

DIRECTORS' REPORT

To the Members

The Directors have great pleasure in presenting the Seventh Annual Report of your Company for the year ended 31st March, 1998.

Financial Results

	31 st March, 1998	(Rs. in thousands) For the year ended 31 st March, 1997
Revenues	1,709,204	1,573,876
Less : Operating Expenses	1,628,721	1,465,092
Finance Cost (net)	51,714	48,015
Depreciation	53,271	46,653
Profit/(Loss) before tax & unusual items	(24,502)	14,116
Less : Restructuring Cost	17,873	8,479
Profit/(Loss) before tax	(42,375)	5,637
Less : Provision for tax	-	727
Profit /(Loss) after tax	(42,375)	4,910
Profit and Loss A/c balance bought forward	31,397	41,390
Profit/(Loss) available for distribution	(10,978)	46,300

Performance

Your Company's loss during the year under review was mainly on account of lower international sales and lower contribution therefrom during the second half of the year as compared to the first half mainly on account of the new FedEx contract which became operative from 1st October, 1997, and the restructuring costs of Rs.178 lakhs incurred during the year.

During the year, your Company rationalised its Surface (SFC) network in a manner that would support its future growth in air express related products. The sales mix of your Company has improved as a result thereof. Simultaneously, your Company improved its yields on all major products to ensure qualitative sales.

Your Company also initiated certain cost actions mainly towards reduction of network cost and cost related to pick-up/delivery operations in the field. The full impact of these reductions will be felt in the next year.

Dividend

Your Directors do not recommend a dividend for the year ended 31st March, 1998 in view of the net loss for the financial year.

Operations Review

Revenue

Notwithstanding a much lower industrial and export growth, your Company was able to record a 12% increase in the domestic sales. The growth in International Priority product was restricted to 2% for the year on account of the impact of the new FedEx contract as explained below. The year under review was one of consolidation to enable your Company to absorb the changes resulting from the Aviation activity and the FedEx direct entry into India.

International Services

Your Company has signed a new 5 year Global Service Program Contract with Federal Express (FedEx), which became effective from 1st October, 1997. Under the new contract, the international bill consignee (AFR) sales, which earlier formed part of your Company's revenue, are now handled directly by FedEx on its entry into India. However, your Company has been appointed by FedEx as the sole preferred middleman/consolidator for its international products in India and will also be the exclusive pick-up/delivery agent for all FedEx's direct sales in India.

As per the new contract design, the initial drop in revenues and rates would be compensated by increase in operational earnings from growth in volumes through FedEx direct sales in the Indian market, over the term of the contract. Although the FedEx contract had an adverse impact on international sales and contribution during the second half of the financial year, which may be deemed to be in the nature of start up costs, your Company is confident that volumes will grow over the five year period of the contract which will benefit your Company in the future years.

Restructuring

The restructure exercise which your Company had undertaken with the set up of the Aviation system, was completed during the financial year under consideration. Your Company's operation and distribution systems have been re-organised and a new organisation structure has been put in place to meet the challenges of the Aviation system and cater to future growth. This has therefore been a year of consolidation and capacity creation rather than of pure growth for your Company. The integration of the Aviation system into the Express Company to provide a seamless service on global standards, needed an interphase of people and sales product mixes with the emerging new technology which has now been accomplished.

Aviation System

With the advent of the Aviation system, your Company has further strengthened its position as the leading player for domestic shipments and has an estimated market share of more than 36%. Significantly, the sales mix ratio of your Company during the past 3 years has changed in favour of the domestic sector. The ratio of domestic sales: international sales during the past 3 years was 45:55 for 1995-96, 54:46 for 1996-97 and 57:43 for 1997-98. Given your Company's strong domestic network and growth of the aviation system, this trend is expected to continue.

Interline arrangements

Your Company has set up customs bonded warehouse at Chennai, Mumbai and Calcutta and transshipment facilities at all the 5 major domestic airports through which it operates, thus enabling it to facilitate movement of import/export cargo within India. Your Company has entered into appropriate

Singapore Airlines, Swissair, Air Canada, Cargolux and FedEx for movement of interline cargo and this is expected to contribute a steady stream of revenue growth in the future.

Technology

Your Company has been continuously associated with reliability and speed. One of the important reasons for this has been the extensive use of technology in all operations. The technology used by your Company helps to track and trace every shipment. Your Company has installed PAMA (Permanently Assigned Multiple Access) which is the latest in VSAT technology and which is revolutionising the world. This technology will substantially upgrade the existing systems in term of speed and accuracy of carrying data. Further, your Company has made available, at the major metros, the facility of voice over VSAT which will enable cost effective communications for the future.

Superhub

The Superhub project near Sahar Airport is nearing completion. Your Company expects to complete the interiors and commence commercial operations from the last quarter of the 1998-99 financial year. Your Company expects substantial savings arising from reduction in costs of rentals, communications, conveyance besides increase in package handling capacity and facilities.

Issue of convertible debentures

Your Company has issued 23,00,000 debentures of the face value of Rs.100/- each aggregating to Rs.2300 lakhs to Newfields Holdings Limited. The debentures are convertible into equity shares of Rs.10/- each at a premium of Rs.65/- per share on 31st July, 1998. The total number of new shares to be issued on conversion will be 30,66,667 shares, thus increasing the total number of issued shares of your Company from 88,50,000 shares to 119,16,667 shares and the issued capital of your Company from Rs.8,85,00,000/- to Rs.11,91,66,667/-

Subsidiary Company

During the year, your Company has subscribed to the Rights issue of 100 lakhs shares of Rs.10 each, aggregating to Rs.1000 lakhs of Blue Dart Aviation Limited – a 100% subsidiary.

The turnover of Blue Dart Aviation Limited for the year was Rs.5493.52 lakhs (previous year Rs.4260.94 lakhs) on which the Company has reported an operating profit of Rs.405.54 lakhs as compared to an operating loss of Rs.153.44 lakhs for the previous year. Blue Dart Aviation Limited has shown a massive improvement in performance during the current year by reducing its net loss from Rs.513.64 lakhs in 1996-97 to Rs.160.82 lakhs in 1997-98. The previous year figures reflect an operating period of 9.5 months as compared to a full year's operation during the current period. The results reflect an encouraging trend.

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

Outlook for the future

Your Company has created a very strong and reliable express cargo Aviation system in the country, which is ahead of any of its competitors. This will form the basis on which your Company will continue to grow and increase its market share in the domestic sector. Your Company has created an entry barrier for its competitors and also carved a special niche for its products. Your Company is today the only Company to offer multi-modal integrated products in India. Your Directors envisage a very

expected to perform well in the future.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and expenditure.

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

Employees

Your Company has in place some very effective human resource development systems to enhance employee satisfaction in the form of Guaranteed Fair Treatment Policy (GFTP), Survey Feedback Action (SFA) and Subsidised Tuition Education Plan (STEP). These enable your Company to address employee concerns in a timely manner besides keeping a continuously open channel for employees to participate in your Company's progress and also their individual growth.

Your Company is grateful to the employees for their continued dedicated and committed services and for their co-operation and support in the growth of your Company.

The statement showing particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 is annexed hereto as Annexure 'B' and forms part of this report.

Directors

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

Fixed Deposits

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

Auditors

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

Acknowledgement

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

For and on behalf of the Board of Directors

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing Director

Khushroo M. Dubash
Director

Suresh G. Sheth
Director

Director

Mumbai : 26th June, 1998

ANNEXURE TO THE DIRECTORS' REPORT
ANNEXURE `A'

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

A) Earnings in Foreign Currency

Earnings in foreign currency for pick-up charges and the distribution of international shipments in India amounting to Rs.280,730,226 (1997 – Rs.187,115,792).

B) Expenditure in Foreign Currency

Expenditure in foreign currency for the distribution of international shipments outside India, professional fees, foreign travel and training amounting to Rs.258,587,263 (1997 – Rs.238,301,986).

**ANNEXURE TO THE DIRECTORS'
REPORT
ANNEXURE 'B'**

Statement of particulars of employment pursuant to the provision of Section 217(2A) of the Companies Act, 1956, read with the Companies' (Particulars of Employees) Rules, 1975 and forming part of the Director's report for the year ended on March 31, 1998

A) Employed throughout the year and were in receipt of remuneration aggregating to not less than Rs.3,00,000/- p.a.

NAME OF EMPLOYEE	QUALIFICATION	DATE OF JOINING	REMUNERATION RECEIVED	DESIGNATION	AGE	EXP (NO OF YRS)	LAST EMPLOYED	
							NAME OF COMPANY	DESIGNATION
ADI SOONAWALA	B.A	01/12/83	328,230	SR.MGR-REV	41	19	THOMAS COOK	COUNTER STAFF
AMOD DASGUPTA	B.A.POST GRADUATE DIPLOMA IN BUSINESS MANAGEMENT	01/03/95	481,323	GEN.MANAGER-EAST	44	21	PRAKASH ROADLINES LIMITED	ZONAL MANAGER-EAST
ANIL KHANNA	BSC,MBA	15/06/92	824,553	VP.REV - WEST I	42	18	M/S STP LTD	MARKETING MGR.
ARUN S KULKARNI	BSC (HONS) GRADUATE DIPLOMA IN MATERIALS MANAGEMENT	04/03/91	791,221	VP REG & IND AFFAIRS	49	27	SH DHOOTA PAPERESHWAR LTD	COMMERCIAL MGR.
ASHOKA K.JAIN	B.COM(HONS) M.A-SOCIOLOGY PG.D.B.M.(XLRI)	04/05/87	1,534,361	SR.V.P-NORTH	45	19	KEGG FARMS LTD.	MANAGER (CORP.DIV)
BALFOUR MANUEL	B.A.ECONOMICS	01/12/83	340,244	SR METRO SALES MGR	37	14	-	-
CLYDE COOPER	B.A.HONS	06/04/91	1,166,025	MANAGING DIRECTOR	44	19	BUSINESS	
DODDA BASAPPA M	M.COM	07/01/87	318,493	REG CONTROLLER -STH 2	40	17	MODI RUBBER LTD	ACCOUNTANT
GOPINATH MENON	B.COM	01/11/91	737,787	VP - SOUTH -2	44	23	PATEL ROADWAYS LTD	ZONAL SALES MGR.
KARTIK PANDIT	B.COM (HONS) LLB, FCA	22/04/94	759,040	VP TAX AUDIT & CO.AFFAIRS	43	15	SYNTHETICS AND CHEMICALS LTD	SR.MANAGER ACCTS & TAXATION
KHUSHROO DUBASH	B.SC	06/04/91	1,037,100	WHOLE TIME DIRECTOR	44	18	BUSINESS	
K.RAGHVENDRA	B.COM(HONS) DIP IN PMIR	08/04/92	318,201	GM -HR & EMP REL	37	13	J.K.SYNTHETICS LTD	ASST.MGR -HR
KRISHNAN T.A.	M.COM	01/12/86	346,329	G.M.-NORTH	34	13	M/S.AIRTECM (P) LTD	SALES OFFICER
LT.CDR A.S.ANANTH	B.SC	01/04/93	355,387	SR.MGR-ISO ALL INDIA	47	27	INDIAN NAVY	-
MALCOLM MONTEIRO	B.TECH.ELEC(IIT-B) P.G.D.M.(IIM-AHD)	22/05/89	1,604,646	SR.VP SALES & SYSTEMS	45	21	ORSON ELEC.LTD	GR.GM - MFG. DIRECTOR
NANDE MILIND G	B.COM	01/08/89	311,356	MGR SYSTEMS	33	14	EXCELLO SOFTWARE SERVICES	SR.EXEC
PERCY DHUNJISHA	B.COM,AICWA,FCA	14/08/89	1,894,507	SR.V.P & GROUP FINANCE OFFICER	52	27	GERMAN REMEDIES	SYS&PLANNING :MGR
PEREIRA MCWEN	B.SC	05/06/90	312,587	MGR-SYSTEM	34	11	JOY ICECREAMS P.LTD	PROGRAMMER ANALYST EDP-IN-CHARGE
PRADEEP R APTE	B.A.DIP IN COMP.PROG	25/04/92	314,734	MGR-SYSTEM	33	12	SOFT PLUS COMPUTER SERVICES P.LTD	SYSTEM ANALYST
PRADEEP VERMA	B.A(HONS).ECONOMICS MBA	01/03/95	737,428	VP-SYSTEM	42	19	NETWORK LIMITED	MANAGER - ISD
RAJINDER RASTOGI	B.A.ECONOMICS (HONS)	20/05/96	376,189	SR.MGR (AIR EXP.FR INT)	59	26	AIR FRANCE	DEPUTY SALES MGR

RAVINDRAN G	M.A.(PMIR)M.PHIL	26/06/95	1,250,390	SR.VP HRD	40	20	THE ACADEMY	DIRECTOR
SANJAY MOHAN	B.COM	27/03/97	429,183	G.M.-BUS.LOG	37	16	DIXON UTILITIES & EXPORTS LIMITED	DY.GEN MGR
SHARMA R.K.	B.COM	16/06/84	310,798	SR.BR.MANAGER	53	31	FREE LANCING	CONSULTANT
SHEKHAR VISVANATH	B.COM,FELLOWSHIP IN HOSPITALITY MGMT (USA)	15/09/94	320,756	GM-TRAINING & PUBLIC RELATIONS	35	15	INDIAN HOTELS	F&B MGR HOD F&B
TULSI MIRCHANDANEY	B.A	01/11/95	805,195	SR.VP FREIGHT INTL	47	28	JET AIR LIMITED	AREA MANAGER – NORTH DIVISION
TUSHAR CHITNIS	B.COM.,FCA	01/06/96	1,020,987	CHIEF FINANCE OFFICER	46	21	WHIRLPOOL	VP.FINANCE-TREASURY & ADMN
TUSHAR JANI	B.SC (HON)	06/04/91	1,103,152	CHAIRMAN & WHOLE TIME DIRECTOR	43	24	BUSINESS	
YOGESH DHINGRA	B.COM(HONS),ACA	20/04/92	515,975	V.P. & CORPORATE CONTROLLER ALL INDIA	36	12	DUNEZ SOGEA BORIE SAE	MANAGER ACCOUNTS

B) Employed for part of the year and were in receipt of remuneration aggregating to not less than Rs.25000/- per month.

NAME OF EMPLOYEE	QUALIFICATION	DATE OF JOINING	REMUNERATION RECEIVED	DESIGNATION	AGE	EXP (NO OF YRS)	LAST EMPLOYED	
							NAME OF COMPANY	DESIGNATION
BASHIR SHEIKH	B.SC	11/08/97	204187	GM-SOUTH 2	44	12	THE ARVIND MILLS LTD	CIRCLE BUS-MGR
B.RAJAGOPALAN	M.COM	04/03/91	280698	SR.MGR OPS-WEST	38	16	EURO INDIAN PHARMA	LOGISTICS EXECUTIVE
DINESH MIRCHANDANEY	INTER ARTS	16/05/96	126374	HEAD OF SERVICE QUALITY	40	14	JET AIR LTD	GEN.MGR-MKT
JAISHREE PAWASKAR	B.COM.,ICWAI	24/11/95	84215	SR.MGR-AUDIT & METHODS	42	22	SYNTHETICS & CHEMICALS	SR.MGR FINANCE
J.S.SABHARWAL	B.SC	01/08/96	9730739	CHIEF EXECUTIVE OFFICER	51	31	UNILEVER PLC LONDON	OPERATIONS EXECUTIVE
NINA FERNANDES	M.A.,DIPLOMA IN BUSINESS ADM	03/05/93	89991	SR.MGR-HUMAN RESOURCES	34	11	HOECHTS	SR.EXEC
PRADEEP BONDE	B.SC-MMS	22/04/97	454,250	GM-MKTG	35	9	ABN AMRO BANK	MKTG.MGR

Notes :

1. Remuneration shown above includes Salary, Taxable allowances, value of perquisites as per Income Tax Rules, 1962 and Company's contribution to Provident Fund, Family Pension Fund & Superannuation
2. The Nature of employment in all cases is contractual
3. None of the employees mentioned above is a relative of any Director of the Company.

BLUE DART EXPRESS LIMITED
AUDITORS' REPORT

To the Members of

BLUE DART EXPRESS LIMITED

We have examined the accompanying balance sheet of BLUE DART EXPRESS LIMITED at March 31, 1998 and the related statements of profit and loss and cash flows for the year then ended. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our examination.

In our opinion, the financial statements referred to above give a true and fair view of the state of affairs of BLUE DART EXPRESS LIMITED at March 31, 1998 and of its loss and cash flows for the year then ended. The balance sheet and the related statement of profit and loss are in agreement with the books of account and are presented in the manner required by the Companies Act, 1956. Further, in our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of those books.

We have also examined the matters specified in paragraphs 4 and 5 of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 for the year ended March 31, 1998 as they relate to the Company. Our report thereon is annexed.

Arthur Andersen & Associates
Chartered Accountants

Mumbai
June 26, 1998

BLUE DART EXPRESS LIMITED
ANNEXURE TO AUDITORS' REPORT – MARCH 31, 1998

1. The Company has maintained proper records showing full particulars, including quantitative details and situation, of the majority of its fixed assets. We are informed that management verifies its fixed assets on a rotational basis and that no material discrepancies were noted on the fixed assets verified during the year. In our opinion, the frequency of physical verification is reasonable.
2. The fixed assets of the Company have not been revalued during the year.
3. The Company does not have any stocks of finished goods, stores, spare parts or raw materials.
4. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and /or from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
5. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has granted unsecured loans to a company under the same management as defined under Section 370(1B) of the Companies Act, 1956. The rates of interest and other terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company.
6. The Company has given interest-free advances in the nature of loans to its employees and is recovering the principal amounts as stipulated.
7. In our opinion, the internal control procedures of the Company relating to the purchase of packing materials, equipment and other assets are adequate and commensurate with the size of the Company and the nature of its business.

8. In our opinion and according to the information and explanations given to us, the transactions of sale of services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000 or more in respect of each party, were made at prices which are reasonable having regard to the prices at which similar transactions were made with other parties.
9. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder apply.
10. The Company's activities do not generate any by-products or scrap.
11. In our opinion, the Company has an internal audit system, which is generally commensurate with its size and the nature of its business.
12. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1) (d) of the Companies Act, 1956.
13. The Company has generally been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
14. According to the records of the Company, and as per the information and explanations given to us, there were no amounts outstanding at March 31, 1998 in respect of undisputed income-tax, wealth-tax, sales-tax, customs duty and excise duty which were outstanding for a period of more than six months from the date they became payable.
15. On the basis of our examination of the books of account, and according to the information and explanation given to us, no personal expenses have been charged to the statement of profit and loss, for the year ended March 31, 1998.
16. The Company is not an industrial undertaking within the meaning of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

In respect of services activities-

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

Arthur Andersen & Associates
Chartered Accountants

.....sd/-.....
Narayan K.Seshadri
Partner

Mumbai
June 26, 1998

BLUE DART EXPRESS LIMITED
BALANCE SHEET -- MARCH 31, 1998

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

Note

1998

1997

SHAREHOLDERS' FUNDS			
Share capital	3	88,165	88,164
Reserves and surplus	4	461,754	504,113
		<u>549,919</u>	<u>592,277</u>
Fully convertible debentures	5	204,935	-
LOAN FUNDS			
Secured loans	6	602,173	527,731
Unsecured loans	7	47,573	138,425
		<u>649,746</u>	<u>666,156</u>
		<u>1,404,600</u>	<u>1,258,433</u>
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS		2(a), (e), (h) & 8	
Cost		631,342	592,203
Accumulated depreciation and amortisation		(149,198)	(99,475)
Lease terminal adjustment		31,330	11,004
Net book value		<u>513,474</u>	<u>503,732</u>
Capital work-in-progress		302,438	189,821
Capital advances		1,818	8,480
		<u>817,730</u>	<u>702,033</u>
INVESTMENTS	2(b) & 9	<u>200,485</u>	<u>100,425</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	10(a)	319,257	326,440
Cash and bank balances	10(b)	45,996	102,841
Loans and advances	10(c)	324,405	356,362
		<u>689,658</u>	<u>785,643</u>
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11(a)	(338,537)	(332,111)
Provisions	11(b)	(3,674)	(16,648)
		<u>(342,211)</u>	<u>(348,759)</u>
Net current assets		<u>347,447</u>	<u>436,884</u>
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	2(c) & 12	38,938	19,091
		<u>1,404,600</u>	<u>1,258,433</u>

The accompanying notes 1 to 27 are an integral part of this balance sheet.

	.....sd/-.....	.....sd/-.....
	Tushar K Jani	Clyde C Cooper
	Chairman	Managing Director
	.....sd/-.....	.....sd/-.....
	Khushroo M Dubash	Suresh G Sheth
	Director	Director
	.....sd/-.....	.....sd/-.....
Arthur Andersen & Associates	Air Marshal S.S.Ramdas (Retd.)	Tushar Chitnis
Chartered Accountants	Director	Chief Financial Officer
	.....sd/-.....	.....sd/-.....
Mumbai	Narayan K.Seshadri	Rambhau R.Kenkare
June 26, 1998	Partner	General Manager:Legal & Company Secretary

BLUE DART EXPRESS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 1998

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

	<u>Note</u>	<u>1998</u>	<u>1997</u>
<u>REVENUES</u>			
Service charges	2(d)	1,608,479	1,486,521
Lease rentals	2(e) & 13	100,725	87,355
		1,709,204	1,573,876
<u>OPERATING COSTS</u>			
Freight, handling and servicing costs	14	(1,158,594)	(995,131)
Employee costs	2(f) & 15	(240,625)	(223,594)
Selling and administration expenses	16	(115,825)	(137,287)
Establishment costs	17	(113,677)	(109,080)
		(1,628,721)	(1,465,092)
Profit before tax, interest, depreciation and Unusual item		80,483	108,784
Depreciation and amortisation	2(a) & 8	(53,271)	(46,653)
Interest expense	18	(70,374)	(65,823)
Interest income	19	18,660	17,808
(Loss)/Profit before tax and unusual item		(24,502)	14,116
Restructuring cost	20	(17,873)	(8,479)
(Loss)/Profit before tax		(42,375)	5,637
Provision for tax	2(i)	-	(727)
Net (Loss)/profit after tax for the year		(42,375)	4,910
Profit and loss account, beginning of year		31,397	41,390
Profit available for appropriation		(10,978)	46,300
Proposed dividend		-	(13,275)
Corporate tax on proposed dividend		-	(1,328)
Transfer to general reserve	4	-	(300)
Profit and loss account, end of year	4	(10,978)	31,397

The accompanying notes 1 to 27 are an integral part of this statement.

<p>.....sd/-..... Tushar K Jani Chairman</p>		<p>.....sd/-..... Clyde C Cooper Managing Director</p>
<p>.....sd/-..... Khushroo M Dubash Director</p>		<p>.....sd/-..... Suresh G Sheth Director</p>
<p>.....sd/-..... Arthur Andersen & Associates Chartered Accountants</p>	<p>.....sd/-..... Air Marshal S.S.Ramdas (Retd.) Director</p>	<p>.....sd/-..... Tushar Chitnis Chief Financial Officer</p>
		<p>.....sd/-.....</p>

BLUE DART EXPRESS LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 1998

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

	<u>Note</u>	<u>1998</u>	<u>1997</u>
CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES:			
(Loss)/Profit before tax		(42,375)	5,637
Adjustments to reconcile profit before tax to cash provided by operations:			
Depreciation and amortisation		53,271	46,653
Interest expense		70,374	65,823
Miscellaneous expenses written off		10,678	7,582
Expenses deferred during the year		(30,525)	(15,633)
Lease equalisation credit		(20,326)	(11,004)
Loss/(gain) on retirement of fixed assets, net		10	188
Interest income		(18,660)	(17,808)
(Increase) in current assets, loans and advances:			
Sundry debtors		7,183	(1,328,84)
Loans and advances, excluding advance taxes		50,753	(181,006)
Increase in current liabilities and provisions		12,636	181,334
Cash provided by/(used in) operating activities		93,019	(51,118)
Tax refund received		19,910	8,974
Tax paid		(20,965)	(23,393)
Interest paid		(76,283)	(53,797)
Net cash/(used in) provided by operating activities		<u>15,681</u>	<u>(119,334)</u>
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:			
Additions to fixed assets including capital work-in-progress	26	(139,593)	(195,623)
Purchase of investments		(100,060)	(22,500)
Interest received		919	863
Proceeds from retirement of fixed assets		2,106	8,200
Net cash (used in) investing activities		<u>(236,628)</u>	<u>(209,060)</u>
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:			
Proceeds from issue of share capital		17	12,494
Proceeds from issue of fully convertible debentures(net)		204,935	-
Proceeds from secured loans		145,773	265,595
Proceeds from unsecured loans		146,850	501,177
Repayment of Secured loans		(154,420)	(21,867)
Repayment of Unsecured loans		(237,702)	(367,602)
Net proceeds form bank overdraft		71,924	22,284
Dividend paid		(13,275)	(23,650)
Net cash provided by financing activities		<u>164,102</u>	<u>388,431</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(56,845)	60,037
CASH AND CASH EQUIVALENTS, beginning of year	10(b)	<u>102,841</u>	<u>42,804</u>
CASH AND CASH EQUIVALENTS, end of year	10(b)	<u><u>45,996</u></u>	<u><u>102,841</u></u>

The accompanying notes 1 to 27 are an integral part of this statement.

.....sd/-.....	.....sd/-.....
Tushar K Jani	Clyde C Cooper
Chairman	Managing Director
.....sd/-.....	.....sd/-.....
Khushroo M Dubash	Suresh G Sheth

Arthur Andersen & Associates
Chartered Accountants

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

.....sd/-.....
Tushar Chitnis
Chief Financial Officer

Mumbai
June 26, 1998

Narayan K.Seshadri
Partner

.....sd/-.....
Rambhau R.Kenkare
General Manager:Legal &
Company Secretary

BLUE DART EXPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1998

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

1. Background

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

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

The Company is also engaged in the Leasing business.

2. Summary of significant accounting policies

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting. The significant accounting policies are as follows :

(a) Fixed assets and depreciation/amortisation

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

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

Depreciation is provided pro-rata to the period of use on the straight – line method, at the following annual rates stipulated in Schedule XIV to the Companies Act, 1956.

	Assets acquired after December 15, 1993	Assets acquired upto December 15, 1993
Buildings	1.63	1.63
Office equipment	4.75	5.15
Electrical equipment	4.75	5.15
Furniture and fixtures	6.33	3.34
Computers	16.21	16.21

The Company's aircraft are depreciated at 8 per cent per annum.

Goodwill represents the excess of the value of the erstwhile partnership business as a whole over its net asset value as at the date of registration and is stated at cost less accumulated amortisation. Goodwill is amortised using the straight-line method over a period of 20 years.

(b) Investments

Investments are stated at cost.

(c) Miscellaneous expenditure

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

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

(d) Service charges

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

(e) Leasing

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

Assets given on lease are accounted for in accordance with the guidance note issued by the Institute of Chartered Accountants of India on accounting of leases. Accordingly, the Company has recorded the lease adjustment amount in the net book value of fixed assets. The lease adjustment amount is charged to/included in the statement of profit and loss, to the extent recovered during the year.

(f) Retirement benefits

Retirement benefits to employees comprises payments to gratuity, superannuation and provident funds as per the approved schemes of the Company and leave encashment entitlements, in accordance with the policies of the Company. The Company's employees are covered under the Employees' Gratuity Fund ('EGF') established by the Life Insurance Corporation of India ('LIC').

Liability in respect of leave encashment entitlement and gratuity in accordance with the policies of the Company is provided for, based on valuations by an independent actuary and LIC respectively.

(g) Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates prevailing on the dates of the transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the balance sheet or when the Company has entered into foreign exchange contracts, at the contracted exchange rates. All exchange differences are dealt with in

adjusted in the cost of the fixed assets.

(h) Hire purchase contracts

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

(i) Income-tax

Provision for income-tax is made on the assessable income at the applicable tax rate.

3. Share capital

	<u>1998</u>	<u>1997</u>
Authorised		
40,000,000 (1997 -- 40,000,000) equity shares of Rs.10 each (1997 - Rs. 10 each)	<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up		
8,850,000 (1997 – 8,850,000) equity shares of Rs. 10 each (1997 -- Rs 10 each), fully paid-up	88,500	88,500
Less: Calls in arrears	<u>(335)</u>	<u>(336)</u>
	<u>88,165</u>	<u>88,164</u>

4. Reserves and surplus

	<u>1998</u>	<u>1997</u>
Share premium		
Balance, beginning of year	338,475	328,543
Received during the year	16	9,932
Balance, end of year	<u>338,491</u>	<u>338,475</u>
General reserve		
Balance, beginning of year	134,241	133,941
Transfer from profit and loss account	-	300
Balance, end of year	<u>134,241</u>	<u>134,241</u>
Profit and loss account	<u>(10,978)</u>	<u>31,397</u>
	<u>461,754</u>	<u>504,113</u>

5. Fully convertible debentures

On April 25, 1997 ('the allotment date'), the Company allotted 2,300,00 unsecured convertible debentures, of the face value of Rs.100 each, aggregating Rs. 230 million to Newfields Holdings Limited ('NHL'), a company incorporated in Mauritius. Under the terms of the issue, the debentures are to be converted into equity shares on July 31, 1998 ('the conversion date'). Further, as the Company has not received permission for redemption of these debentures from the regulatory authorities, a redemption option is not available.

The conversion price of these debentures is dependent on several factors, including the Company's results for the year ended March 31, 1998, an agreed multiple of any net profit and the average of the weekly high and low of the closing prices of the Company's equity shares (as quoted on the Bombay

minimum price of Rs. 180 per share and Rs.75 per share, respectively.

The debenture placement costs of approximately Rs.25,065 including the unpaid charge at the rate of 2.7 per cent per annum in connection with this placement, are to be set-off against the share premium arising from the conversion and the resultant allotment of shares. The fully convertible debentures have been reflected net of these placement costs in the financial statements.

6. Secured loans

	<u>1998</u>	<u>1997</u>
Debentures (see (a) below)	85,000	92,500
Term Loans		
From bank (see (b) below)	103,674	107,340
From financial institutions (see (c) below)	205,643	182,738
Working capital loans (see (d) below)	185,636	113,712
Obligations under hire purchase contracts (see (e) below)	<u>22,220</u>	<u>31,441</u>
	<u>602,173</u>	<u>527,731</u>
Aggregate amount of secured loans repayable within one year (excluding working capital loans)	<u>107,614</u>	<u>115,970</u>

(a) Debentures include :

- Rs. 50,000, 15.50 per cent non-convertible debentures ('NCD') which are secured by a *pari-passu* first charge on the Company's movable and immovable property and personal guarantee of certain directors. These debentures are redeemable in three instalments in November 1999, May 2000 and November 2000.
- Rs. 15,000, to be converted into 19 per cent NCDs and to be secured by a *pari-passu* first charge on the Company's movable and immovable property. These debentures are redeemable in January 2000.
- Rs. 20,000, 17 per cent NCDs which are secured by a *pari-passu* second charge on Company's movable and immovable property. These debentures are redeemable in May 1999, with an early redemption option in August 1998 or December 1998.

(b) The term loan from Bank is secured by a *pari-passu* first charge on the "Super-Hub" property and movable and immovable property to be located within the "Super-Hub". Currently, certain directors of the Company have provided personal guarantees to the Bank, which will be cancelled upon creation of an equitable mortgage on the Company's immovable property. This loan is repayable in 8 half-yearly instalments, which commenced in March, 1998.

(c) Of the above term loans from financial institutions :

charge on the company's movable and immovable property. The rupee component is to be repaid in 17 quarterly instalments which commenced from August 1997. The foreign currency component is repayable in 10 half-yearly instalments, which commenced from December 1996.

- Rs.71,600 is secured by a *pari-passu* first charge on the Company's movable and immovable property. The loan is repayable in 16 quarterly instalments commencing from April 1, 1998 and ending on January 1, 2002.

- (d) Working capital loans comprise bank overdrafts and working capital demand loans from the Company's bankers. These are repayable on demand and are secured by hypothecation of book debts, collateral security on the Company's property at Bhiwandi and a *pari-passu* second charge on the Company's movable and immovable property.
- (e) Obligations under hire purchase contracts are typically for a 5 year period and are secured by fixed assets acquired under these contracts.

7. Unsecured loans

	<u>1998</u>	<u>1997</u>
Inter corporate deposits	47,573	78,425
From bank	-	60,000
	<u>47,573</u>	<u>138,425</u>

All unsecured loans are repayable on demand or within one year.

8. Fixed assets

	Balance, beginning of year	Additions/ charge	Deletions/ Disposals	Balance end of year
Cost				
Goodwill	30,000	-	-	30,000
Land	1,800	-	-	1,800
Buildings	17,687	1,615	-	19,302
Office equipment	14,905	18,053	(1,698)	31,260
Electrical equipment	35,323	3,549	(1,075)	37,797
Furniture and fixtures	53,691	5,463	(380)	58,774
Computers	107,568	5,091	(1,646)	111,013
Vehicles	19,522	4,222	(865)	22,879
Assets given on lease :				
Aircraft	311,707	6,810	-	318,517
	<u>592,203</u>	<u>44,803</u>	<u>(5,664)</u>	<u>631,342</u>
Accumulated depreciation and amortisation				
Goodwill	9,000	1,500	-	10,500
Buildings	558	308	-	866
Office equipment	2,877	1,028	(185)	3,720
Electrical equipment	4,480	1,940	22	6,442

Computers	44,758	18,275	(2,254)	60,779
Vehicles	6,264	1,983	(1,098)	7,149
Assets given on lease :				
Aircraft	23,051	25,135	-	48,186
	<u>99,475</u>	<u>53,271</u>	<u>(3,548)</u>	<u>149,198</u>
Lease terminal Adjustment				
Aircraft	11,004	20,326		31,330
Net Book Value	503,732			513,474
Capital Work-in-progress	189,821			302,438
Capital advances	8,480			1,818
	<u>702,033</u>			<u>817,730</u>

The net book value of fixed assets shown above includes an amount of approximately Rs.30,086 (1997 – Rs.38,739) in respect of assets held under hire purchase contracts. Capital work-in progress primarily comprises costs incurred for the construction of the “Super-hub” property.

9. Investments

	<u>1998</u>	<u>1997</u>
Investment in a subsidiary company (trade, unquoted, long-term)		
Blue Dart Aviation Limited (‘Blue Dart Aviation’)		
12,500,000 (1997 -- 2,500,000) equity shares of Rs 10 each, fully paid-up	125,000	25,000
1,500,000 (1997 -- 1,500,000) equity shares of Rs 10 each, at a premium of Rs 40 per share, fully paid up	75,000	75,000
Other investments (unquoted, long-term)		
1,000 (1997 – Nil) equity shares of Rs 50 each in Thane Janta Sahakari Bank Limited	50	-
1,000 (1997 – Nil) equity shares of Rs 10 each in Saraswat Co-operative Bank Limited	10	-
National saving certificates	425	425
	<u>200,485</u>	<u>100,425</u>

10. Current assets, loans and advances

	<u>1998</u>	<u>1997</u>
(a) Sundry debtors		
Unsecured, considered doubtful		
Exceeding six months	11,183	5,183
Unsecured, considered good		
Exceeding six months	89,447	19,342
Other debts	229,810	307,098
	<u>330,440</u>	<u>331,623</u>
Less: Provision for doubtful debts	<u>(11,183)</u>	<u>(5,183)</u>

(b) Cash and bank balances		
Cash and cheques in hand	16,883	23,601
Balances with scheduled banks:		
Current accounts	25,032	75,571
Margin money account	4,081	3,669
	<u>45,996</u>	<u>102,841</u>

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

(c) Loans and advances (unsecured, considered good)		
	<u>1998</u>	<u>1997</u>
Advances recoverable in cash or in kind or for value to be received:		
Blue Dart Aviation		
-- Advance against maintenance jobs	26,040	-
-- Inter corporate deposits	42,777	83,228
Prepaid expenses	34,240	41,602
Others	27,617	28,103
Deposits		
-- Blue Dart Aviation	51,000	51,000
-- Others	80,955	91,708
Advance tax, net of provisions	61,776	60,721
	<u>324,405</u>	<u>356,362</u>

Advances recoverable in cash or kind include a sum of Rs. 1,222 (1997 – Rs. 1,805) from a director of the Company, which has subsequently been recovered. The maximum amount outstanding during the year was Rs.1,805 (1997- Rs. 1,805).

During the year, the Company placed inter-corporate and trade deposits with Blue Dart Aviation. The maximum amount due from Blue Dart Aviation during the year was approximately Rs.178,244 (1997 – Rs. 138,895).

As at March 31, 1998, advance tax includes approximately Rs. 15,397 (1997 – Rs.15,397) made towards part payment of disputed tax demands for earlier years. The Company has been legally advised that ultimately a tax liability under the relevant sections of the Income-tax Act, 1961 will not arise. Accordingly, no provision for these tax demands has been made in the financial statements.

11. Current liabilities and provisions

(a) Current liabilities

Sundry creditors	166,266	167,679
Bills discounted	64,863	81,578
Other current liabilities	89,886	60,133
Deposits from Blue Dart Aviation	6,700	6,700
Calls in advance	1,682	972
Interest accrued but not due	9,140	15,049
	<u>338,537</u>	<u>332,111</u>

The company has received a security deposit from Blue Dart Aviation in respect of the aircraft given on lease.

(b) Provisions

Leave encashment	3,674	3,373
Proposed dividend	-	13,275
	<u>3,674</u>	<u>16,648</u>

12. Miscellaneous expenditure

(to the extent not written off or adjusted)

	<u>1998</u>	<u>1997</u>
Advertising costs		
Balance brought forward	15,101	5,600
Deferred during the year	19,229	15,633
Amortised during the year	<u>(8,098)</u>	<u>(6,132)</u>
Balance carried forward	<u>26,232</u>	<u>15,101</u>
Computerised systems development/long-term contract negotiation cost		
Balance brought forward	3,990	5,440
Long-term contract negotiation deferred during the year	11,296	-
Amortised during the year	<u>(2,580)</u>	<u>(1,450)</u>
Balance carried forward	<u>12,706</u>	<u>3,990</u>
	<u>38,938</u>	<u>19,091</u>

13. Lease rentals

Lease rentals include a lease equalisation credit of Rs.20,326 (1997- Rs. 11,004).

14. Freight, handling and servicing costs

	<u>1998</u>	<u>1997</u>
Aircraft charter hire costs	524,716	340,926
International servicing charges	313,211	332,205
Domestic network operating costs	227,979	183,229
Domestic excess baggage	28,947	74,227
Printing and stationery	35,261	37,099

On-board courier expenses	8,290	13,662
	<u>1,158,594</u>	<u>995,131</u>

15. Employee costs

	<u>1998</u>	<u>1997</u>
Salaries and wages	128,734	121,299
Staff welfare	83,255	72,740
Contribution to provident and other funds	17,119	14,816
Bonus	6,000	9,433
Leave encashment benefits	2,783	2,956
Recruitment and training	2,734	2,350
	<u>240,625</u>	<u>223,594</u>

16. Selling and administration expenses

	<u>1998</u>	<u>1997</u>
Lease rentals	28,463	29,204
Miscellaneous expenditure written off (see note 2(c) & 12)	10,678	7,582
Travel	10,712	15,825
Repairs and maintenance – others	10,051	14,611
Professional and consulting charges	10,901	14,417
Advertising	10,031	12,712
Sales promotion	3,259	9,470
Provision for doubtful debts	6,000	5,183
Security charges	8,582	6,315
Insurance	2,669	3,358
Office expenses	6,728	4,636
Subscription	1,547	1,986
Conference chrgs	809	441
Miscellaneous expenses	5,395	11,547
	<u>115,825</u>	<u>137,287</u>

17. Establishment costs

	<u>1998</u>	<u>1997</u>
Rent	54,534	55,483
Communications	39,104	33,419
Electricity charges	15,310	14,922
Duties, rates and taxes	4,729	5,256
	<u>113,677</u>	<u>109,080</u>

18. Interest expense

	<u>1998</u>	<u>1997</u>
On loans	49,742	53,751
On hire purchase	6,701	6,637
On bank overdraft	13,931	5,435
	<u>70,374</u>	<u>65,823</u>

19. Interest income

On inter corporate deposits [tax deducted at source Rs 3,732 (1997 – Rs 3,628)]	18,660	17,808
	<u>18,660</u>	<u>17,808</u>

20. Restructuring costs

The Company continued with its organisational and operational restructuring activities, designed to improve controls over operations, better manage the rapid growth of business and reduce operating fixed costs, which were initiated in the previous year. These restructuring activities, include realigning the organisational structure and rationalisation of service centres/pickup and delivery contractors.

21. Net foreign exchange differences

- (a) The net foreign exchange gain recognised in the statement of profit and loss is approximately Rs.5,165 (1997- Rs. 3,799).
- (b) Net exchange loss included in fixed assets is Rs.4,600 (1997 - Rs. 4,286).

22. Capital commitments

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

	<u>1998</u>	<u>1997</u>
Construction of "Super-Hub" property	61,600	126,875
Others	8,344	5,830
	<u>69,944</u>	<u>132,705</u>

23. Contingent liabilities

- | | <u>1998</u> | <u>1997</u> |
|---|-------------|-------------|
| (a) Corporate guarantees given on behalf of Blue Dart Aviation | 187,500 | 184,750 |
| (b) Bank guarantees | 8,538 | 6,042 |
| (c) The Company has been advised by legal counsel to file a writ petition challenging the constitutional validity of the amendments made to the Bombay Stamp Act, 1994 and the Karnataka Stamp Act, 1995, levying stamp duty on courier companies. Accordingly, the Company has not been making any provision for stamp duty of Rs.20,729 since the implementation of the acts. | | |

24. Commitments under lease agreements

The Company has entered into lease agreements for the rental of property, vehicles, computers, equipment and other assets. Typically, lease agreements are for a period of 3 to 5 years. At March 31, 1998, the Company had commitments under non-cancellable leases of approximately Rs. 55,294 (1997 – Rs.48,165).

25. Supplementary profit and loss data

	<u>1998</u>	<u>1997</u>
(a) Managerial remuneration		
Salary	2,970	2,970
Commission (see (b) below)	-	-
Contribution to provident and other funds	249	225
Other perquisites	88	18
Directors' fees	21	30
	<u>3,328</u>	<u>3,243</u>

- (b) Computation of 'net profit' in accordance with Section 349 of the Companies Act, 1956 and commission payable to the Whole-time directors (including Managing Director) for the year ended March 31, 1997:

	<u>1998</u>	<u>1997</u>
(Loss)/Profit before tax	(42,375)	5,637
Add: Directors' remuneration (including Managing Director)	3,328	3,243
Depreciation and amortisation provided in the books	53,271	46,653
Profit on assets sold under sec.350 of the companies act,1956	1,087	3,284
Loss on assets sold or written off as per books	10	188
Provision for doubtful debts	6,000	5,183
	<u>21,321</u>	<u>64,188</u>
Less: Depreciation under Section 350 of the Companies Act, 1956	<u>(149,072)</u>	<u>(78,645)</u>
'Net profit' as per Section 349 of the Companies Act, 1956	<u>(127,751)</u>	<u>(14,457)</u>

- (c) Payments to auditors

	<u>1998</u>	<u>1997</u>
As auditors	2,250	2,250
As advisors for taxation matters	900	2,700
As advisors for other matters	1,800	-
	<u>4,950</u>	<u>4,950</u>
Reimbursement of expenses	178	172
	<u>5,128</u>	<u>5,122</u>

- (d) Earnings in foreign currency (on a cash basis)
Earnings in foreign currency for pick-up charges and the distribution of international shipments in India amounted to approximately Rs. 280,730 (1997 – Rs. 187,116).

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

	<u>1998</u>	<u>1997</u>
Delivery of shipments	251,220	182,469
Foreign travel	2,236	1,139
Others (including expenses on modification to aircraft)	5,131	54,693
	<u>258,587</u>	<u>238,301</u>

26. Statement of cash flows

Capital work-in-progress includes cumulative interest capitalised till date of approximately Rs.49,768 1997 – Rs. 20,095).

27. Prior year comparatives

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

28. Balance sheet abstract and company's general business profile

(a) **Registration details**

Registration number	:	61074
State code	:	11
Balance sheet date	:	March 31, 1998

(b) **Capital raised during the year**

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

(c) **Position of mobilisation and deployment of funds**

Total liabilities and shareholders funds	:	<u>1,404,600</u>
Total assets	:	<u>1,404,600</u>

Sources of funds

Paid-up capital	:	88,165
Reserves and surplus	:	461,754
Fully convertible debentures	:	204,935
Secured loans	:	602,173
Unsecured loans	:	47,573

Net fixed assets	:	513,474
Capital work in progress		302,438
Capital advances	:	1,818
Investments	:	200,485
Net current assets	:	347,447
Miscellaneous expenditure	:	<u>38,938</u>

(d) Performance of the company

Turnover	:	1,709,204
Total expenditure	:	1,751,579
Profit/(loss) before tax	:	(42,375)
Profit/(loss) after tax	:	(42,375)
Earnings per share in Rs	:	NIL
Dividend rate %	:	<u>NIL</u>

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

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