
on current accounts	34,027	16,518
on deposit accounts	-	2,638
on margin money accounts	520	1,702
on unpaid dividend accounts	1,685	1,568
Balance with Unscheduled bank :		
on deposit account	1,380	1,380
	76,161	63,167

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.142 ('000) [Previous Year - Rs. 98 ('000)].
- 5) Cash and cash equivalents includes Rs.3,585('000) [Previous Year - Rs.7,288 ('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

Clyde C. Cooper
Managing Director

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

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 26, 2005

Yogesh Dhingra
Senior Vice President - Finance
& Group Chief Financial Officer

Tushar Gunderia
Company Secretary

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SCHEDULE 1		
CAPITAL		
Authorised		
40,000,000 equity shares of Rs. 10/- each	400,000	400,000
Issued and Subscribed		
23,727,934 equity shares of Rs. 10/- each fully paid - up	237,280	237,280
Add : Forfeited Shares	348	348
Total	237,628	237,628

Note:

Of the above, 11,863,967 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.

During the year, the Indian Promoters of the Company along with persons acting in concert with the Indian Promoters and Newfields Holdings Ltd. entered into a sale / purchase agreement dated November 6, 2004 to sell their equity shares, collectively constituting 68.21% of the total paid up equity share capital of the Company to DHL Express (Singapore) Pte. Ltd. DHL Express (Singapore) Pte. Ltd. made an "Open Offer" to acquire equity shares of the Company in accordance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended.

Subsequent to the "Open Offer", 19,227,887 equity shares constituting 81.03% of the equity share capital of the Company is held by DHL Express (Singapore) Pte. Ltd.

SCHEDULE 2

RESERVES AND SURPLUS

Share Premium	394,057	394,057
General Reserve		
At the beginning of the year	171,006	121,006

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
Add: Transfer from Profit and Loss Account	39,041	50,000
At the end of the year	210,047	171,006
Profit and Loss Account	791,745	521,540
Total	1,395,849	1,086,603

SCHEDULE 3

SECURED LOANS

Term Loans [Refer note (a) below]		
From Banks	330,000	351,168
From Financial Institutions	-	55,000
{Amount payable within a year Rs. 110,001 ('000) [Previous Year - Rs. 175,742 ('000)]}		
Bank Overdrafts [Refer note (b) below]	8,103	6,827
Total	338,103	412,995

(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.

SCHEDULE 4

UNSECURED LOANS

Short term		
Short Term Loans from Banks	-	40,000
Commercial Paper from Banks	200,000	200,000
{400 units of Rs. 500 ('000) each [Previous Year-400 Units of Rs. 500 ('000) each]} {Maximum amount outstanding during the year Rs. 200,000 ('000) [Previous Year Rs. 200,000 ('000)]}		
Total	200,000	240,000

Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

[Refer notes 1(b), 1(g), 1(k) and 3 - Schedule 19]

in Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2004	Additions	Deductions	As at March 31, 2005	As at April 1, 2004	For the year	On Deductions	As at March 31, 2005	As at March 31, 2005	As at March 31, 2004
Goodwill [Refer note (a) below]	30,000	-	-	30,000	19,500	1,500	-	21,000	9,000	10,500
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	168,148	605	2,019	166,734	13,184	2,738	249	15,673	151,061	154,964
Office Equipment	63,639	8,740	3,717	68,662	21,370	5,179	2,056	24,493	44,169	42,269
Electrical Equipment	119,723	15,776	6,010	129,489	38,165	9,309	3,677	43,797	85,692	81,558
Computers	226,873	42,599	15,630	253,842	146,194	29,998	14,782	161,410	92,432	80,679
Computer Software [Refer note (b) below]	71,859	9,918	2,946	78,831	45,720	8,182	3,004	50,898	27,933	26,139
Furniture and Fittings	169,040	29,304	10,320	188,024	49,588	11,764	5,708	55,644	132,380	119,452
Vehicles	36,895	1,966	1,738	37,123	18,815	3,412	1,679	20,548	16,575	18,080
Aircraft [Refer notes (c) and (d) below]	300,213	227,033	-	527,246	5,537	26,520	-	32,057	495,189	294,676
Aircraft Engines	151,221	15,158	-	166,379	44,963	22,812	-	67,775	98,604	106,258
Aircraft Components and Overhaul	116,462	47,978	-	164,440	32,451	20,836	-	53,287	111,153	84,011
Aircraft parts	18,680	-	-	18,680	9,427	1,494	-	10,921	7,759	9,253
D-check on aircraft [Refer note (e) below]	-	74,452	-	74,452	-	8,185	-	8,185	66,267	-
Ground Handling Equipment	-	30,392	-	30,392	-	1,270	-	1,270	29,122	-
Total	1,869,036	503,921	42,380	2,330,577	444,914	153,199	31,155	566,958	1,763,619	1,424,122
Previous Year	1,460,568	417,953	9,485	1,869,036	350,073	100,144	5,303	444,914	1,424,122	

Notes:

- The balance period over which goodwill will be amortised is six 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. 4,554 ('000) [Previous Year Rs. 12,611('000)].
- The Company has revised its estimate of the economic useful life of Aircraft. The unamortised depreciable amount relating to Aircraft whose economic life was revised is charged over revised remaining useful life. Consequent to the revision in the estimated useful life, the depreciation charge for the year is higher by Rs. 1,501('000) and the net profit for the year is lower by a similar amount.
- D-check on aircraft represents costs towards heavy maintenance mandatory checks.
- The net book value of fixed assets shown above includes an amount of Rs. Nil (Previous Year - Rs. 8,319 ('000)) in respect of assets held under hire purchase contracts.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)		As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SCHEDULE 6					
INVESTMENTS					
(Long Term, Unquoted, At Cost) [Refer note 1(c) - Schedule 19]			Nil units of PRU ICICI Mutual Fund Liquid Plan Institutional and Institutional Plus - Daily Dividend Plan (26,831,120 units purchased, 8,853 units cumulated and 26,839,973 units sold during the year)		
Trade			Nil units of HDFC Liquid Fund Dividend Plan (1,879,223 units purchased, 486 units cumulated and 1,879,709 units sold during the year)		
9,600,000 (Previous Year - 24,000,000) equity shares of Rs. 10 each in Blue Dart Aviation Limited (14,400,000 shares sold during the year)	120,000	300,000	Nil units of SBI Magnum Institutional Income - Savings - Dividend (194,468,625 units purchased, 54,305 units cumulated and 194,522,930 units sold during the year)		
109,500 (Previous Year - Nil) equity shares of Rs. 10 each in Concorde Air Logistics Limited, a subsidiary company (109,500 shares purchased during the year)	14,595	-	Nil units of Birla Sunlife Mutual Fund Institutional Dividend Plan (925,969 units purchased and sold during the year)		
59,500 (Previous Year - Nil) equity shares of Rs. 10 each in Skyline Air Logistics Limited, a subsidiary company (59,500 shares purchased during the year)	3,345	-	Total	139,300	301,360
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50	SCHEDULE 7		
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	INVENTORIES		
			[Refer note 1(i) - Schedule 19]		
Non - Trade			Packing and Stationery consumables	6,041	6,749
<i>In Government Securities</i>			Spares	11,755	5,223
National Savings Certificates (6 year NSCs - VIII issue)	1,300	1,300	Total	17,796	11,972
<i>Others (Current)</i>			SCHEDULE 8		
Units in Mutual Funds	-	-	SUNDRY DEBTORS		
Nil units of IL & FS Liquid Institutional Plan - Dividend option (6,800,000 units purchased, 3,452 units cumulated and 6,803,452 units sold during the year)			(Unsecured, considered good)		
			Debts outstanding for a period exceeding six months	-	1,538
			Other Debts	563,281	453,506
			Total	563,281	455,044

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash, cheques on hand and remittances in transit	38,549	39,361
Balance with scheduled banks :		
on current accounts	34,027	16,518
on deposit accounts	-	2,638
on margin money accounts	520	1,702
on unpaid dividend accounts	1,685	1,568
Balance with unscheduled bank (Municipal Co-operative Bank) on deposit account {Maximum amount outstanding during the year Rs. 1,380 ('000) [Previous Year Rs. 1,380 ('000)]}	1,380	1,380
Total	76,161	63,167

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

SCHEDULE 10

LOANS AND ADVANCES

(Unsecured, considered good)

Aircraft Payload Deposit with Blue Dart Aviation Limited	129,000	117,341
Advances recoverable in cash or in kind or for value to be received :		
Prepaid Expenses	19,429	33,162
Deposits	87,549	84,318
Advance Tax (Net of Provision)	43,088	33,292
Other Advances	41,442	35,173
Total	320,508	303,286

SCHEDULE 11

LIABILITIES

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
Acceptances for Aviation Turbine Fuel	-	30,000
Sundry Creditors		
Small Scale Industrial Undertakings (Refer note 11 - Schedule 19)	3,432	2,208
Others	325,697	213,187
Unclaimed dividend *	1,692	1,568
Other Liabilities	110,675	95,045
Interest accrued but not due on loans	8	159
Total	441,504	342,167

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

SCHEDULE 12

PROVISIONS

Provision for Leave Encashment [Refer note 1(f) - Schedule 19]	24,633	19,467
Proposed Dividend	71,184	106,776
Tax payable on Proposed Dividend	9,980	13,681
Total	105,797	139,924

SCHEDULE 13

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted) [Refer note 1(d) - Schedule 19]		
<u>Long-term Contract Negotiation Costs</u>		
At the beginning of the year	7,627	9,806
Add : Additions during the year	-	-
Less: Amortisation during the year	(2,179)	(2,179)
At the end of the year	5,448	7,627
Total	5,448	7,627

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)		Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
			SCHEDULE 17		
			OTHER COSTS		
SCHEDULE 14			Rent	86,952	74,015
OTHER INCOME			Communication	41,697	40,306
Lease rentals	154	1,850	Electricity	33,483	30,865
Profit on sale of shares (Refer note 2 - Schedule 19)	36,000	-	Legal and Professional charges [Refer note 10(c) - Schedule 19]	30,886	20,167
Miscellaneous income	1,716	2,837	Sales promotion and advertising	27,255	12,610
Total	37,870	4,687	Office expenses	25,877	19,318
SCHEDULE 15			Repairs and maintenance-others	25,444	22,733
FREIGHT, HANDLING AND SERVICING COSTS			Rates and taxes	13,632	14,774
Aircraft charter costs	1,463,648	1,067,097	Travelling and Conveyance	12,072	12,561
Domestic network operating costs	574,192	464,483	Loss on sale/write off of Fixed Assets (net)	10,661	1,399
International servicing charges	386,083	357,030	Lease rentals [Refer notes 1(j) and 9 - Schedule 19]	8,401	7,759
Domestic excess baggage	162,644	146,032	Insurance	7,277	4,976
Printing, stationery and consumables	63,548	61,317	Bad debts/ advances written off	7,031	14,451
Handling and clearing charges	50,370	44,303	Provision for doubtful advances / deposits	3,568	-
Total	2,700,485	2,140,262	Unadjusted credits written back	(8,490)	-
SCHEDULE 16			Miscellaneous expenditure written off	2,179	2,179
EMPLOYEE COSTS			Miscellaneous expenses	22,814	19,442
[Refer notes 1(f), 10(a) and 10(b) - Schedule 19]			Total	350,739	297,555
Salaries, wages, bonus and leave encashment	574,091	399,342	SCHEDULE 18		
Contribution to provident and other funds	78,290	49,740	INTEREST EXPENSE (NET)		
Staff welfare expenses	116,530	109,806	On Term loans	35,915	26,533
Total	768,911	558,888	On Commercial Paper	9,900	10,280
			On Bank Overdraft	1,164	1,470

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
On Non - Convertible Debentures / Short Term Loans	5,896	6,861
On Hire Purchase Contracts	-	41
On Others	704	-
	53,579	45,185
Less : Interest income on Income Tax refunds	5,282	-
Interest on deposits with banks and others	1,787	1,669
{Tax deducted at source Rs. 142('000) [Previous Year - Rs. 98('000)]}		
Total	46,510	43,516

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 the 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 :

Description of Assets	Depreciation Rate per annum %
-----------------------	-------------------------------------

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

Aircraft Components and Overhaul represent the cost of engines overhaul, components and modifications of airframes owned and contractually liable to be incurred by the Company. Such costs are depreciated/ amortised on the basis of hours flown or the life cycle of the overhaul program, as applicable.

Computer software is amortised under straight line method at the rates specified 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.

SCHEDULES

The Company's employees, as per policy, 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 tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised for unabsorbed depreciation and carry forward of losses to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(i) Inventories

Inventories primarily consist of packing and stationery consumables and spares. These are valued at lower of cost (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 Costs

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

2. Profit on Sale of Shares

Pursuant to the approval by the Board of Directors in their meeting held on November 22, 2004 and the resolution passed by Postal Ballot on January 6, 2005, the Company divested 60% of its holding in Blue Dart Aviation Limited. 14,400 ('000) equity shares held in Blue Dart Aviation Limited, were sold on March 11, 2005 at a price of Rs. 15 per share, being the fair value of Blue Dart Aviation Limited in accordance with the valuation report of an independent firm of chartered accountants.

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
3. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	52,324	31,404
4. Contingent Liabilities not provided for :		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	368,000	408,000
(b) Bank Guarantees	33,197	42,547
Note: Future cash outflows can be determined only when guarantees are invoked by parties to whom given.		
5. Earnings Per Share :		
(a) Profit After Taxation for the year	390,410	264,795
(b) Weighted average number of shares	23,727,934	23,727,934
(c) Nominal value of shares outstanding	Rs.10	Rs.10
(d) Basic and Diluted Earnings Per Share	Rs.16.45	Rs.11.16

6. Deferred Tax Balances:

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

SCHEDULES

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
(a) Liabilities		
Depreciation/Amortisation	208,697	159,904
Heavy maintenance expenditure	854	4,255
Long term contract negotiation costs	1,993	2,736
Total	211,544	166,895
(b) Assets		
Provision for leave encashment	6,174	4,200
Bonus payable	778	763
Retention compensation payable to the Managing Director	24,883	-
Total	31,835	4,963
Net Deferred Tax Liability	179,709	161,932

7. 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.

8. Related Party Disclosures

(a) Parties where control exists :

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

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

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

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

(i) Subsidiaries/Associate Company

Blue Dart Aviation Limited
Concorde Air Logistics Limited
Skyline Air Logistics Limited

(ii) Key Management Personnel

Mr. Bryan Jamison	Chairman (with effect from March 12, 2005)
Mr. Tushar K. Jani	Chairman (upto March 11, 2005)
Mr. Clyde C. Cooper	Managing Director
Mr. Khushroo M. Dubash	Director (upto March 11, 2005)
Air Marshal S.S. Ramdas (Retd.)	Director
Mr. Suresh G. Sheth	Director
Mr. Anil Thadani	Director
Mr. Deepak Vaidya	Alternate Director

(iii) Relatives of Key Management Personnel

Farida Cooper
Johann Cooper
Ayesha Cooper
Anjani Jani
Bhairavi Jani

	Year ended March 31,2005 in Rs. ('000)	Year ended March 31,2004 in Rs. ('000)
(c) Transactions with related parties during the year :		
(i) With Subsidiaries/ Associate Company		
<u>Blue Dart Aviation Limited:</u>		
Aircraft charter costs	1,463,648	1,067,097
Additional Aircraft payload deposit placed	11,659	9,787
Interest (income)/ expenditure on current account (net)	608	(90)
Courier charges income	3,140	3,053
Lease rent income	153	1,850

SCHEDULES

	Year ended March 31,2005 in Rs. ('000)	Year ended March 31,2004 in Rs. ('000)		Year ended March 31,2005 in Rs. ('000)	Year ended March 31,2004 in Rs. ('000)
Corporate guarantees given on behalf of Blue Dart Aviation Limited (as at year end)	368,000	408,000	Professional fees paid to Air Marshal S.S. Ramdas (Retd.)	1,080	1,080
Reimbursement of capital expenditure incurred (CWIP)	26,593	37,979	Professional fees paid to Mr. Suresh G. Sheth	1,080	1,080
Payment for D check carried out on Aircraft	49,020	46,671	Purchase of Investments - Mr. Clyde C. Cooper	51	-
Recoveries towards excess baggage and handling charges	4,773	6,417	Purchase of Investments - Mr. Tushar K. Jani	6	-
<u>Concorde Air Logistics Limited:</u>			(iii) <u>With Relatives of Key Management Personnel</u>		
Investment in Share capital	14,500	-	Consultancy charges - Farida Cooper	216	1,295
Reimbursements towards air freight, etc.	87,216	68,963	Purchase of Investments		
Reimbursement of establishment charges	-	400	Anjani Jani	24	-
Purchase of fixed asset	29	-	Ayesha Cooper	20	-
<u>Skyline Air Logistics Limited:</u>			Bhairavi Jani	16	-
Investment in Share capital	3,250	-	Johann Cooper	15	-
Reimbursements towards air freight, etc.	6,879	12,900	Farida Cooper	10	-
Agency Charges	1,171	1,171	(d) Related party balances as at the year end :		
Purchase of fixed asset	120	-	(i) <u>Receivable/ (Payable) from/to Subsidiaries/ Associate company</u>		
(ii) <u>With Key Management Personnel</u>			Blue Dart Aviation Limited	128,296	117,341
Components of Remuneration paid to the following personnel have been disclosed in Note 10 (a) below:			Concorde Air Logistics Limited	-	(4,777)
Mr. Clyde C. Cooper	99,352	17,206	Skyline Air Logistics Limited	-	(795)
Mr. Tushar K. Jani	5,589	2,441	(ii) <u>Payable to Key Management Personnel:</u>		
Mr. Khushroo M. Dubash	5,476	2,335	Mr. Clyde C. Cooper	75,233	228
Others	480	170	Mr. Tushar K. Jani	-	51
	110,897	22,152	Mr. Khushroo M. Dubash	-	59

SCHEDULES

The remuneration payable to the two directors, Mr. Tushar K. Jani and Mr. Khushroo M. Dubash as at March 31, 2005 and aggregating Rs. 2,046 ('000) has not been disclosed, since they ceased to be directors with effect from March 11, 2005.

9. Commitments under lease agreements

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

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
Upto One Year	2,091	-
One to Five Years	8,364	-

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

(a) Managerial remuneration

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
Salary	25,887	8,880
One time Retention compensation [Refer note (ii) below]	68,000	-
Commission [Refer (b) below]	8,915	6,045
Contribution to provident and other funds	1,369	1,066
Gratuity paid	1,454	-
Leave encashment paid	144	1,850
Perquisites	4,648	4,141
Directors' sitting fees	480	170
	110,897	22,152

(i) Provision for/ Contribution to employee retirement / post retirements, which are based on actuarial valuations done on an overall company basis, are excluded above.

(ii) Retention compensation represents provision for a one-time retention compensation of Rs. 68,000 ('000) payable to the Managing Director. The said compensation was approved by

the shareholders of the Company in its Extra Ordinary General Meeting held on April 8, 2005 and will be paid subsequent to the receipt of Central Government approval, the application for which has been filed by the Company.

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

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
Profit Before Tax	601,293	412,960
Add: Directors' remuneration [Refer (a) above]	110,897	22,152
Depreciation and amortisation provided in the books of account	153,199	100,144
Loss on sale / write off of fixed assets (net)	10,661	1,399
	876,050	536,655
Less: Depreciation under Section 350 of the Companies Act, 1956	153,199	100,144
Profit on sale of shares	36,000	-
Net profit as per sections 198 and 349 of the Companies Act, 1956	686,851	436,511
Commission to whole-time directors at 1 per cent of net profit per director, limited to annual salary of each director	8,915	6,045
	3,500	3,119

(c) Legal and Professional Charges include Auditor's Remuneration as follows:

Audit Fees		
- Statutory Audit Fees	2,600	2,400
- Tax Audit Fees	300	200
For other matters	550	450
Reimbursement of expenses	50	69
	3,500	3,119

SCHEDULES

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
(d) Earnings in foreign currency		
Service charges	84,580	42,644
(e) Expenditure in foreign exchange		
Foreign travel	361	1,829
Others	1,658	1,959
	2,019	3,788
(f) Value of imports (C&F Basis)*		
Aircraft and other capital items (including components and spares)	240,067	214,227
	240,067	214,227

*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		
Number of Non-resident shareholders	1	1
On number of Equity Shares held	4,951,598	4,951,598
Amount of dividend remitted	22,282	13,617

11. 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, 2005 are :

Alpha Carbonless Manufacturing Co.	Sago Paper Products
Desai Industries	Sago Printing Systems
United Plastic Corporation	Supac Packaging Pvt. Ltd.
Royal Art	

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.

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

SCHEDULES

Schedule forming part of the Accounts

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

I. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

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

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/>
Sources of Funds	Reserves & Surplus
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="9"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="8"/>	Unsecured Loans
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/>	
Deferred Tax Liability(Net)	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="9"/>	
Application of Funds	Investments
Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="0"/>	Misc. Expenditure
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="8"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="1"/>	
Accumulated Losses	
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

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

Turnover *	Total Expenditure**
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="4"/>
* Including Other Income	** Net of Interest Income
+ - Profit/Loss before tax	+ - Profit/Loss after tax
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/>
+ - Earning Per Share in Rs.	+ - Dividend rate %.
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/>

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 COMPANIES

Name of the Subsidiary Company	:	Concorde Air Logistics Limited	Skyline Air Logistics Limited
Holding Company's Interest	:	109,500 Equity Shares of Rs. 10 each fully paid up	59,500 Equity Shares of Rs. 10 each fully paid up
Extent of Holding	:	99.55%	99.17%
The "Financial Year" of the Subsidiary Company ended of	:	31st March, 2005	31st March, 2005
Net aggregate amount of the Subsidiary Company's profits/(losses) dealt with in the Holding Company's accounts	:		
For the Subsidiary's aforesaid financial year	:	Nil	Nil
For the previous financial years	:	N.A	N.A
Net aggregate amount of the Subsidiary Company's profits/ (losses) not dealt with in the Holding Company's accounts	:		
For the Subsidiary's aforesaid financial year (Rs. in thousand)	:	1,515	5,197
For the previous financial years (Rs.in thousand)	:	N.A	N.A

Clyde C. Cooper
Managing Director

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

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 26, 2005

Yogesh Dhingra
Senior Vice President - Finance
& Group Chief Financial Officer

Tushar Gunderia
Company Secretary

CONCORDE AIR LOGISTICS LIMITED

Clyde C. Cooper

Ashok K. Jani

Suresh G. Sheth

REGISTERED OFFICE

17, Adarsh Industrial Estate, Sahar Road, Chakala, Andheri (E), Mumbai - 400 099

DIRECTORS' REPORT

To the Members

The Directors have pleasure in presenting the First Annual Report of your Company for the period May 7, 2004 to March 31, 2005.

BACKGROUND

Your Company was incorporated on May 7, 2004, as a private limited company, pursuant to the registration of M/s Concorde International, a partnership firm, under Part IX of the Companies Act, 1956. Accordingly, the entire business undertaking of M/s. Concorde International (including all the assets, liabilities, rights, obligations, etc.) vested in your Company at their values as recorded in the books of M/s Concorde International as on the above-mentioned date. The partners' Capital Accounts and Current Account balances in the erstwhile partnership were converted into Share Capital and Unsecured Loans, respectively in the books of account of your Company.

Your Company filed a statement in lieu of prospectus under section 44 of the Companies Act, 1956 and thereby, effective March 14, 2005, was converted from a private limited company into a public limited company.

FINANCIAL RESULTS

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

	(Rs. In Lacs) (for the period May 7, 2004 to March 31, 2005)
Revenues	
Services	85.47
Other Income	11.05
Less : Operating Expenses	68.25
Operating Profit (EBIDTA)	28.27
Less : Depreciation/ Amortisation	13.12
Earnings before Tax	15.15
Less : Provision for Income tax	10.54
Earnings after Tax	4.61

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

INDUSTRY

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

Your Company is a registered International Air Cargo Agent with International Air Transport Association (IATA) and licensed Custom House Agent under the Customs Act, 1962.

Your Company also has valid break-bulk licenses to handle consolidated shipments.

RIGHTS ISSUE

During the period, the Company has increased its Paid up share capital from Rs. 1 Lac to Rs. 11 Lacs by issue of 1 Lac equity shares of Rs. 10 each at a premium of Rs. 135 per share.

On May 11, 2004 Blue Dart Express Limited acquired 99.55% of the paid up equity share capital of your Company and thus making your Company a subsidiary of Blue Dart Express Limited.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Clyde C. Cooper and Mr. Ashok Jani, being the Directors since inception retires at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Mr. Suresh G. Sheth, who was appointed as an Additional Director on May 11, 2004 holds office upto the ensuing Annual General Meeting and the Company has received notice under the provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Suresh Sheth as a Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- I) that in the preparation of the annual accounts the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- II) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the profit of the Company for that period;
- III) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV) that the Directors have prepared the 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 received the necessary certificate from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

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

FIXED DEPOSIT

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

EMPLOYEES

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

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

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

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

A	Conservation of Energy	: Not applicable
B	Technology absorption	: Not applicable
C	Foreign Exchange Earnings & Outgo	:
	Earnings	: Nil
	Outgo	: Rs 85.51 Lacs

ACKNOWLEDGEMENT

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

For and on behalf of the Board Directors

Clyde C. Cooper
Director

Ashok K. Jani
Director

Suresh G. Sheth
Director

Place: Mumbai
Date: April 25, 2005

AUDITORS' REPORT

To the Members of

CONCORDE AIR LOGISTICS LIMITED

1. We have audited the attached Balance Sheet of Concorde Air Logistics Limited as at March 31, 2005, and the related Profit and Loss Account and Cash Flow Statement for the period May 7, 2004 to March 31, 2005, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Company was incorporated on May 7, 2004 pursuant to registration of M/s Concorde International, a partnership firm, as a private limited company, under Part IX of 'The Companies Act, 1956' of India (the 'Act'). The closing balances as per financial statements of M/s Concorde International for the period April 1, 2004 to May 6, 2004, which have been audited and reported by another firm of Chartered Accountants, regrouped/ reclassified, as appropriate, have been considered as the opening balances for the purpose of these financial statements.
4. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 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, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit for the period May 7, 2004 to March 31, 2005; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the period May 7, 2004 to March 31, 2005.

Mumbai, April 25, 2005

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

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 4 of the Auditors' Report of even date to the members of Concorde Air Logistics Limited on the financial statements for the period May 7, 2004 to March 31, 2005]

- 1 (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the period and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the period.
- 2 (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the period.
 - (b) As referred to under Note 1 of Schedule 14 of the financial statements, current account balances of the partners in erstwhile M/s Concorde International have been converted into interest free unsecured loans from such individuals, six of whom are parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the period in such unsecured loan account balances was Rs.17,601('000). There is no year end balance under such unsecured loan accounts. The Company has not taken any other loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (c) In respect of aforesaid loans, the Company is regular in repayment of principal amounts, as stipulated.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
5. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Act and the rules framed there under.
6. As the Company is not listed on any stock exchange or the paid-up capital and reserves as at the commencement of the financial period did not exceed Rupees Fifty Lakhs and since the Company was registered on May 7, 2004, under Part IX of the Act, clause (vii) of paragraph 4 of the Order is not applicable to the Company for the period.
7. The matter specified in clause (viii) of paragraph 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the Company.
8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues with the appropriate authorities in India. As informed to us, investors' education and protection fund, wealth tax, excise duty, customs duty and sales tax are not applicable to the Company for the period.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, service tax and cess as at March 31, 2005, which have not been deposited on account of any dispute.
9. As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Order is not applicable to the Company for the period.
10. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund/nidhi/ mutual benefit fund/societies are not applicable to the Company.

ANNEXURE TO AUDITORS' REPORT

13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
15. The Company has not obtained any term loans.
16. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the period.
18. The Company has not issued any debentures during the period.
19. The Company has not raised any money by public issues during the period.
20. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.
21. The matters specified under clause (ii) of paragraph 4 of the Order are not applicable to the Company for the current period

Mumbai, April 25, 2005

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

COMPLIANCE CERTIFICATE

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

To the Members of

CONCORDE AIR LOGISTICS LIMITED

Mumbai.

We have examined the necessary registers, records, books and papers of CONCORDE AIR LOGISTICS LIMITED as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the period ended on 31st March, 2005. In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the Company, and its officers, we certify that in respect of the aforesaid period:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Mumbai or such other authorities within the time prescribed under the Act and the rules made thereunder. The Company was not required to file any forms and returns with the Regional Director, Central Government, Company Law Board or other authorities.
3. The status of the Company, being a public limited Company, comments are not required. It may be noted that during the status of Company as Private Limited Company during the period, the Company had minimum prescribed paid-up capital and the maximum number of members during the said period was 7 and the company during said period;
 - (i) had not invited public to subscribe for its shares or debentures; and
 - (ii) had not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Company was incorporated on 7th May, 2004 and up to 31st March, 2005 the Board of Directors met 9 times on 07.05.2004, 11.05.2004 (10.00 a.m.), 11.05.2004 (11.00 a.m.), 11.05.2004 (6.00 p.m.), 21.07.2004, 22.07.2004, 19.10.2004, 21.01.2005 and 18.03.2005, in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the period under review.
6. Since the Company was incorporated on 7th May, 2004 the Company was not required to hold Annual General Meeting during the period under review.
7. Four Extra Ordinary General Meeting were held dated 08.05.2004, 11.05.2004, 19.10.2004 and 04.02.2005, during the period under review after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors and/ or persons or firms or Companies referred in the Section 295 of the Act, during the period under review. It may be noted that the status of the Company has been changed to Public Limited Company on 14th March, 2005, and prior to this date, the provisions of Section 295 were not applicable to the Company.
9. The Company has duly entered into contract attracting the provisions of Section 297 of the Act, in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approval from the Board of Directors, Members or the Central Government.
12. The Company has issued duplicate certificates consequent upon request from members for split of certificate during the period under review and complied with the provisions of the Act.
13. The Company has:
 - (i) delivered all the certificate on allotment / transfer/ split of securities within the time specified in Act and in accordance with the provisions of the Act .
 - (ii) not declared any dividend during the period and hence the Company was not required to deposit any amount as unpaid dividend /interim dividend in a separate Bank Account.
14. The Board of Directors of the Company is duly constituted. The appointment of an Additional Director was made in accordance with the provisions of the Act. There were no appointment of alternate directors and directors to fill casual vacancies, during the period under review.
15. The Company has not appointed any Managing Director / Whole time Director / Manager during the period under review.
16. The Company has not appointed any sole-selling agents during the period under review.
17. The Company has obtained necessary approvals of :

The Registrar of Companies, Maharashtra, Mumbai, for conversion of the status of the Company into Public Limited under Section 44 read with Section 21 of the Act. (Certificate to this effect received from the Registrar of Companies, Mumbai on 14th March, 2005).

The Company was not required to obtain any other approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under various provisions of the Act during the period under review.
18. The Directors have disclosed their interest in other firms/ Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

COMPLIANCE CERTIFICATE

- | | |
|--|--|
| <p>19. The Company has allotted 1,10,000 equity shares during the period under review and complied with the provisions of the Act.</p> <p>20. The Company has not bought back any shares during the period under review.</p> <p>21. The Company has not redeemed any preference shares / debentures during the period under review.</p> <p>22. There were no transactions necessitating the Company to keep in abeyance any corporate benefits of the members pending registration of transfer of shares.</p> <p>23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the period under review.</p> <p>24. The amount borrowed by the company during the period ending 31st March, 2005, is within the borrowing limits of the Company in terms of the provisions of Section 293(1)(d) of the Act.</p> <p>25. The Company has not made any loans or advances or investments or given guarantees or provided securities to other bodies corporate and consequently no entries were required to be made in the register required to be kept for the purpose.</p> <p>26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the period under scrutiny.</p> <p>27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the period under scrutiny.</p> | <p>28. The Company has altered the provisions of the memorandum with respect to name of the Company by deleting the words 'Private' consequent to conversion of status of the Company into 'Public Limited Company' during the period under scrutiny and has complied with the provisions of the Act.</p> <p>29. The Company has altered the provisions of the Memorandum of Association with respect to share capital of the Company during the period under scrutiny and complied with the provisions of the Act.</p> <p>30. The Company has altered provisions of its 'Articles of Association' after obtaining approval of Members in the General Meeting held on 8th May, 2004 and 4th February, 2005 and amendments to the Articles of Association have been duly filed with the Registrar of Companies, Maharashtra, Mumbai, during the year under scrutiny.</p> <p>31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment was imposed on the Company during the period under review.</p> <p>32. The Company has not received any money as security from its employees during the period under scrutiny.</p> <p>33. The provisions of Section 418 of the Act do not apply to the Company.</p> |
|--|--|

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

Place : Mumbai
Date : April 25, 2005

Annexure A

Sr.No.	Registers maintained by the Company	Under Section
1.	Register of Members	150
2.	Minutes Books of proceedings of: 1. Meetings of the Board of Directors. 2. General Meetings	193
3.	Register of contracts, companies and firms in which directors are interested	301
4.	Register of Directors, Managers and Secretary	303
5.	Register of Directors' Shareholdings.	307
5.	Register of Renewed and Duplicate Certificate	Issuance of Share Certificate Rules
6.	Register of Share Application and Allotment	Voluntary
7.	Register of Directors Attendance	Voluntary
8.	Register of Members Attendance	Voluntary
9.	Register of Share Transfer	Voluntary (108)

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

Place : Mumbai
Date : April 25, 2005

COMPLIANCE CERTIFICATE

Annexure B

Sr. No.	Form No.	Section	Purpose	Filed on
01	1	33(2)	Declaration of compliance of the provisions of Companies Act, 1956.	05.05.2004
02	M/A	16	Copy of Memorandum of Association duly signed by the subscribers while formation of Company.	05.05.2004
03	A/A	31	Copy of Articles of Association duly stamped and signed by the subscribers while formation of Company.	05.05.2004
04	32	303(2)	Particulars of First Directors.	05.05.2004
05	18	146	Situation of Registered Office.	05.05.2004
06	37	565/566/567	Application by an Existing Joint Stock Company for Registration as a Private Limited Company.	05.05.2004
07	39	567(a)	Registration of an Existing Company (List of Members).	05.05.2004
08	40	567(c)	Registration of an Existing Company (Statement specifying certain particulars).	05.05.2004
09	41	565(1)	Registration of an Existing Company as Limited Company (Copy of Resolution assenting to Registration with Limited Liability).	05.05.2004
10	III	187C	Declaration of Beneficial Interest.	14.09.2004
11	29	264	Consent to act as a Director by Mr. Suresh Sheth.	10.06.2004
12	32	303(2)	Appointment of Additional Director of Mr. Suresh Sheth.	10.06.2004
13	02	75	Allotment of 1,00,000 Equity Shares.	02.06.2004
14	05	94/97	Increase in the Authorised Share Capital from Rs. 10,00,000/- to Rs. 20,00,000/-.	01.06.2004
15	23	94/16 & 31	Increase in the Authorised Share Capital and consequential amendment to the Capital clause of Memorandum of Association and Articles of Association.	01.06.2004
16	23	44/31/293(1)(a) & 293(1)(d)	Conversion of Status of Company into a Public Limited Company and Adoption of New set of Articles of Association, authority to create charge and borrow money.	01.03.2005
17	SLP	70	Statement in lieu of Prospectus.	01.03.2005

Place : Mumbai
Date : April 25, 2005

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

CONCORDE AIR LOGISTICS LIMITED
(Formerly known as Concorde Air Logistics Private Limited)
BALANCE SHEET AS AT MARCH 31, 2005

	Schedule No.	As at March 31, 2005 in Rs. ('000)
SOURCES OF FUNDS		
Shareholders' Funds		
Capital	1	1,100
Reserves and Surplus	2	13,961
TOTAL		15,061
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	3	19,061
Less: Depreciation		4,326
Net Block		14,735
Investments	4	75
Deferred Tax Asset (Net)		
[Refer notes 2(g) and 5 - Schedule 14]		
Deferred Tax Asset		212
Less : Deferred Tax Liability		73
		139
Current Assets, Loans and Advances		
Interest accrued on Investments		26
Sundry Debtors	5	69
Cash and Bank Balances	6	6,914
Loans and Advances	7	442
		7,451
Less: Current Liabilities and Provisions		
Liabilities	8	6,760
Provisions	9	579
		7,339
Net Current Assets		112
TOTAL		15,061
Notes to Accounts	14	

Schedules 1 to 9 and 14 referred to above form an integral part of the Balance Sheet.

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

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

Clyde C. Cooper
Director

Ashok K. Jani
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 25, 2005

CONCORDE AIR LOGISTICS LIMITED
(Formerly known as Concorde Air Logistics Private Limited)
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2005

	Schedule No.	Period ended March 31, 2005 in Rs. ('000)
INCOME		
Service Charges [Refer note 2 (d) - Schedule 14]		8,547
Other Income	10	1,105
		9,652
EXPENDITURE		
Freight, Handling and Servicing Costs	11	1,230
Employee Costs	12	4,454
Other Costs	13	1,141
		6,825
Profit before Depreciation and Taxation		2,827
Depreciation / Amortisation [Refer note (b) -Schedule 3]		1,312
Profit before Taxation		1,515
Provision for Taxation [Refer notes 2(g), 5 and 8 -Schedule 14]		
Current Tax		1,193
Deferred Tax (includes relating to prior periods)		(139)
		1,054
Profit after Taxation		461
Balance carried forward to Balance Sheet		461
Earnings Per Share		
(Refer note 4 - Schedule 14)		
Basic and diluted (In Rupees)		4.24
Face value per equity share (In Rupees)		10.00
Notes to Accounts	14	

Schedules 10 to 14 referred to above form an integral part of the Profit and Loss Account.

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

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

Clyde C. Cooper
Director

Ashok K. Jani
Director

Place : Mumbai
Dated : April 25, 2005

Suresh G. Sheth
Director

CONCORDE AIR LOGISTICS LIMITED
(Formerly known as Concorde Air Logistics Private Limited)
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2005

	Period Ended March 31, 2005 in Rs. ('000)
A. Cash flow from Operating activities:	
Profit before Taxation	1,515
Adjustments for:	
Depreciation	1,312
Interest income	(41)
Profit on sale of an asset	(109)
Bad debts written off	12
Provision for leave encashment	150
Provision for gratuity	429
Operating profit before working capital changes	3,268
Adjustments for changes in working capital :	
(Increase)/Decrease in Sundry debtors	3,197
(Increase)/Decrease in Other receivables	(315)
Increase/(Decrease) in Trade and other payables	744
Cash generated from operations	6,894
Tax paid (net of TDS)	(1,390)
Net Cash from Operating activities	5,504
B. Cash flow from Investing activities:	
Purchase of Fixed Assets	(833)
Proceeds from sale of an asset	109
Proceeds from maturity of investments	25
Interest received	162
Net Cash used in Investing activities	(537)
C. Cash flow from Financing activities:	
Proceeds from rights issue of Share capital	14,500
Repayment of Unsecured loans	(17,663)
Net Cash used in financing activities	(3,163)
Net Increase/(Decrease) in Cash and Cash equivalents	1,804
Cash and Cash equivalents at the beginning of the year	5,110
Cash and Cash equivalents at the end of the year	6,914
Cash and Cash equivalents comprise of:	
Cash, cheques on hand and remittances in transit	16
Balance with Scheduled Banks	
on current accounts	5,638
on deposit accounts	800
on margin money accounts	460
	6,914

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 Cash and cash equivalents include Rs. 460('000) which are not available for use by the Company.

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

Clyde C. Cooper
Director

Ashok K. Jani
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 25, 2005

SCHEDULES

Schedules forming part of the Balance Sheet

		As at March 31, 2005 in Rs. ('000)			As at March 31, 2005 in Rs. ('000)
SCHEDULE 1			SCHEDULE 2		
CAPITAL			RESERVES AND SURPLUS		
(Refer note 1 - Schedule 14)			Share Premium		
Authorised			At the beginning of the period		-
200,000 equity shares of Rs. 10 each		2,000	Add: Received during the period		13,500
Issued and Subscribed			At the end of the period		13,500
110,000 equity shares of Rs.10 each fully paid up		1,100	Profit and Loss Account		461
Total		1,100	Total		13,961

(i) During the year, the Company issued 100,000 equity shares of the face value of Rs. 10 each at a premium of Rs. 135 per share.

(ii) Of the above 109,500 shares are held by Blue Dart Express Limited, the Holding Company and its nominees.

SCHEDULE 3

FIXED ASSETS

[Refer notes 2 (b) and 2(f) - Schedule 14]

in Rs. ('000)

ASSETS HEAD	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at May 7, 2004	Additions	Deductions & Adjustments	As at March 31, 2005	As at May 7, 2004	For the Period	Deductions & Adjustments	As at March 31, 2005	As at March 31, 2005	As at May 7, 2004
Goodwill [Refer note (a) below]	14,900	-	-	14,900	-	1,366	-	1,366	13,534	14,900
Buildings	2,022	-	-	2,022	2,020	(2)	-	2,018	4	2
Office Equipment	257	-	-	257	243	(12)	-	231	26	14
Electrical Equipment	426	-	-	426	276	(124)	-	152	274	150
Computers	137	-	-	137	133	(2)	-	131	6	4
Computer Software [Refer note (b) below]	-	24	-	24	-	3	-	3	21	-
Furniture and Fittings	486	-	-	486	342	60	-	402	84	144
Vehicles	358	809	358	809	358	23	358	23	786	-
TOTAL	18,586	833	358	19,061	3,372	1,312	358	4,326	14,735	15,214

Notes :

- The balance period over which the goodwill will be amortised is nine years.
- The Company has adopted the straight line method of depreciation effective May 7, 2004 as against the reducing balance method of depreciation adopted in the past when it existed in the capacity of a partnership firm. The change in the accounting policy of the depreciation is carried out keeping in mind the method of depreciation adopted by Blue Dart Express Limited, the holding company. As a result of the change in the method of depreciation, the depreciation charge for the year is lower by Rs. 167 ('000), with a consequential impact on the profits of the period.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)			As at March 31, 2005 in Rs. ('000)
SCHEDULE 4		SCHEDULE 7		
INVESTMENTS		LOANS AND ADVANCES		
(Long Term, Unquoted, At Cost) [Refer note 2(c) - Schedule 14]		(Unsecured, considered good)		
Non - Trade		Advances recoverable in cash or in kind or for value to be received :		
<i>In Government Securities</i>		Prepaid expenses	74	
National Saving Certificates (6 year NSCs - VIII issue)	75	Other Deposits	38	
Total	75	Advance Tax (Net of Provision)	330	
SCHEDULE 5		Total	442	
SUNDRY DEBTORS		SCHEDULE 8		
(Unsecured, considered good)		LIABILITIES		
Debts outstanding for a period exceeding six months	-	Sundry creditors		
Other debts	69	Others	5,650	
Total	69	Deposits	800	
SCHEDULE 6		Other Liabilities	310	
CASH AND BANK BALANCES		Total	6,760	
Cash, cheques on hand and remittances in transit	16	SCHEDULE 9		
Balance with scheduled banks		PROVISIONS		
on current accounts	5,638	Provision for Leave Encashment [Refer note 2(e)- Schedule 14]	150	
on deposit accounts	800	Provision for Gratuity [Refer note 2(e)- Schedule 14]	429	
on margin money accounts	460	Total	579	
Total	6,914			

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

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Period ended March 31, 2005 in Rs. ('000)
SCHEDULE 10	
OTHER INCOME	
Facility Charges	877
Profit on sale of Fixed Asset	109
Interest Income	41
Miscellaneous Income	78
Total	1,105
SCHEDULE 11	
FREIGHT, HANDLING AND SERVICING COSTS	
Handling and clearing charges	1,107
Printing, stationery and consumables	71
Domestic network operating costs	52
Total	1,230
SCHEDULE 12	
EMPLOYEE COSTS	
[Refer note 2(e) - Schedule 14]	
Salaries, wages, bonus and leave encashment	3,846
Contribution to provident and other funds	577
Staff welfare expenses	31
Total	4,454

Schedules forming part of the Profit and Loss Account

	Period ended March 31, 2005 in Rs. ('000)
SCHEDULE 13	
OTHER COSTS	
Legal and Professional charges [Refer note 6(a)- Schedule 14]	283
Office expenses	216
Electricity	187
Communication	170
Rates and taxes	109
Repairs and Maintenance - Others	106
Travelling and Conveyance	39
Insurance	19
Bad debts written off	12
Total	1,141

Schedules forming part of the Balance Sheet

SCHEDULE 14

NOTES TO ACCOUNTS

1. Background

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

SCHEDULES

The Company is a registered International Air Cargo Agent with International Air Transport Association (IATA) and licensed Custom House Agent under the Customs Act, 1962. The Company is engaged in the business of clearing and forwarding of time sensitive air cargo packages. The Company filed a statement in lieu of prospectus under section 44 of the Companies Act, 1956 and thereby, effective March 14, 2005, was converted from a private limited company to a public limited company.

The closing balances of the financial statements of M/s. Concorde International for the period April 1, 2004 to May 6, 2004, which have been audited and reported by a firm of Chartered Accountants, regrouped / reclassified as appropriate, have been considered as the opening balances for the purpose of these financial statements. The partners' Capital Accounts and Current Account balances in the erstwhile partnership have been converted into Share capital and Unsecured Loans, respectively, in the books of account of the Company.

2. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

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

(b) Fixed Assets (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.

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

Description of Assets	Depreciation Rate per annum %
Buildings	6.44
Office Equipment	6.33
Electrical Equipment	6.33

Computer software is amortised under the 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 10 years.

(c) Investments

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

(d) Service Charges

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

(e) Retirement Benefits

The liability in respect of gratuity is provided, based on an actuarial valuation carried out by an independent actuary.

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 provident fund is 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 and Loss Account, except those relating to the acquisition of fixed assets, which are adjusted to the cost of such assets.

(g) Taxes on Income

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

Deferred tax is recognised, subject to prudence, on timing differences, being the difference between taxable income and

SCHEDULES

accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised for unabsorbed depreciation and carried forward losses to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

	As at March 31, 2005 in Rs. ('000)	Period ended March 31, 2005 in Rs. ('000)
3 Contingent Liabilities not provided for :		
a. Bank Guarantees	640	
4 Earnings Per Share :		
(a) Profit after Taxation for the period	461	
(b) Weighted average number of shares	108,784	
(c) Nominal value of shares outstanding	Rs.10.00	
(d) Basic and diluted Earnings Per Share	Rs.4.24	
5 Deferred Tax Balances:		
Major components of deferred tax liabilities and assets arising on account of timing differences between taxable income and accounting income are as follows :		
(a) Liabilities		
Depreciation/Amortisation	73	
Total	73	
(b) Assets		
Provision for Leave Encashment	55	
Provision for Gratuity	157	
Total	212	
Net Deferred Tax Asset	139	
6 Supplementary data as required under Schedule VI to the Companies Act, 1956		
	Period ended March 31, 2005 in Rs. ('000)	
a. Legal & Professional Charges include Auditors' Remuneration as follows :		
Audit Fees - Statutory Fees	100	
b. Expenditure in foreign currency		
Towards Freight charges		8,492
Towards IATA agency fees and examination fees		59
		8,551
7 Related Party Disclosures		
(a) Parties where control exists		
Blue Dart Express Limited, (Holding company)		
(b) Related party relationships where transactions have taken place during the year		
(i) <u>Holding Company</u>		
Blue Dart Express Limited		
(ii) <u>Fellow Subsidiary</u>		
Skyline Air Logistics Limited		
(iii) <u>Key Management Personnel</u>		
Mr. Clyde C. Cooper		
Mr. Ashok Jani		
(iv) <u>Relatives of Key Management Personnel</u>		
Johann Cooper		
Farida Cooper		
(c) Transactions with related parties during the period		
(i) <u>With Holding Company</u>		
Blue Dart Express Limited:		
Subscription of share capital		14,500
Reimbursements towards air freight, etc.		78,764
Sale of fixed asset		29
(ii) <u>With Fellow Subsidiary</u>		
Skyline Air Logistics Limited		
Facilities charges received		877
Agency and handling charges earned		739

SCHEDULES

	Period ended March 31, 2005 in Rs. ('000)
Commission paid	73
Reimbursement received for Airfreight etc	11,015
(iii) With Key Management Personnel	
Mr. Clyde C. Cooper:	
Repayment of current account loan	4,607
Subscription in share capital	26
Mr. Ashok Jani:	
Repayment of current account loan	1,597
Subscription in share capital	9
(iv) With Relatives of key management personnel	
Johann Cooper:	
Repayment of current account loan	2,646
Subscription in share capital	15
Farida Cooper:	
Repayment of current account loan	2,068
Subscription in share capital	10
(d) Related party balances at the year end :	
Skyline Air Logistics Limited	
Deposits payable	800

8. During the period, the Company revised its accounting policy on income taxes which have been accounted as per Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accounts of India. The change in accounting policy has resulted in a deferred tax credit of Rs. 61('000) which has been accounted as provision for the period.
9. Figures of prior period have not been given, since this is the first accounting period of the Company's corporate existence. Also refer note 1 above.

SKYLINE AIR LOGISTICS LIMITED

Clyde C. Cooper

Tushar K. Jani

Suresh G. Sheth

REGISTERED OFFICE

17, Adarsh Industrial Estate, Sahar Road, Chakala, Andheri (E), Mumbai - 400 099

DIRECTORS' REPORT

To the Members

The Directors have pleasure in presenting the First Annual Report of your Company for the period May 7, 2004 to March 31, 2005.

BACKGROUND

Your Company was incorporated on May 7, 2004, as a private limited Company, pursuant to the registration of M/s Skyline International, a partnership firm, under Part IX of the Companies Act, 1956. Accordingly, the entire business undertaking of M/s. Skyline International (including all the assets, liabilities, rights, obligations, etc.) is vested in your Company at their values as recorded in the books of M/s Skyline International as on the above-mentioned date. The partners' Capital Accounts and Current Account balances in the erstwhile partnership firm were converted into Share Capital and Unsecured Loans, respectively in the books of account of your Company.

Your Company filed a statement in lieu of prospectus under section 44 of the Companies Act, 1956 and thereby, effective March 14, 2005, was converted from a private limited Company to a public limited Company.

FINANCIAL RESULTS

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

	(Rs. In Lacs) (for the period May 7, 2004 to March 31, 2005)
Revenues	
Services	122.03
Other Income	2.19
Less : Operating Expenses	68.85
Operating Profit (EBIDTA)	55.37
Less : Depreciation	3.40
Earnings before Tax	51.97
Less : Provision for Income tax	20.22
Earnings after Tax	31.75

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

INDUSTRY

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

Your Company is a licensed Custom House Agent under the Customs Act, 1962.

RIGHTS ISSUE

During the period, the Company has increased its paid up share capital from Rs. 1 Lac to Rs. 6 Lacs by issue of 50,000 equity shares of Rs. 10 each at a premium of Rs. 55 per share.

On May 11, 2004 Blue Dart Express Limited acquired 99.17% of the paid up equity share capital of your Company and this made your Company a subsidiary of Blue Dart Express Limited.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Clyde C. Cooper and Mr. Tushar Jani, being the Directors since inception retires at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Mr. Suresh G. Sheth, who was appointed as an Additional Director on May 11, 2004 holds office upto the ensuing Annual General Meeting and the Company has received notice under the provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Suresh G. Sheth as a Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- I) that in the preparation of the annual accounts the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- II) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the profit of the Company for that period;
- III) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV) that the Directors have prepared the 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 received the necessary certificate from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

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

FIXED DEPOSIT

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

EMPLOYEES

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

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

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

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board Directors

Clyde C. Cooper
Director

Tushar K. Jani
Director

Suresh G. Sheth
Director

Place: Mumbai
Date: April 25, 2005

AUDITORS' REPORT

To the Members of

SKYLINE AIR LOGISTICS LIMITED

1. We have audited the attached Balance Sheet of Skyline Air Logistics Limited as at March 31, 2005, and the related Profit and Loss Account and Cash Flow Statement for the period May 7, 2004 to March 31, 2005, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Company was incorporated on May 7, 2004, pursuant to registration of M/s Skyline International, a partnership firm, as a private limited company, under Part IX of 'The Companies Act, 1956' of India (the 'Act'). The closing balances as per financial statements of M/s Skyline International for the period April 1, 2004 to May 6, 2004, which have been audited and reported by another firm of Chartered Accountants, regrouped/ reclassified, as appropriate, have been considered as the opening balances for the purpose of these financial statements.
4. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 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, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit for the period May 7, 2004 to March 31, 2005; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the period May 7, 2004 to March 31, 2005.

Mumbai, April 25, 2005

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

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 4 of the Auditors' Report of even date to the members of Skyline Air Logistics Limited on the financial statements for the period May 7, 2004 to March 31, 2005]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the period and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the period.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the period.
 - (b) As referred to under Note 1 of Schedule 14 of the financial statements, current account balances of the partners in erstwhile M/s Skyline International have been converted into interest free unsecured loans from such individuals, six of whom are parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the period in such unsecured loan account balances was Rs.9,085('000). There is no year end balance under such unsecured loan accounts. The Company has not taken any other loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (c) In respect of aforesaid loans, the Company is regular in repayment of principal amounts, as stipulated.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
 - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 5. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Act and the rules framed there under.
 6. As the Company is not listed on any stock exchange or the paid-up capital and reserves as at the commencement of the financial period did not exceed Rupees Fifty Lakhs and since the Company was registered on May 7, 2004, under Part IX of the Act, clause (vii) of paragraph 4 of the Order is not applicable to the Company for the period.
 7. The matter specified in clause (viii) of paragraph 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the Company.
 8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues with the appropriate authorities in India. As informed to us, investors' education and protection fund, wealth tax, excise duty, customs duty and sales tax are not applicable to the Company for the period.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, service tax and cess as at March 31, 2005, which have not been deposited on account of any dispute.
 9. As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Order is not applicable to the Company for the period.

ANNEXURE TO AUDITORS' REPORT

10. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
15. The Company has not obtained any term loans.
16. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the period.
18. The Company has not issued any debentures during the period.
19. The Company has not raised any money by public issues during the period.
20. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.
21. The matters specified under clause (ii) of paragraph 4 of the Order are not applicable to the Company for the current period.

Mumbai, April 25, 2005

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

SKYLINE AIR LOGISTICS LIMITED
(Formerly known as Skyline Air Logistics Private Limited)

BALANCE SHEET AS AT MARCH 31, 2005

	Schedule No.	As at March 31, 2005 in Rs. ('000)
SOURCES OF FUNDS		
Shareholders' Funds		
Capital	1	600
Reserves and Surplus	2	5,925
TOTAL		6,525
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	3	4,078
Less: Depreciation		691
Net Block		3,387
Investments	4	50
Deferred Tax Asset (Net) [Refer notes 2(f) and 4 - Schedule 14]		
Deferred Tax Asset		192
Less : Deferred Tax Liability		17
		175
Current Assets, Loans and Advances		
Interest accrued on Investments		29
Sundry Debtors	5	15
Cash and Bank Balances	6	3,411
Loans and Advances	7	815
		4,270
Less: Current Liabilities and Provisions		
Liabilities	8	404
Provisions	9	953
		1,357
Net Current Assets		2,913
TOTAL		6,525
Notes to Accounts	14	

Schedules 1 to 9 and 14 referred to above form an integral part of the Balance Sheet.

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

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

Clyde C. Cooper
Director

Tushar K. Jani
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 25, 2005

SKYLINE AIR LOGISTICS LIMITED
(Formerly known as Skyline Air Logistics Private Limited)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2005

	Schedule No.	Period ended March 31, 2005 in Rs. ('000)
INCOME		
Service Charges [Refer note 2 (d) - Schedule 14]		12,203
Other Income	10	219
		12,422
EXPENDITURE		
Freight, Handling and Servicing Costs	11	2,594
Employee Costs	12	2,756
Other Costs	13	1,535
		6,885
Profit before Depreciation and Taxation		5,537
Depreciation / Amortisation [Refer note (b) - Schedule 3]		340
Profit before Taxation		5,197
Provision for Taxation [Refer notes 2(f),4 and 7 - Schedule 14]		
Current Tax		2,197
Deferred Tax (includes relating to prior periods)		(175)
		2,022
Profit after Taxation		3,175
Balance carried forward to Balance Sheet		3,175
Earnings Per Share		
(Refer note 3 - Schedule 14)		
Basic and diluted (In Rupees)		53.48
Face value per equity share (In Rupees)		10.00
Notes to Accounts	14	

Schedules 10 to 14 referred to above form an integral part of the Profit and Loss Account.

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

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

Clyde C. Cooper
Director

Tushar K. Jani
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 25, 2005

SKYLINE AIR LOGISTICS LIMITED
(Formerly known as Skyline Air Logistics Private Limited)

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2005

	Period ended March 31, 2005 in Rs. ('000)
A. Cash flow from Operating activities:	
Profit before Taxation	5,198
Adjustments for:	
Depreciation	340
Interest income	(32)
Profit on sale of an asset	(120)
Liabilities no longer required written back	(67)
Provision for leave encashment	100
Provision for gratuity	424
Adjustments for changes in working capital :	5,843
(Increase)/Decrease in Sundry debtors	1,872
(Increase)/Decrease in Other receivables	(1,196)
Increase/(Decrease) in Trade and other payables	(598)
Cash generated from operations	5,921
Tax paid (net of TDS)	(1,744)
Net Cash from Operating activities	4,177
B. Cash flow from Investing activities:	
Purchase of Fixed Assets	(308)
Proceeds from sale of an asset	120
Proceeds from maturity of investments in NSC	25
Interest received	26
Net Cash used in Investing activities	(137)
C. Cash flow from Financing activities:	
Proceeds from rights issue of Share capital	3,250
Repayment of Unsecured loans	(9,075)
Net Cash used in financing activities	(5,825)
Net Increase/(Decrease) in Cash and Cash equivalents	(1,785)
Cash and Cash equivalents at the beginning of the year	5,196
Cash and Cash equivalents at the end of the year	3,411
Cash and Cash equivalents comprise of:	
Cash, cheques on hand and remittances in transit	398
Balance with Scheduled Banks	
on current accounts	1,013
on deposit accounts	2,000
	3,411

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.

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

Clyde C. Cooper
Director

Tushar K. Jani
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 25, 2005

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)		As at March 31, 2005 in Rs. ('000)
SCHEDULE 1		SCHEDULE 2	
CAPITAL		RESERVES AND SURPLUS	
(Refer note 1 - Schedule 14)		Share Premium	
Authorised		At the beginning of the period	-
100,000 equity shares of Rs. 10 each	1,000	Add: Received during the period	2,750
Issued and Subscribed		At the end of the period	2,750
60,000 equity shares of Rs.10 each fully paid up	600	Profit and Loss Account	3,175
Total	600	Total	5,925

(i) During the year, the Company issued 50,000 equity shares of the face value of Rs. 10 each at a premium of Rs. 55 per share.

(ii) Of the above 59,500 shares are held by Blue Dart Express Limited, the Holding Company and its nominees.

SCHEDULE 3

FIXED ASSETS

[Refer note 2 (b) - Schedule 14]

ASSETS HEAD	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at May 7, 2004	Additions	Deductions	As at March 31, 2005	As at May 7, 2004	For the Period	Deductions	As at March 31, 2005	As at March 31, 2005	As at May 7, 2004
Goodwill [Refer note (a) below]	3,400	-	-	3,400	-	312	-	312	3,088	3,400
Office Equipment	29	-	-	29	26	3	-	29	-	3
Electrical Equipment	110	-	-	110	95	5	-	100	10	16
Computers	231	-	-	231	230	1	-	231	-	1
Computer Software	-	24	-	24	-	3	-	3	21	-
Vehicles	358	-	358	-	358	-	358	-	-	-
Cars	-	284	-	284	-	16	-	16	268	-
TOTAL	4,128	308	358	4,078	709	340	358	691	3,387	3,420

Notes :

- The balance period over which the goodwill will be amortised is nine years.
- The Company has adopted the straight line method of depreciation effective May 7, 2004 as against the reducing balance method of depreciation adopted in the past when it existed in the capacity of a partnership firm. The change in the accounting policy of the depreciation is carried out keeping in mind the method of depreciation adopted by Blue Dart Express Limited, the holding company. As a result of the change in the method of depreciation, the impact on the profits of the period on account of excess depreciation charged in the earlier years is not material.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)
SCHEDULE 4	
INVESTMENTS	
(Long Term, Unquoted, At Cost)	
[Refer note 2(c) - Schedule 14]	
Non - Trade	
<i>In Government Securities</i>	
National Saving Certificates (6 year NSCs - VIII issue)	50
Total	50
SCHEDULE 5	
SUNDRY DEBTORS	
(Unsecured, considered good)	
Debts outstanding for a period exceeding six months	-
Other debts	15
Total	15
SCHEDULE 6	
CASH AND BANK BALANCES	
Cash, cheques on hand and remittances in transit	398
Balance with scheduled banks	
on current accounts	1,013
on deposit accounts	2,000
Total	3,411

SCHEDULE 7

LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or
for value to be received :

Prepaid expenses	14
Other Deposits	801
Total	815

SCHEDULE 8

LIABILITIES

Sundry creditors	
Others	291
Other Liabilities	113
Total	404

SCHEDULE 9

PROVISIONS

Provision for Leave Encashment	100
[Refer note 2(e)- Schedule 14]	
Provision for Gratuity	424
[Refer note 2(e)- Schedule 14]	
Provision for Taxation (Net)	429
Total	953

Schedules forming part of the Profit and Loss Account

	Period Ended March 31, 2005 in Rs. ('000)
SCHEDULE 10	
OTHER INCOME	
Profit on sale of Fixed Asset	120
Liabilities no longer required, written back	67
Interest Income	32
Total	219

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Period Ended March 31, 2005 in Rs. ('000)
SCHEDULE 11	
FREIGHT, HANDLING AND SERVICING COSTS	
Handling and clearing charges	2,521
Printing, stationery and consumables	42
Domestic network operating costs	31
Total	2,594
SCHEDULE 12	
EMPLOYEE COSTS	
[Refer note 2(e) - Schedule 14]	
Salaries, wages, bonus and leave encashment	2,229
Contribution to provident and other funds	499
Staff welfare expenses	28
Total	2,756
SCHEDULE 13	
OTHER COSTS	
Service Charges	877
Legal and Professional charges	479
(Refer note 5 - Schedule 14)	
Travelling and Conveyance	67
Rates and taxes	40
Office expenses	38
Repairs and Maintenance, Others	24
Insurance	10
Total	1,535

Schedule forming part of the Accounts

SCHEDULE 14

NOTES TO ACCOUNTS

1 Background

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

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

The Company filed a statement in lieu of prospectus under section 44 of the Companies Act, 1956 and thereby, effective March 14, 2005, was converted from a private limited company to a public limited company.

The closing balances of the financial statements of M/s. Skyline International for the period April 1, 2004 to May 6, 2004, which have been audited and reported by a firm of Chartered Accountants, regrouped / reclassified as appropriate, have been considered as the opening balances for the purpose of these financial statements. The partners' Capital Accounts and Current Account balances in the erstwhile partnership have been converted into Share capital and Unsecured Loans, respectively, in the books of account of the Company.

2 Significant Accounting Policies

(a) Basis of preparation of Financial Statements

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

(b) Fixed Assets (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.

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

SCHEDULES

Description of Assets	Depreciation Rate per annum %
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Office Equipment	6.33
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Electrical Equipment	6.33
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Computer software is amortised under the 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 10 years.

(c) Investments

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

(d) Service Charges

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

(e) Retirement Benefits

The liabilities in respect of gratuity and leave encashment are provided, based on an actuarial valuation carried out by an independent actuary.

Contributions to Provident Fund is charged to the Profit and Loss Account.

(f) Taxes on Income

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

Deferred tax is recognised, subject to prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised for unabsorbed depreciation and carried forward losses to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

3 Earnings Per Share :

(a) Profit after Taxation for the period	3,176
(b) Weighted average number of shares	59,392
(c) Nominal value of shares outstanding	Rs.10.00
(d) Basic and diluted Earnings Per Share	Rs.53.48

4 Deferred Tax Balances:

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

(a) Liabilities

Depreciation/Amortisation	17
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(b) Assets

Provision for Leave Encashment	37
--------------------------------	----

Provision for Gratuity	155
------------------------	-----

Total	192
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Net Deferred Tax Asset	175
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5 Legal & Professional Charges include Auditors' Remuneration as follows :

Audit Fees - Statutory Audit Fees	100
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6 RELATED PARTY DISCLOSURES

(a) Parties where control exists

Blue Dart Express Limited, (Holding company)

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

(i) Holding Company

Blue Dart Express Limited

**As at March
31, 2005
in Rs. ('000)**

**As at March
31, 2005
in Rs. ('000)**

SCHEDULES

	Period Ended March 31, 2005 in Rs. ('000)		Period Ended March 31, 2005 in Rs. ('000)
(ii) <u>Enterprises where Key Management Personnel have significant Influence</u>		Handling charges paid	739
Blue Dart Aviation Limited		Commission Income earned	73
(iii) <u>Fellow Subsidiary</u>		Payment of Airfreight etc	11,015
Concorde Air Logistics Limited		(iv) <u>With Key Management Personnel</u>	
(iv) <u>Key Management Personnel</u>		Mr. Clyde C. Cooper:	
Mr. Clyde C. Cooper		Repayment of current account loan	2,795
Mr. Tushar Jani		Subscription in share capital	30
(v) <u>Relatives of Key Management Personnel</u>		Mr. Tushar Jani:	
Ayesha Cooper		Repayment of current account loan	826
Bhairavi Jani		Subscription in share capital	8
(c) Transactions with related parties during the year		(v) <u>With Relatives of key management personnel</u>	
(i) <u>With Holding Company</u>		Ayesha Cooper:	
Blue Dart Express Limited:		Repayment of current account loan	1,865
Subscription of share capital	3,250	Subscription in share capital	20
Reimbursements towards air freight, etc.	5,810	Bhairavi Jani:	
Agency Charges	1,056	Repayment of current account loan	41
Sale of fixed asset	120	Subscription in share capital	1
(ii) <u>With enterprises where key management personnel have significant influence</u>		(d) Related party balances at the year end :	
Blue Dart Aviation Limited:		Concorde Air Logistics Limited:	
Reimbursement towards freight ,etc	9,702	Deposits recoverable	800
Agency and handling charges earned	4,810		
(iii) <u>With Fellow Subsidiary</u>			
Concorde Air Logistics Limited:			
Facilities charged paid	877		

7. During the period, the Company revised its accounting policy on income taxes which have been accounted as per Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accounts of India. The change in accounting policy has resulted in a deferred tax charge of Rs. 5('000) which has been accounted as provision for the period.

8. Figures of prior period have not been given, since this is the first accounting period of the Company's corporate existence. Also refer note 1 above.

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 subsidiaries (the Group) as at March 31, 2005, 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 Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Group.
4. *Managerial Remuneration includes one time retention compensation of Rs. 68,000 ('000) (Previous Year: Nil) payable to the Managing Director, which is subject to the approval of the Central Government of India, for which an application has been made. (Refer Note 7(c)(i)(a)(ii) of Schedule 19).*
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Group, in our opinion, the consolidated financial statements, *subject to our remark in paragraph 4 above, with consequential effect on the consolidated results of operations and the consolidated year end net assets*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2005;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

Mumbai, April 26, 2005

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

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2005

	Schedule No.	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	1,387,329	1,053,262
		1,624,957	1,290,890
Minority Interests			
		39	-
Loan Funds			
Secured Loans	3	338,103	590,271
Unsecured Loans	4	200,000	270,000
		538,103	860,271
Deferred Tax Liability (Net)			
[Refer notes 1(h) and 5 - Schedule 19]			
Deferred Tax Liability		211,634	169,429
Less : Deferred Tax Asset		32,239	39,712
		179,395	129,717
TOTAL		2,342,494	2,280,878
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,353,716	2,403,517
Less: Depreciation		571,975	652,920
Net Block		1,781,741	1,750,597
Capital work in progress (including capital advances)		11,151	52,933
		1,792,892	1,803,530
Investments			
	6	109,359	1,360
Current Assets, Loans and Advances			
Interest accrued on Investments		1,381	1,529
Inventories	7	17,796	71,321
Sundry Debtors	8	563,365	456,576
Cash and Bank balances	9	86,486	75,643
Loans and Advances	10	321,765	393,287
		990,793	998,356
Less: Current Liabilities and Provisions			
Liabilities	11	448,669	389,599
Provisions	12	107,329	146,062
		555,998	535,661
Net Current Assets		434,795	462,695
Miscellaneous Expenditure	13	5,448	13,293
(to the extent not written off or adjusted)			
TOTAL		2,342,494	2,280,878
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

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

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 26, 2005

Yogesh Dhingra
Senior Vice President - Finance
& Group Chief Financial Officer

Tushar Gunderia
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

	Schedule No.	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
INCOME			
Service Charges [Refer note 1(e) - Schedule 19]		4,598,211	3,546,196
Other Income	14	44,026	6,848
		4,642,237	3,553,044
EXPENDITURE			
Freight, Handling and Servicing Costs	15	2,305,222	1,814,241
Employee Costs	16	1,029,164	755,414
Other Costs	17	429,071	359,172
		3,763,457	2,928,827
Profit before Interest, Depreciation and Taxation		878,780	624,217
Interest Expense (Net)	18	63,940	63,730
Depreciation / Amortisation		193,032	141,568
Profit before Taxation		621,808	418,919
Provision for Tax [Refer notes 1(h) and 5 - Schedule 19]		228,650	133,902
Current Tax		17,402	14,663
Deferred Tax		169	1,350
Taxation in respect of earlier years		246,221	149,915
Profit After Taxation, Before Share of Associate's Loss		375,587	269,004
Share of Associate's Loss		(12,126)	-
Profit Before Minority Interests		363,461	269,004
Share of minority interests		(29)	-
Net Profit		363,432	269,004
Balance brought forward from previous year		484,750	386,202
Adjustments on divestment in subsidiary		51,799	-
Available for Appropriation		899,981	655,206
Proposed Dividend		71,184	106,776
Tax on Proposed Dividend		9,980	13,680
Transfer to General Reserve		39,041	50,000
Balance carried forward to the Balance Sheet		779,776	484,750
Earnings Per Share			
(Refer note 4 - Schedule 19)			
Basic and diluted Earnings Per Share (In Rupees)		15.32	11.34
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

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

Suresh G. Sheth
Director

Place : Mumbai
Dated : April 26, 2005

Yogesh Dhingra
Senior Vice President - Finance
& Group Chief Financial Officer

Tushar Gunderia
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	Year ended March 31, 2005 in Rs.('000)	Year ended March 31, 2004 in Rs.('000)
A. Cash flow from Operating activities:		
Profit before Taxation	621,808	418,919
Adjustments for:		
Depreciation / Amortisation	193,032	141,568
Interest expense	71,529	66,487
Interest income	(7,589)	(2,757)
Loss on sale/ write off of Fixed Assets (Net)	11,358	881
Miscellaneous expenditure written off	2,479	7,968
Bad Debts/Advances written off	7,043	14,451
Provision for doubtful advances/ deposits	3,568	-
Unadjusted credits written back	(8,490)	-
Provision for Leave encashment	6,065	4,771
Provision for Gratuity	18,393	-
Provision for one time Retention compensation to Managing Director	68,000	-
Profit on sale of investment in Blue Dart Aviation Ltd.	(41,767)	-
Foreign exchange rate difference (Loss)	218	-
Liabilities no longer required written back	(67)	-
Net adjustments on account of Investment/ Disinvestment in Subsidiaries	(5,470)	-
Loss on scrapping of Rotables	16,026	-
Operating profit before working capital changes	956,136	652,288
Adjustments for changes in working capital:		
(Increase) / Decrease in Inventories	(11,061)	1,058
(Increase) / Decrease in Sundry Debtors	(148,493)	(122,458)
(Increase) / Decrease in Other Receivables	(95,142)	(52,212)
Increase / (Decrease) in Trade and other payables	89,824	90,674
Cash generated from operations	791,264	569,350
Taxes paid (net of TDS)	(208,945)	(139,865)
Net cash from operating activities	582,319	429,485
B. Cash flow from Investing activities:		
Purchase of Fixed Assets	(518,962)	(427,296)
Additions to Capital Work in Progress	45,983	(18,682)
Proceeds from Sale of Fixed Assets	1,274	7,383
Interest received	7,797	2,003
Proceeds from sale of investment in Blue Dart Aviation Ltd.	216,000	-
Investment in Subsidiaries	(190)	-
Proceeds from NSC maturity	50	-
Net cash used in investing activities	(248,048)	(436,592)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	Year ended March 31, 2005 in Rs.('000)	Year ended March 31, 2004 in Rs.('000)
C. Cash flow from Financing activities:		
Proceeds from Long term borrowings	283,333	335,000
Repayment of Long term borrowings	(346,168)	(221,342)
Repayment of Unsecured Loans	(26,738)	-
Proceeds from Short term borrowings	-	170,000
Repayment of Short term borrowings	(40,000)	(140,000)
Bank overdrafts (Net)	2,334	(3,398)
Interest paid	(70,411)	(64,735)
Borrowing cost - capitalised	(4,554)	(12,611)
Dividend paid	(106,651)	(64,878)
Dividend tax paid	(13,680)	(8,360)
Foreclosure charges paid	(893)	-
Net cash from/ (used in) financing activities	(323,428)	(10,324)
Net Increase/(Decrease) in Cash and cash equivalents	10,843	(17,431)
Cash and cash equivalents at the beginning of the year	75,643	93,074
Cash and cash equivalents at the end of the year	86,486	75,643
Cash and cash equivalents comprise		
Cash, cheques on hand and remittances in transit	38,575	39,515
Balance with Scheduled Banks :		
on current accounts	41,066	17,158
on deposit accounts	2,800	14,170
on margin money accounts	980	3,232
on unpaid dividend accounts	1,685	1,568
Balance with Unscheduled Bank :		
(Municipal Co-operative Bank)		
on deposit account	1,380	-
	86,486	75,643

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.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs. 414 ('000) [Previous Year - Rs. 247 ('000)]
- Cash and cash equivalents includes Rs. 4,045 ('000) [Previous Year : Rs.18,970 ('000)] which are not available for use by the Company. (Refer Schedule 9 in the Financial Statements).
- Figures of the previous year are not comparable with that of the current year, since during the current year Blue Dart Aviation Limited ceased to be a subsidiary on March 11, 2005 and Concorde Air Logistics Limited & Skyline Air Logistics Limited became subsidiaries effective May 11, 2004.

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
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Clyde C. Cooper
Managing Director

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Suresh G. Sheth
Director

Place : Mumbai
Dated : April 26, 2005

Yogesh Dhingra
Senior Vice President - Finance
& Group Chief Financial Officer

Tushar Gunderia
Company Secretary

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
40,000,000 equity shares of Rs. 10/- each	400,000	400,000
Issued and Subscribed		
23,727,934 equity shares of Rs. 10/- each fully paid up	237,280	237,280
Add : Forfeited Shares	348	348
Total	237,628	237,628

Note:

Of the above, 11,863,967 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.

During the year, the Indian Promoters of the Company along with persons acting in concert with the Indian Promoters and Newfields Holdings Ltd. entered into a sale / purchase agreement dated November 6, 2004 to sell their equity shares, collectively constituting 68.21% of the total paid up equity share capital of the Company to DHL Express (Singapore) Pte. Ltd. DHL Express (Singapore) Pte. Ltd. made an "Open Offer" to acquire equity shares of the Company in accordance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended.

Subsequent to the "Open Offer", 19,227,887 equity shares constituting 81.03% of the equity share capital of the Company is held by DHL Express (Singapore) Pte. Ltd.

SCHEDULE 2

RESERVES AND SURPLUS

Share Premium	394,057	394,057
General Reserve		
At the beginning of the year	174,455	124,455

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
Add: Transfer from Profit and Loss Account	39,041	50,000
At the end of the year	213,496	174,455
Profit and Loss Account	779,776	484,750
Total	1,387,329	1,053,262

SCHEDULE 3

SECURED LOANS

Term Loans [Refer note (a) below]		
From Banks	330,000	479,501
From Financial Institutions	-	55,000
{Amount payable within a year Rs.110,001 ('000) [Previous Year - Rs.244,075 ('000)]}		
Bank Overdrafts [Refer note (b) below]	8,103	55,770
Total	338,103	590,271

(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.

SCHEDULE 4

UNSECURED LOANS

<u>Short term</u>		
Short Term Loans from Banks	-	70,000
Commercial Paper from Banks	200,000	200,000
{400 units of Rs.500 ('000) each [Previous Year-400 Units of Rs.500 ('000) each]} {Maximum amount outstanding during the year Rs. 200,000 ('000) [Previous Year Rs. 200,000 ('000)]}		
Total	200,000	270,000

Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

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

in Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2004	Adjustments consequent to acquisitions/divestment	Additions	Deductions	As at March 31, 2005	As at April 1, 2004	Adjustment consequent to acquisitions/divestment	For the year	On Deductions	As at March 31, 2005	As at March 31, 2005	As at March 31, 2004
Goodwill [Refer note (a) below]	30,000	18,300	-	-	48,300	19,500	-	3,178	-	22,678	25,622	10,500
Land - Freehold	396,283	-	-	-	396,283	-	-	-	-	-	396,283	396,283
Buildings	168,148	2,022	605	2,019	168,756	13,184	2,020	2,738	252	17,690	151,066	154,964
Office Equipment	72,206	(8,281)	8,740	3,717	68,948	24,160	(3,153)	5,829	2,083	24,753	44,195	48,046
Electrical Equipment	142,285	(22,026)	15,776	6,010	130,025	45,865	(8,743)	10,753	3,825	44,050	85,975	96,420
Computers	255,421	(22,961)	42,599	15,630	259,429	169,046	(21,544)	31,806	14,804	164,504	94,925	86,375
Computer Software	71,859	(5,219)	9,966	2,946	73,660	45,720	(2,732)	8,188	3,004	48,172	25,488	26,139
[Refer note (b) below]												
Furniture and Fittings	247,167	(77,641)	29,304	10,320	188,510	77,487	(32,566)	16,833	5,676	56,078	132,432	169,680
Vehicles	57,897	(20,286)	3,059	2,454	38,216	30,633	(13,610)	5,927	2,395	20,555	17,661	27,264
Aircraft [Refer note (c) and (d) below]	279,817	20,396	227,033	-	527,246	5,164	373	26,520	-	32,057	495,189	274,653
Aircraft Engines	153,357	(2,136)	15,158	-	166,379	53,587	(12,186)	26,374	-	67,775	98,604	99,770
Aircraft Components and Overhaul	110,983	5,479	47,978	-	164,440	32,132	8,208	12,947	-	53,287	111,153	78,851
Aircraft Parts	18,680	-	-	-	18,680	9,427	-	1,494	-	10,921	7,759	9,253
D-check cost on aircraft	-	-	74,452	-	74,452	-	-	8,185	-	8,185	66,267	-
[Refer note (e) below]												
Ground Handling Equipments	130,591	(130,591)	30,392	-	30,392	40,150	(47,131)	8,251	-	1,270	29,122	90,441
Aircraft Rotable Parts	183,384	(183,384)	-	-	-	65,639	(82,946)	17,307	-	-	-	117,745
Capital Expenditure for aircraft acquired on lease	85,439	(85,439)	-	-	-	21,226	(27,928)	6,702	-	-	-	64,213
Total	2,403,517	(511,767)	505,062	43,096	2,353,716	652,920	(241,938)	193,032	32,039	571,975	1,781,741	1,750,597
Previous Year	1,979,964	-	445,598	22,045	2,403,517	522,680	-	141,568	11,328	652,920	1,750,597	

Notes:

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

Blue Dart Express Limited	- Rs. 9,000 ('000) - Six years
Concorde Air Logistics Limited	- Rs. 13,534 ('000) - Nine years
Skyline Air Logistics Limited	- Rs. 3,088 ('000) - Nine years

b) 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.

c) Borrowing costs capitalised to the cost of aircraft purchased during the year amounts to Rs. 4,554 ('000) [Previous Year Rs. 12,611('000)].

d) The Company has revised its estimate of the economic useful life of Aircraft. The unamortised depreciable amount relating to Aircraft whose economic life was revised is charged over revised remaining useful life. Consequent to the revision in the estimated useful life, the depreciation charge for the year is higher by Rs. 1,501('000) and the net profit for the year is lower by a similar amount.

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

f) The net book value of fixed assets shown above includes an amount of Rs. Nil [Previous Year - Rs. 8,319 ('000)] in respect of assets held under hire purchase contracts.

g) During the year Skyline Air Logistics Limited and Concorde Air Logistics Limited have adopted the Straight Line Method of depreciation effective May 7, 2004 as against Reducing Balance Method of depreciation adopted in the past when they existed in the capacity of partnership firm. The change in the accounting policy of depreciation is carried out keeping in mind the method of depreciation adopted by Blue Dart Express Limited, the holding company. As a result of the change in the method of depreciation, the depreciation charge for the year is lower by Rs. 167 ('000), with a consequential impact on the profits of the year.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)		As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SCHEDULE 6					
INVESTMENTS					
(Long Term, Unquoted, At Cost) [Refer note 1(c) - Schedule 19]			Nil units of PRU ICICI Mutual Fund Liquid Plan Institutional and Institutional Plus - Daily Dividend Plan (26,831,120 units purchased, 8,853 units cumulated and 26,839,973 units sold during the year)		
Trade			Nil units of HDFC Liquid Fund Dividend Plan (1,879,223 units purchased, 486 units cumulated and 1,879,709 units sold during the year)		
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50	Nil units of SBI Magnum Institutional Income - Savings - Dividend (194,468,625 units purchased, 54,305 units cumulated and 194,522,930 units sold during the year)		
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	Nil units of Birla Sunlife Mutual Fund Institutional Dividend Plan (925,969 units purchased and sold during the year)		
9,600,000 (Previous Year - 24,000,000) equity shares of Rs 10 each in Blue Dart Aviation Limited - Associate Company 120,000 Less: Group Share of Loss 12,126 Net Investment (Refer note 11 - Schedule 19)	107,874	-			
Non - Trade					
<i>In Government Securities</i>			Total	109,359	1,360
National Saving Certificates (6 year NSCs - VIII issue)	1,425	1,300	SCHEDULE 7		
<i>Others (Current)</i>			INVENTORIES		
Units in Mutual Funds	-	-	[Refer note 1(i) - Schedule 19]		
Nil units of IL & FS Liquid Institutional Plan - Dividend option (6,800,000 units purchased, 3,452 units cumulated and 6,803,452 units sold during the year)			Packing and Stationery Consumables	6,041	6,749
			Consumables	-	55,152
			Spares	11,755	5,223
			Loose Tools	-	4,197
			Total	17,796	71,321

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SCHEDULE 8		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	1,539
Other debts	563,365	455,037
Total	563,365	456,576
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash, cheques on hand and remittances in transit	38,575	39,515
Balance with scheduled banks:		
on current accounts	41,066	17,158
on deposit accounts	2,800	12,790
on margin money accounts	980	3,232
on unpaid dividend accounts	1,685	1,568
Balance with unscheduled bank: (Municipal Co-operative Bank)		
on deposit account {Maximum amount outstanding during the year Rs. 1,380 ('000)[Previous Year Rs. 1,380 ('000)]}	1,380	1,380
Total	86,486	75,643

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

SCHEDULE 10

LOANS AND ADVANCES

(Unsecured, considered good)

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
Maintenance expense recoverable	-	34,256
Advances recoverable in cash or in kind or for value to be received :		
Prepaid Expenditure	19,517	190,956
Deposits	88,388	94,203
Advance Tax (Net of provision)	43,418	35,336
Aircraft Payload Deposit	129,000	-
Other Advances	41,442	38,536

Total	321,765	393,287
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SCHEDULE 11

LIABILITIES

Acceptances for Aviation Turbine Fuel	-	30,000
Sundry Creditors		
Small Scale Industrial Undertakings (Refer note 9 - Schedule 19)	3,432	2,239
Others	316,722	254,859
Unclaimed Dividend *	1,693	1,568
Other Liabilities	126,814	100,774
Interest accrued but not due on loans	8	159

Total	448,669	389,599
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* There are no amounts due and outstanding to be credited to Investors' Education and Protection Fund.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
SCHEDULE 12		
PROVISIONS		
[Refer note 1(f) - Schedule 19]		
Provision for Gratuity	853	-
Provision for Superannuation	-	3,088
Provision for Leave Encashment	24,883	22,517
Proposed Dividend	71,184	106,776
Tax payable on Proposed Dividend	9,980	13,681
Provision for Income Tax (Net)	429	-
Total	107,329	146,062

SCHEDULE 13

MISCELLANEOUS EXPENDITURE

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

Long-term Contract Negotiation costs

At the beginning of the year	7,627	9,806
Amortised during the year	(2,179)	(2,179)
At the end of the year	5,448	7,627

Air Crew Augmentation expenses

At the beginning of the year	4,766	10,255
Additions during the year	-	-
Amortised during the year	-	(5,489)
Adjusted on divestment of subsidiary	(4,766)	-
At the end of the year	-	4,766

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
<u>Share Issue Expenses</u>		
At the beginning of the year	900	1,200
Additions during the year	-	-
Amortised during the year	(300)	(300)
Adjusted on divestment of subsidiary	(600)	-
At the end of the year	-	900
Total	5,448	13,293

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
SCHEDULE 14		
OTHER INCOME		
Maintenance service income	-	561
Profit on Sale of shares (Refer note 11 - Schedule 19)	41,767	-
Miscellaneous income	2,259	6,287
Total	44,026	6,848

SCHEDULE 15

FREIGHT, HANDLING AND SERVICING COSTS

Aircraft operating costs	971,013	592,555
Aircraft lease rentals [Refer notes 1(j) and 12 - Schedule 19]	74,241	120,317
Domestic network operating costs	574,275	464,483
International servicing charges	386,083	357,030
Domestic excess baggage	167,143	152,448
Printing, stationery and consumables	63,662	61,317
Handling and clearing charges	68,805	66,091
Total	2,305,222	1,814,241

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended March 31,2005 in Rs. ('000)	Year ended March 31,2004 in Rs. ('000)
SCHEDULE 16		
EMPLOYEE COSTS		
[Refer note 1(f) - Schedule 19]		
Salaries, wages, allowances, bonus and leave encashment	802,940	569,373
Contribution to provident and other funds	87,504	56,623
Staff welfare expenses	138,720	129,418
Total	1,029,164	755,414
SCHEDULE 17		
OTHER COSTS		
Rent	106,199	89,540
Communication	44,591	43,138
Electricity charges	39,445	34,702
Legal and Professional charges	35,751	24,022
Sales promotion and advertising	27,255	12,610
Office expenses	26,058	19,318
Repairs and maintenance - others	31,598	28,709
Rates and taxes	13,822	16,232
Travelling and Conveyance	39,623	31,775
Loss on sale/ write off of fixed assets (net)	11,358	881
Lease rentals [Refer notes 1(j) and 8 - Schedule 19]	8,830	8,171
Insurance	9,375	6,796
Bad debts/ advances written off	7,043	14,451
Provision for doubtful advances/ deposits	3,568	-

	Year ended March 31,2005 in Rs. ('000)	Year ended March 31,2004 in Rs. ('000)
Unadjusted credits written back	(8,490)	-
Miscellaneous expenditure written off	2,479	7,968
Miscellaneous expenses	30,566	20,859
Total	429,071	359,172
SCHEDULE 18		
INTEREST EXPENSE (NET)		
On Term Loans from Banks	44,706	38,088
On Commercial Paper	9,900	10,280
On Bank Overdraft	9,180	9,382
On Non - Convertible Debentures/ Short Term Loans	5,896	7,030
On Hire purchase contracts	-	41
On Others	1,847	1,666
	71,529	66,487
Less : Interest income on Income Tax Refunds	5,282	-
Interest on deposits with banks and others	2,307	2,757
{Tax deducted at source Rs. 414('000) [Previous Year -Rs. 247 ('000)]}		
Total	63,940	63,730

Schedules forming part of the Accounts

SCHEDULE 19

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

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

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(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 :

Description of Assets	Depreciation Rate per annum %
Buildings	6.44
Office Equipment	6.33
Electrical Equipment	6.33
Aircraft	6.75
Aircraft Engines	13.55 & 16.00
Aircraft Parts	8.00
D-check cost on aircraft	12.50
Aircraft Rotable Parts	9.81
Capital Expenditure on aircraft acquired on lease	8.33

Aircraft Components and Overhaul represent the cost of engines overhaul, components and modifications of airframes owned and contractually liable to be incurred by the Company. Such costs are depreciated/ amortised on the basis of hours flown or the life cycle of the overhaul program, as applicable.

Computer software is amortised under straight line method at the rates specified 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 as mentioned below based upon the respective brands and the consequential impact it has on the future business of the Company.

Blue Dart	-	20 years
Concorde	-	10 years
Skyline	-	10 years

(c) Investments

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

(d) Miscellaneous Expenditure

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

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 augmentation expenses are charged 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 schemes/ policies of the Company and leave encashment entitlements, in accordance with the policies of the Company. Contributions to the above funds/schemes are charged to the Profit and Loss Account.

The employees of Blue Dart Express Limited and Blue Dart Aviation Limited, as per policy, are covered under the group gratuity schemes with the Life Insurance Corporation of India ('LIC'). The group gratuity schemes are funded in line with LIC's actuarial valuation carried out during the year. Liability in respect of gratuity is provided for Skyline Air Logistics Limited and

SCHEDULES

Concorde Air Logistics Limited based on the actuarial valuation carried out by an independent actuary as at the year end.

The employees of Blue Dart Express Limited, as per policy, are covered under Superannuation scheme with LIC. In respect of Blue Dart Aviation Limited, superannuation is provided in accordance with the scheme of the Company.

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

(g) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the 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 tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised for unabsorbed depreciation and carry forward of losses to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(i) Inventories

Inventories primarily consist of packing and stationery consumables and spares. These are valued at lower of cost (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 Costs

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

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
2. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	52,324	32,875
3. Contingent Liabilities not provided for :		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	368,000	408,000
(b) Bank Guarantees	33,197	57,769
Note : Future cash outflows can be determined only when guarantees are invoked by parties to whom given.		
	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
4. Earnings Per Share :		
(a) Net Profit	363,432	269,004
(b) Weighted average number of shares	23,727,934	23,727,934
(c) Nominal value of shares outstanding	Rs.10	Rs.10
(d) Basic and Diluted Earnings Per Share	Rs.15.32	Rs.11.34
5. Deferred Tax Balances :		
Major components of deferred tax liabilities and assets arising on account of timing differences between taxable income and accounting income are as follows :		
	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
(a) Liabilities		
Depreciation/Amortisation	208,787	159,904

SCHEDULES

	As at March 31, 2005 in Rs. ('000)	As at March 31, 2004 in Rs. ('000)
Heavy maintenance expenditure	854	4,255
Long term contract negotiation costs	1,993	2,736
Air crew augmentation expenses deferred, etc.	-	3,627
Total	211,634	170,522
(b) Assets		
Unabsorbed depreciation	-	27,069
Depreciation/Amortisation	-	7,680
Provision for leave encashment / gratuity	6,578	5,293
Bonus payable	778	763
Retention compensation to the Managing Director	24,883	-
Total	32,239	40,805
Net Deferred Tax Liability	179,395	129,717

6. Segment Information

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

7. Related Party Disclosures

(a) Parties where control exists:

Blue Dart Aviation Limited (Associate Company with effect from March 11, 2005)

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

(i) Associate Company

Blue Dart Aviation Limited

(ii) Key Management Personnel

Mr. Bryan Jamison	Chairman (with effect from March 12, 2005)
Mr. Tushar K. Jani	Chairman (upto March 11, 2005)
Mr. Clyde C. Cooper	Managing Director
Mr. Khushroo M. Dubash	Director (upto March 11,2005)
Air Marshal S.S. Ramdas (Retd.)	Director
Mr. Suresh G. Sheth	Director
Mr. Anil Thadani	Director
Mr. Deepak Vaidya	Alternate Director

(iii) Relative of Key Management Personnel

Farida Cooper
Johann Cooper
Ayesha Cooper
Bhairavi Jani
Anjani Jani

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
(c) Transactions with related parties during the year :		
(i) With Key Management Personnel :		
a) Managerial remuneration		
Salary	25,887	8,880
One time Retention Compensation [Refer (ii) below]	68,000	-
Commission	8,915	6,045
Contribution to provident and other funds	1,369	1,066
Gratuity paid	1,454	-
Leave encashment paid	144	1,850
Perquisites	4,648	4,141
Directors' sitting fees	480	170
	110,897	22,152

SCHEDULES

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)		Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
Incurring for :			f) <u>Subscription in Share Capital</u>		
Mr. Clyde C. Cooper	99,352	17,206	Mr. Clyde C. Cooper	56	-
Mr. Tushar K. Jani	5,589	2,441	Mr. Tushar K. Jani	8	-
Mr. Khushroo M. Dubash	5,476	2,335	(ii) <u>With Relative of Key Management Personnel:</u>		
Others	480	170	a) <u>Consultancy charges - Farida Cooper</u>	216	1,295
	110,897	22,152	b) <u>Repayment of Current Account Loans</u>		
(i) Provision for/ Contribution to employee retirement / post retirements, which are based on actuarial valuations done on an overall company basis, are excluded above.			Anjani Jani	4,116	-
			Johann Cooper	2,646	-
(ii) Retention compensation represents provision for a one-time retention compensation of Rs. 68,000 ('000) payable to the Managing Director. The said compensation was approved by the shareholders of the Company in its Extra Ordinary General Meeting held on April 8, 2005 and will be paid subsequent to the receipt of Central Government approval, the application for which has been filed by the Company.			Bhairavi Jani	2,607	-
			Farida Cooper	2,068	-
			Ayesha Cooper	1,865	-
			c) <u>Subscription in Share Capital</u>		
			Anjani Jani	24	-
b) Professional fees paid to Air Marshal S.S. Ramdas (Retd.)	1080	1,080	Ayesha Cooper	20	-
c) Professional fees paid to Suresh G. Sheth	1080	1,080	Bhairavi Jani	16	-
d) <u>Purchase of investments from Key Managerial Personnel</u>			Johann Cooper	15	-
Mr. Clyde C. Cooper	51	-	Farida Cooper	10	-
Mr. Tushar K. Jani	6	-	d) <u>Purchase of Investments</u>		
e) <u>Repayment of Current Account Loan</u>			Anjani Jani	24	-
Mr. Clyde C. Cooper	7400	-	Ayesha Cooper	20	-
Mr. Tushar K. Jani	826	-	Bhairavi Jani	16	-
			Johann Cooper	15	-
			Farida Cooper	10	-
			(iii) <u>With Associate Company (with effect from March 11, 2005):</u>		

SCHEDULES

	Year ended March 31, 2005 in Rs. ('000)	Year ended March 31, 2004 in Rs. ('000)
Blue Dart Aviation Limited		
Charter fee	84,436	-
Corporate Guarantee given on behalf of Blue Dart Aviation Limited (as at year end)	368,000	408,000
(d) Related party balances at the year end		
(i) Remuneration payable to Key Management Personnel:		
Mr. Clyde C. Cooper	75,233	228
Mr. Tushar K. Jani	-	51
Mr. Khushroo M. Dubash	-	59

The remuneration payable to the two directors, Mr. Tushar K. Jani and Mr. Khushroo M. Dubash as at March 31, 2005 and aggregating Rs. 2,046 ('000) has not been disclosed, since they ceased to be Directors with effect from March 11, 2005.

(ii) Receivable from Associate company

Blue Dart Aviation Limited	128,296	117,341
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8. Commitments under lease agreements

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

Upto one year	2,091	157,808
One to five years	8,364	478,147

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, 2005 are :

Alpha Carbonless Manufacturing Co.	Sago Paper Products
Desai Industries	Sago Printing Systems
United Plastic Corporation	Supac Packaging Pvt.Ltd.
Royal Art	

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

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

10. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

(a) The subsidiaries (which along with Blue Dart Express Limited, the parent, constitute the Group) considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power held as at March 31, 2005
Concorde Air Logistics Limited (with effect from May 11, 2004)	India	99.55
Skyline Air Logistics Limited (with effect from May 11, 2004)	India	99.16
Blue Dart Aviation Limited (upto March 10, 2005)	India	100.00

(b) Investment in Associate

The Group's Associate is :

Name of the Company	Country of Incorporation	% of ownership interest as at March 31, 2005
Blue Dart Aviation Limited (with effect from March 11, 2005)	India	40%

11. Profit on Sale of Shares

Pursuant to the approval by the Board of Directors in their meeting held on November 22, 2004 and the resolution passed by Postal Ballot on January 6, 2005, the Company divested 60% of its holding in Blue Dart Aviation Limited. 14,400 ('000) equity shares held in Blue Dart Aviation Limited, were sold on March 11, 2005 at a price of Rs. 15 per share, being the fair value of Blue Dart

SCHEDULES

Aviation Limited in accordance with the valuation report of an independent firm of Chartered Accountants.

12. Lease Rentals

During the year, the Company has extended the lease period of Aircraft from 84 months to 144 months, in view of enhancement of life of Aircraft attributed to D-Check (major overhaul) performed. Consequently, the Lease rentals charge for the year is lower by Rs. 56,230 ('000) and the net loss before taxation for the year is lower by a similar amount.

13. Previous year's figures are not comparable with the current year on account of Concorde Air Logistics Limited and Skyline Air Logistics Limited becoming subsidiaries of the Company with effect from May 11, 2004 and Blue Dart Aviation Limited ceasing to be a subsidiary of the Company with effect from March 11, 2005.

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



Dear Shareholders,

Reg: Dematerialisation of shares

As you are aware, equity shares of Blue Dart Express Limited are compulsorily traded in the dematerialised mode.

The advantages available on holding the shares in the electronic form vis-a-vis holding shares in physical form are as under :

- No risk of loss, mutilation or theft of share certificates;
- No stamp duty for transfer of shares;
- No need for filling transfer deeds and lodging the same with the bank;
- Reduced paper work;

We therefore advise you to please dematerialise your shares at the earliest and avail the benefits of dematerialisation in case you are still holding shares in physical form.

Kindly contact our Registrar & Share Transfer Agents, M/s. Intime Spectrum Registry Ltd. on Tel. No.022-55555454 or email at isrl@intimespectrum.com in case you require any further information in this connection.

Thanking you,
Yours faithfully,
for BLUE DART EXPRESS LTD.

(Tushar Gunderia)
COMPANY SECRETARY.

June 7, 2005



Blue Dart Centre, Mumbai

Fact Sheet

Description	:	South Asia's premier courier and integrated air express package distribution company.
Began Operations	:	November, 1983
Headquarters	:	Mumbai, India
Revenues (FY 2004-2005)	:	Rs. 4,621 million
Destinations Serviced	:	Domestic - Over 13,880 locations International - More than 220 countries and territories worldwide through a sales alliance with DHL.
Air Support	:	5 Boeing 737 freighters
Ground Support	:	3,429 vehicles
Shipments (FY 2004-2005)	:	Number of Shipments - Domestic : 42.02 million International : 0.53 million
	:	Tonnage : Over 110,000 tonnes
People Force	:	Over 3,900
World Wide Web address	:	http://www.bluedart.com

