



How expertise, value, innovation  
and leadership go places.



IT TAKES A LEADER TO DELIVER

**BLUE DART**

# Awards & Recognitions

Over the years, Blue Dart has been accredited with many awards thereby maintaining its leadership position in the domestic express industry. Some of the accolades of 2009-10:

## 2009

- INDY's Brand Leadership Award.
- Gold Medal Award for Blue Dart and Glory of India Award for Anil Khanna, Managing Director, by the Institute of Economic Studies.
- Leader in Prestige and Quality 2008 Award by Magazine of Tourism, Industry and Commerce, Spain.
- Reader's Digest Most Trusted Brand Gold Award, 4th time in a row.
- EDGE Award by Network Computing for innovations in optimizing the customer experience in real-time.
- HR Excellence Award for 'Best Employee Relations and People Management'.
- Best Express Provider of the Year at the Express, Logistics and Supply Chain Conclave.
- Brand Leadership Award by World Brand Congress 2009.
- Market Leadership Award at the 1st CMO Awards presented by Chief Marketing Officer Council USA.
- Consumer Superbrand Award 2009, making Blue Dart a Superbrand 5th year in a row.

- Blue Dart, for the third time in a row, was selected as one of the top 25 companies adopting good Corporate Governance practices by The Institute of Company Secretaries of India.
- Outstanding Entrepreneur Award for Anil Khanna at the Asia Pacific Entrepreneurship Award 2009 India.
- Best Employer Brand Award - Logistics at the 4th Employer Branding Awards 2009.

## 2010

- Customer and Brand Loyalty Award in the Logistics Sector at the 3rd Loyalty Awards.
- IMM Eminent Organisation Award for Excellence for the Year 2010 at the 37th World Marketing Congress.
- Anil Khanna honoured with "CEO with HR Orientation Award" at the Global HR Excellence Awards 2010.
- Organisation with Innovative HR Practices 2009-10 at the Global HR Excellence Awards, World HRD Congress Meet 2010.
- Best Employer Award on Employee Retention at the Global HR Excellence Awards, World HRD Congress Meet 2010.



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# Our Vision

To be the best and set the pace in the express air and 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.

## Our Guiding Principles

### **We will:**

- Treat each other fairly and with respect and dignity.
- Encourage freedom in communication of thoughts and ideas in all our interactions.
- Value integrity and be uncompromising in upholding it at all times.
- Give due importance to the health, safety and well-being of our people.
- Ensure that our 'People First' philosophy serves as a driving force behind the success of our organisation.
- Encourage and inculcate in all a winning attitude.
- Encourage learning, self-development and building effective leadership.
- Expect our people to be accountable for all their actions related to the company.
- Provide a workplace where each and every employee is nurtured and who, in turn, will nurture the organisation, thereby creating wealth for stakeholders.
- Drive the 'First Time Right' concept to achieve 100% Quality and Customer Satisfaction.
- Encourage passion and enthusiasm for Work, Service Quality and Customer Care.
- Project a positive, caring and professional image of ourselves and our service at all times.
- Avoid waste by being conscious of the impact of all our actions on the environment.
- Continue to be a law-abiding, apolitical and secular company.



## Corporate Information

**Registered Office:**

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

Tel: 2839 6444

Fax: 2824 4131, 2831 1184

[www.bluedart.com](http://www.bluedart.com)

**Principal Bankers:**

Canara Bank  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
IDBI Bank Ltd.

**Auditors:**

Price Waterhouse

**Solicitors:**

Mulla & Mulla & Craigie Blunt & Caroe

DSK Legal

**Registrar & Transfer Agent:**

Link Intime India Pvt. Ltd.

# Board of Directors



**Sharad Upasani**  
Chairman



**Anil Khanna**  
Managing Director



**Malcolm Monteiro**  
Director



**Clyde C. Cooper**  
Director



**Suresh G. Sheth**  
Director



**Christopher Ong**  
Director

# Executive Management



**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer



**Aneel Gambhir**  
Head - Internal Audit



**Arun Nangpal**  
Head - Customer Service



**Barttanu Kumar Das**  
Head - Human Resources



**Tushar Gunderia**  
Company Secretary &  
Head - Legal



**Ketan Kulkarni**  
Head - Marketing, Corp.  
Comm. & Sustainability



**Col.(Retd.) Raymond Luiz**  
Head - Security &  
Administration



**Gopinath Menon**  
Head - South 2 Region



**Balfour Manuel**  
Head - West 1 Region



**K. Gopa Kumar**  
Head - South 1 Region



**T. A. Krishnan**  
Head - North Region



**Amod Dasgupta**  
Head - East Region



**Samir Shah**  
Head - West 2 Region

# Chairman's Statement



## Dear Shareholders,

On behalf of the Board of Directors, I welcome each one of you to the Nineteenth Annual General Meeting.

The year gone by, has, indeed been one of the most challenging for the economies across the globe.

Against the backdrop of increasing economic integration, the global slowdown led to tightening of interest rates and a slowdown in economic growth in India. Despite this, the Indian economy is still expected to grow at over 7.5% for the coming fiscal, which is higher than most economies across the world.

In today's liberalized economy, the growth in domestic consumption has a direct impact on the logistics business, as logistics and supply chain management forms an integral part of the growth story.

The year 2009 was a difficult year for industry in general, and the air cargo industry was no exception. The slowdown in the macro-economic environment has a direct impact on logistics business as it is a clear barometer of the health of an economy and the movement of goods and services are critical for a strong economy.

However, despite falling volumes, the industry has collectively focused on cost cuts and higher value deliveries to minimise the losses faced and keep the business on track. In 2009, while global trade did suffer, India, being a consumer driven economy, was largely insulated from the global meltdown. Although the first two quarters of 2009 were affected significantly, the last two quarters saw substantial improvement, as well as an increase in volumes and the year ended on a more positive note.

The Finance Ministry has estimated the 2009-10 GDP to grow by 7.5% and is more optimistic on the growth for the next three years. Last year, India's GDP grew by 6.7%. Further, according to IMF estimates, the Indian economy will grow by 7-8% in 2010 and 2011, which will be second only to China. The advanced economies are expected to grow by 1-3% during this period.

With an improving global economy, backed by cost efficient measures adopted by Blue Dart, wider range of products and services and customer loyalty, Blue Dart completed 26 years of leading, innovating and delivering and is poised to continue delivering higher value services than most other players in the Industry.

The strength of a logistics provider company can be judged by the seamless service it can provide across the entire value-chain sought by the customer. It is here that your Company scores and stands well poised to benefit from the inevitable growth in the sector.

As South Asia's leading premier courier and integrated express package Distribution Company, your Company offers secure and reliable delivery of consignments to over 21,000 locations in India and to over 220 countries worldwide through its Sales Alliance with DHL Express (India) Pvt. Ltd.

Your Company posted a Rs. 6,070 lacs profit after tax for the year ended December 31, 2009 compared to Rs. 7,735 lacs profit after tax for the year ended December 31, 2008. Income from operations for the year ended December 31, 2009 was Rs. 90,523 lacs, compared to Rs. 97,447 lacs for the year ended December 31, 2008. The Board of Directors of your Company has recommended a dividend of 10% for the year ended December 31, 2009.

Your Company has a healthy financial position and I am indeed glad to inform you that it continues to enjoy "zero-debt" status. Despite an overall sluggishness in the market, your Company efficiently managed funds by investing into various high rated debt schemes of Mutual Funds for an optimum working capital management. Your Company continues to enjoy the highest credit quality ratings for its short-term debt programme.

Express Services are vital to the competitiveness of companies around the world. The Express Industry is the main link in the supply chain solutions of the Indian Industry. If not for the edge provided by the express companies, the phenomenal growth of exports across industry verticals would have been difficult. India is turning into a powerhouse of manufacturing outsourcing and express companies have an important role to play in this development.

An Industry focused approach is an integral aspect of our growth strategy and we are constantly innovating to provide customized solutions to industries such as Pharmaceuticals, Auto, Engineering etc.

Over the years, your Company has identified numerous new opportunities in the market through research, customer feedback and constant monitoring and analysis. This year was no different, and Blue Dart took advantage of those opportunities by introducing new products and services. Our customer touch points are always activated to know the pulse of the markets. A structured and disciplined gameplan for the collection of such feedback and a proactive approach to the same has enabled your Company to introduce the Time Definite delivery services - Domestic Priority 10:30, Dart Apex 12:00, Express Pallet - Air & Ground, Smart Box 10 and Smart Box 25 on ground Express, Economy Select, Duties & Taxes Paid, Shippers Interest Insurance and Pre-paid University Express.

Blue Dart as a brand has, today, become synonymous with value, quality, speed, efficiency, responsiveness and service excellence. Strong brands constitutes an integral part of the assets of an organisation and DHL and Blue Dart have worked together to maximise opportunities given the complementary strengths. Recently, we announced a common brand association, which is an external manifestation of our internal synergies. Blue Dart strengthened its brand association to bring two strong and powerful brands (Blue Dart and DHL) closer at all touch-points that deal with the domestic and international services.

Implementation of First Choice and Net Promoter Approach programs were designed to improve the service quality and ability to capture the 'Voice Of Customer' in a systematic way in order to bring in long-lasting customer benefits and strengthen the brand experience.

'First Choice' is an initiative that will transform the way we do business and enable us to consistently deliver a superior service experience to our customers to become their first choice. 'First Choice' is a systematic and sustainable approach to transform the business by aligning it to the customer's needs on a continuous basis. Blue Dart has adopted the Net Promoter Approach (NPA) process. NPA aims at gauging customer loyalty, and delivers a Net Promoter Score which is an international benchmark for customer advocacy. NPA is a two-step customer call process, which identifies customer issues that needs to be addressed.

Since inception, your Company has invested in building an infrastructure across the chain from the point of origin to transit to the last mile, which gives it the competitive edge and an entry barrier. During, the year, your Company strengthened its infrastructure base by setting up new facilities at GMR Hyderabad International Airport Ltd. (GHIAL) and Delhi International Airport Ltd. (DIAL). Your Company has an extensive reach across the Indian geography and beyond. This is possible through domestic warehouses, a fleet of four Boeing 757s and three Boeing 737s freighter aircraft offering a revenue payload of 300 tonnes per night, a flotilla of over 5,412 vehicles, 300 facilities, 52 domestic warehouses and 10 express hubs and over 6,000 committed and trained employees driven by a unified passion of delivering service excellence and value for its customers.

Your Company, today, stands as the unrivalled leader in the domestic express industry. Blue Dart stands as the dominant leader in the domestic air express industry and commands a 43% market share (source : A T Kearney). In the 'ground' segment, your Company improved its market share to 8%. Going forward we will focus on cost effective products and services which reduce timelines and increase the accuracy as the mode of delivery assumes secondary significance.

Our position as an industry leader was strengthened by accolades received from several industry bodies and customers. During the year 2009, Blue Dart won several awards to validate its Brand Equity and Leadership position, Human Resource Philosophy, Operational Efficiency and Corporate Governance. It is a matter of great pride for all of us that your Company has commenced the year 2010 with a positive note by bagging quite a few Awards and Recognitions. Blue Dart won the Customer and Brand Loyalty Award in the Logistics Sector at the 3rd Loyalty Awards and the IMM Eminent Organisation Award for Excellence for the year 2010 at the 37th World Marketing Congress. Mr. Anil Khanna, Managing Director, was honoured with 'Outstanding Entrepreneur Award' at the Asia Pacific Entrepreneurship Award 2009 by Enterprise Asia and 'CEO with HR Orientation Award' at the Global HR Excellence Awards 2010.

Your Company is a socially responsible corporate and continues to undertake numerous projects to enrich communities and the environment. Blue Dart has an in-house sustainability team responsible for identifying and addressing various sustainability issues and supporting initiatives that make the world a better place for future generations. Blue Dart's major focus areas are 'Education (Go Teach)', 'Environment (Go Green)' and 'Disaster Management Response (Go Help)'.

Your Company has consistently adopted high standards of Corporate Governance. The endeavour of your Company is not only to comply with regulatory requirements but also practice Corporate Governance Principles that lay a strong emphasis on integrity, transparency and an overall corporate accountability. Your Company continues to deliver value to its stakeholders through its people philosophy and Corporate Governance, based on distinctive customer service, business ethics, accountability and profitability.

Your Company is an organisation of strong leaders and talented and dedicated individuals. People are key to our success and our strength lies in our people and our cohesiveness as a team to pull in the same direction. Our employees continued to be the most vital pillar of success in all our endeavours. We shall continue with our consistent focus on the development of our people. Leading from the front has constantly propagated the 'People-First' philosophy in the organisation through encouraging creativity, innovation, entrepreneurship and empowerment.

Apart from numerous initiatives to recognise the efforts of Blue Darters, the Company, for the third year, announced 'Employee of the Year' Awards to recognize individual who display exceptional commitment and contributing to the organisation's growth.

Recently, Blue Dart was also recognised as an Organisation with innovative HR Practices in 2009-10 and received the Best Employer Award on Employee Retention. The Employee Satisfaction Survey participated by all Blue Darters continues to provide strong feedback on the employee motivation, policies and systems. As in previous years, it was heartening to note that on the parameter 'Pride for Working for Blue Dart', employees scored 4.82 (on a scale of 1 to 5) confirming the passion and drive.

I take this opportunity to thank all our people for their exemplary dedication and hard work 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. Their unrelenting determination to succeed, even in a tough and fiercely competitive market environment, enabled us to build and sustain the financial stability of the Company. We continue to look forward to the support of our employees for the future growth.

At the end, I would like to conclude by reaffirming my commitment to ensure that your Company achieves its vision of being the best and set the pace while always being customer's First Choice. On behalf of the Board of Directors of Blue Dart Express Ltd. I thank all our customers, bankers, financial institutions, government authorities, business associates, channel partners and other constituents and stakeholders for their valuable support and unstinting co-operation.

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

Warm regards,

Mumbai  
February 26, 2010

Sharad Upasani  
Chairman

# Financial Summary

## Financial Summary of the last five years

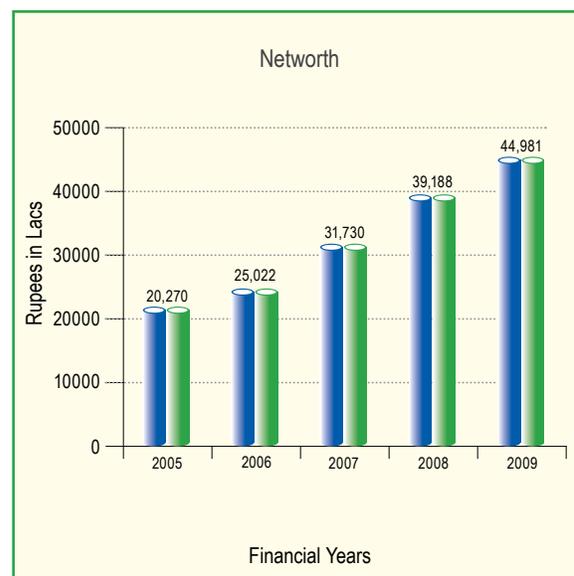
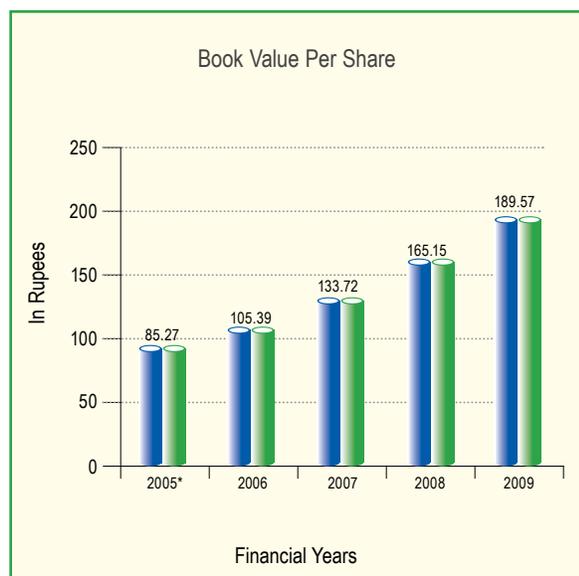
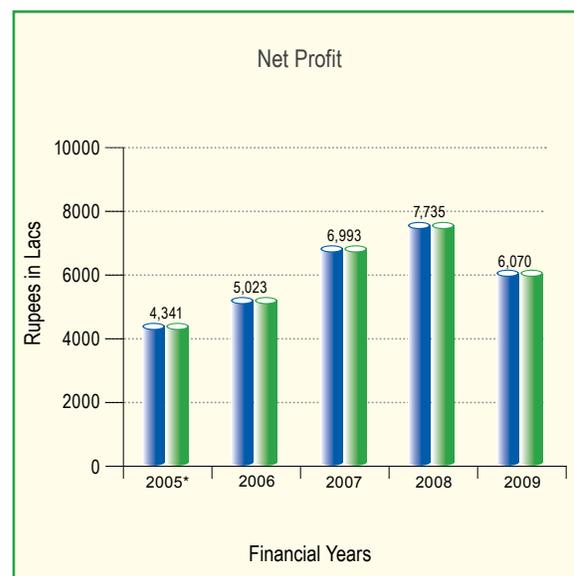
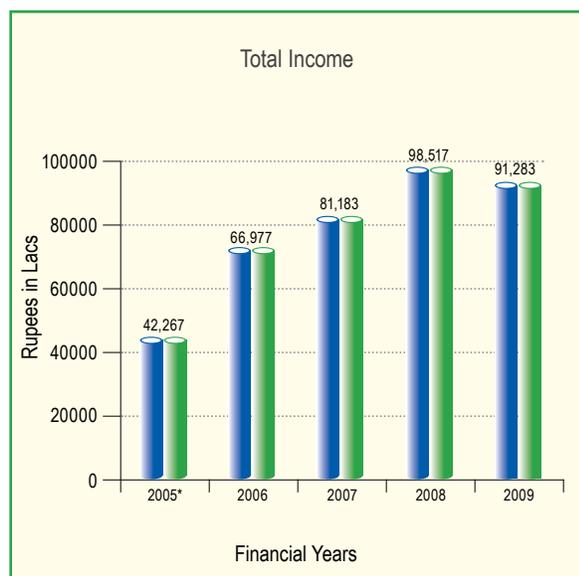
Rupees in Lacs

Particulars	2005*	2006	2007	2008	2009
Income from Operations	41,509	66,802	80,872	97,446	<b>90,523</b>
Other Income	758	175	311	1,071	<b>760</b>
Total Income	42,267	66,977	81,183	98,517	<b>91,283</b>
Total Expenditure	34,111	56,831	68,083	84,935	<b>80,150</b>
Operating Profit	8,156	10,146	13,100	13,582	<b>11,133</b>
Interest (net)	226	158	40	50	<b>55</b>
Gross Profit	7,930	9,988	13,060	13,532	<b>11,078</b>
Depreciation	1,314	2,201	2,403	1,657	<b>1,776</b>
Profit Before Tax	6,616	7,787	10,657	11,875	<b>9,302</b>
Taxation	2,275	2,764	3,664	4,140	<b>3,232</b>
Profit After Tax	4,341	5,023	6,993	7,735	<b>6,070</b>
Equity	2,376	2,376	2,376	2,376	<b>2,376</b>
Reserves	17,894	22,646	29,354	36,811	<b>42,605</b>
Gross Fixed Assets	24,132	24,404	25,692	28,562	<b>30,036</b>
Networth	20,270	25,022	31,730	39,188	<b>44,981</b>
Book Value (Rs.)	85.27	105.39	133.72	165.15	<b>189.57</b>
ROCE (in percentage)	32.73	32.92	37.13	33.63	<b>22.24</b>
Debt Equity (in times)	0.21	0.04	0.00	0.00	<b>0.00</b>

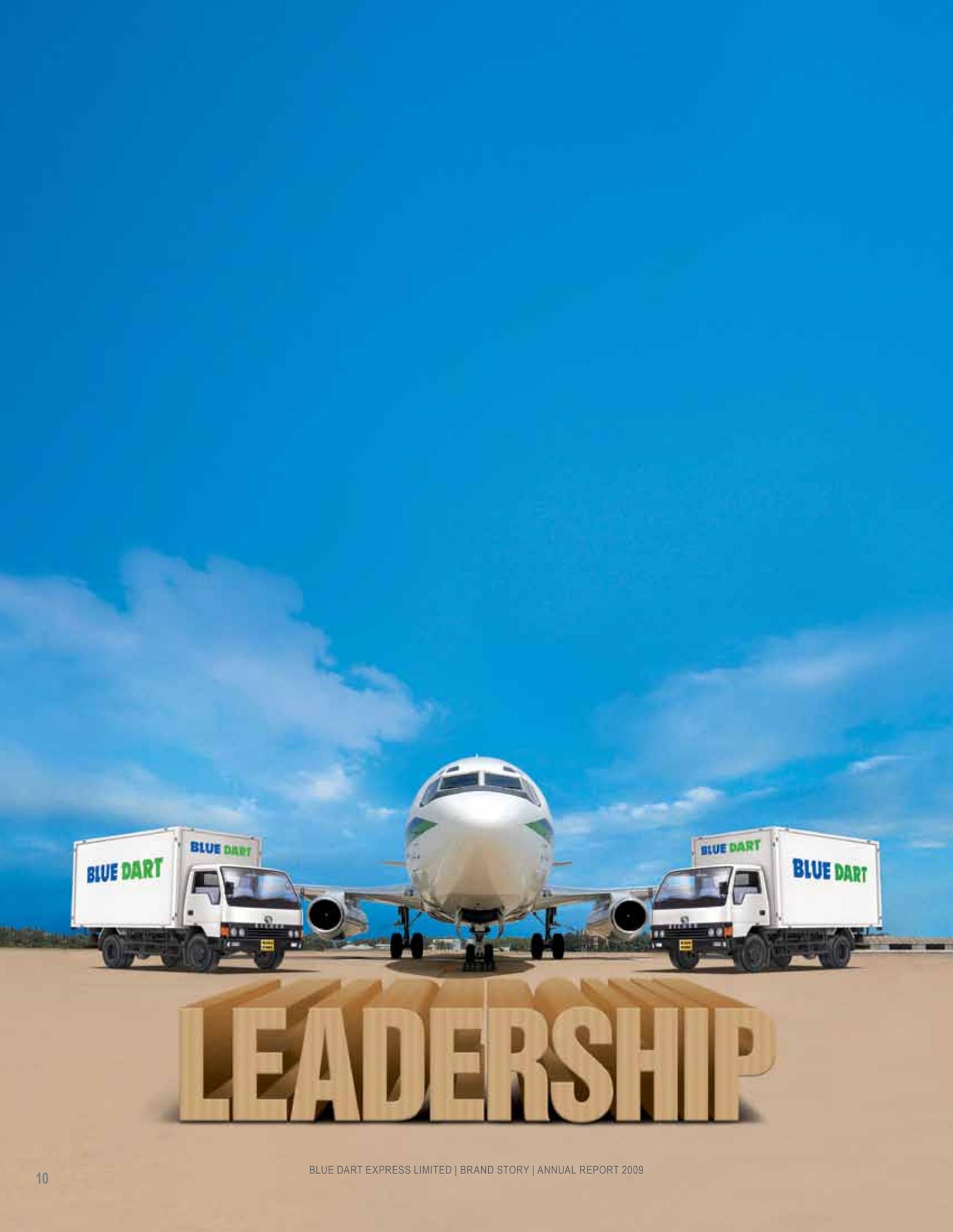
\*Note: The figures are for a period of nine months from April 1, 2005 to December 31, 2005.

# Financial Summary

## Five years review



\*Note: The figures are for a period of nine months from April 1, 2005 to December 31, 2005.



# LEADERSHIP

# The Story behind the Success

## Foreword ...

Over the years, Blue Dart has consolidated itself into a well-oiled, finely tuned machine that promises Just-in-time delivery of goods and services. While all of this entails a complex, integrated procedure with extensive and efficient detailing, stream mapping, networking and last mile fulfillment, our concentrated efforts have yielded fruit in the form of the immense confidence our clientele reposes in us.

The logistics industry in India, led by Blue Dart, today employs as many as one million plus people. The mushrooming of business enterprises in India has presented the logistics industry with a plethora of opportunities and an environment that is very conducive for the sustained augmentation of its resources.

Today, the size of this industry is estimated at between 12% to 13% of GDP – a figure higher than in many, more developed economies (Source: www.researchandmarkets.com). Fuelled by these opportunities the logistics sector is attracting investments in knowledge and technology in equal and growing measure. The government, too, has acknowledged it as a critical component of India's rise to international eminence and has also allowed 100 % Foreign Direct Investment (FDI) in the industry.

It has been over two and a half decades that Blue Dart has maintained its position of being an unrivalled leader in the domestic air express industry that is presently valued at Rs. 2600 crore (US\$ 540 million). Of the share garnered by the organised sector, Blue Dart commands 43% (Source: A.T. Kearney TMS Study and Internal estimates).

This market dominance must be attributed to the huge investments that Blue Dart has made towards building an infrastructure that is unparalleled in the entire South Asia region. Blue Darters are driven by a singular passion of delivering Service, Excellence and Value.

## Milestones....

This success story has been no mean task and along the way, Blue Dart has had to endure the formidable challenges of various magnitudes. However, bold steps to protect its hard-fought territorial gains paid off and when others in the domain were still trying to find their bearings, Blue Dart had already envisioned itself as a 'warehouse in the sky.'

It created a conspicuous differential for itself by establishing a niche position – and a hard-to-emulate example in supply chain management that demands critical deliveries, low inventories and most importantly, reliable and timely distribution.

With the induction of two B737 freighters in 1994, Blue Dart became the first express company to launch dedicated cargo operations. Over the years and in sync with customer demands, it increased capacity and, today, continues to be the largest and most successful player with a dedicated fleet of Boeing freighter aircraft.

Blue Dart's understanding of the medium and its sustained efforts towards introducing technological innovations has stood it in good stead and thus played a key role in ensuring its premium positioning besides bringing global standards to the Indian customers' doorstep.

Today, a majority of Blue Dart's customers make use of the company's home grown innovations like the COSMAT II™ (the tracking and ERP system), TrackDart™ (monitoring shipment status), MailDart™ (tracking shipments over e-mail), InternetDart™ (memory bank for shipments), PackTrack™ (tracking software for medium and large customers), ShopTrack™ (tracking and CRM tool for e-business portals) and ImageDart™ (online download of proof of delivery challans/documents, to speed up the customer's bill process, waybill issuance capability, customer directory, data upload and download of tracking information).

Each of these innovations have contributed towards enabling the weaving of thoughtful information management to the logistics business besides enhancing the levels of transparency in the procedures used by the company.

An Indian company benchmarked to international standards, Blue Dart has, over the years, won several accolades in the form of Brand Leadership Awards for trust, performance, infrastructure, human resources, financial reporting and reliability. The company has also received several supplier recognition awards for customer focus and service quality. Recently, Blue Dart was listed by Forbes under Top 200 Companies for "Best-under-Billion" companies in Asia Pacific, apart from finding a place of honour in the Top 500 companies in India by Dun & Bradstreet.

## Where it all Began ...

In November 1983, three young entrepreneurs, Clyde Cooper, Tushar Jani and Kushroo Dubash pooled in an amount of Rs. 30,000 to kick-start an idea of delivering small packages and samples to support India's burgeoning exports. Thus, Blue Dart was born, in a space of 200 square feet located under a staircase. Grit, determination and hard work helped propel the fledgling company from sorting and delivering a few dozen packages outside Mumbai airport on that first night, to handling nearly 200,000 shipments each day through rain, hail, earthquake and snow. A recent study conducted by DSRS confirms that Blue Dart continues to be rated as the strongest express brand in India with the highest top of the mind recall.

In its early days, Blue Dart forged ties with a UK based company to introduce an international air package express service from India, thereby further enhancing the value offered to its customers. Amongst the first to take note of the growth potential in India, in 1993, Blue Dart decided to shift focus from international to domestic service and then went on to become the first Indian courier company to conceptualise domestic on-board couriers with a guaranteed 10:30 am delivery to major metros.

In 1994, the company went public with an IPO of 2.55 million shares. In the same year Blue Dart launched its multi-modal, premium package delivery service DartApex™ (Air Package Express) and COSMATII™, an advanced tracking and ERP system that redefined the industry. 1994 also saw Blue Dart Aviation, then a 100% subsidiary of Blue Dart Express, being incorporated and it also became the first private company to receive Government approval for the operation of cargo aircraft in the country.

In 1995, Blue Dart Aviation acquired two B737 aircraft and introduced SMART (Space Management Allocation Reservations and Tracking), the first cargo reservations systems in India. The following year, Blue Dart launched the first Jet Express airline and became the first express company to receive an ISO: 9001 Certification. Another feather was added to its cap in 1995 when it crossed the Rs.100 crore (US\$ 25 million) mark in terms of turnover for the first time.

1997 witnessed the launch of domestic charter operations and the signing of interline agreements with international airlines for the distribution of bonded cargo within Blue Dart's network. Today, these have extended to numerous operators and include bonded warehousing and trans-shipment facilities. In 1998, the company developed India's first Load and Trim software for its aircraft, reducing handling time by 80%.

In 1999, Blue Dart moved to its state-of-the-art administrative, technology and operations Superhub and Headquarters, the Blue Dart Centre, in Mumbai. In 2001, a third Boeing 737 was added to the Blue Dart fleet. A year later, Blue Dart entered into a sales alliance with global leader DHL Express Worldwide and currently, DHL owns 81.03% stake in the company. The fourth aircraft joined the fleet in 2004 and Blue Dart became the first private operator in India to receive approval from the Director General of Civil Aviation (DGCA) for undertaking heavy maintenance D-checks on its aircraft.

Two B757 freighters – the first in the Indian skies – joined the Blue Dart fleet in 2006. In an effort to fortify its unique capability of offering the entire gamut of end-to-end distribution solutions, Blue Dart launched its ground express service – Dart Surfaceline in September 2007 and inducted the third B757 freighter.

In 2008 Blue Dart completed 25 years of facilitating trade and commerce. The land mark year also saw the launch of twenty-five new products and services to its customers. Notwithstanding, the difficult economic environment worldwide, including in India, the year 2009 saw a further consolidation of its leadership position with the introduction of a range of new products and services.

## The Products..

Blue Dart offers express air and integrated transportation, distribution and logistics services and as part of the DHL Group accesses the largest and most comprehensive express and logistics network worldwide and offers an entire spectrum of distribution services including international air express, freight forwarding, supply chain solutions and customs clearance.

The express services offer Domestic Priority-the fastest, most reliable door-to-door service for non-commercial domestic documents and small packages under 32 kilos. Dart Apex - door-to-door, day-definite, supply chain and logistics distribution service for commercial shipments that require regulatory clearance.

Dart Surfaceline, Blue Dart's premium ground express service provides economical, door-to-door ground distribution solutions. Smart Box, another innovative product which is available on air and ground express modes, are convenient door-to-door packaging available for cargo movement and is offered in two sizes – 10 kilos and 25 kilos.

Blue Dart's Air Freight services include domestic, early morning airport-to-airport deliveries to the seven metros – Mumbai, New Delhi, Kolkata, Chennai, Bangalore, Ahmedabad and Hyderabad, serviced by Blue Dart aircraft. It also includes Interline services for speedy and efficient trans-shipments of international loads among the major metros. It handles Dangerous Goods, subject to Bureau of Civil Aviation Security acceptance norms, handles the specialized movement of Aircraft Engines across the country and its Charters offer palletised capacity for carriage of urgent and large volumes to major airports in the country and region.





Blue Dart, in line with its focus on innovation, has also introduced several customised products –Rakhi Express and University Express (Domestic), for instance – designed to meet specific needs. A recent addition to Blue Dart’s product portfolio is Import Express. It is the only service of its kind in India and offers door-to-door facility for importing shipments from over 200 countries.

### Recent Developments

Blue Dart’s constant endeavour has been to be a customer-centric organisation. Every step it has taken, has always directed towards strengthening this relationship. In this pursuit, Blue Dart has invested heavily in building an infrastructure that would provide unmatched value and inspire an unquestionable level of confidence amongst its clients.

Two of Blue Dart’s robust customer centric programmes are First Choice & Net Promoter Approach (NPA). First Choice follows a DMAIC (Define, Measure, Analyse, Improve and Control) process which helps in systematic, enduring problem solving process while NPA, a Bain & Co. evolved tool aims at gauging customer loyalty, and delivers the NPS (Net Promoter Score), which is an international benchmark for customer advocacy.

For time-critical business needs, customers are offered a time-definite delivery (TDD) door-to-door service – Domestic Priority 1030 and Dart Apex 1200. While the TDD service is currently available in limited cities only, it is notable that the same is backed with a full Money Back Guarantee from the company.

Blue Dart’s launch of the domestic Express Pallet in air and ground mode providing superior and sturdy packaging option for 50kg, 75 kg and 100 kg slabs have also been very well received by users of the logistics industry.

Over the years, while the company has moved on from one benchmark to the next, it has continued to invest in air and ground infrastructure comprising improvements in transit times, reach, adding state-of-the-art facilities, transit hubs, and high-tech handling equipments.

On-the-Move (OTM) is one such advanced technology deployment that has strengthened shipment visibility. It provides real time information updates and controls, accurate data improving productivity and eliminates errors from the system and in the process, further enhances customer experience.

### Promotion

Blue Dart’s core focus has been on strengthening customer relationship and on making more effective use of its vehicles as mobile touch points. Blue Dart successfully runs a loyalty programme – Blue Points: Amazing Returns to provide customers value while making shipments through Blue Dart. As part of the its ONE-RETAIL focus, the company regularly runs a retail store promotion drive across the country.

### Values..

Blue Dart’s dedicated efforts towards creating and maintaining a bond with its customers has paid off and today the Blue Dart brand is synonymous with value, quality, speed, efficiency, responsiveness and service excellence.

[www.bluedart.com](http://www.bluedart.com)

## Moments of Pride for Blue Dart

Blue Dart completed 25 years in 2008 and boasts of having Day One employees on rolls since the day of its inception.

Blue Dart’s employees rate ‘Pride for working for Blue Dart’ as the highest in its Employee Satisfaction Surveys, every year.

Blue Dart offers full Money back guarantee on its time-definite services!

Blue Dart handles ~80 million shipments a year.

Blue Edge-Empowering Lives is a Blue Dart initiative to train underprivileged youth.

On ‘Volunteer Day’, every year, over 2000 employees engage in activities for the betterment of the environment and underprivileged.

# Blue Dart - CSR Initiatives



Go – Help : Andhra Pradesh – Karnataka floods



Go – Teach : Blue Edge - Empowering Lives



Go – Teach : Blue Edge - Empowering Lives



Go – Green : Clean – Up Drive

# Blue Dart - CSR Initiatives

## CORPORATE SOCIAL RESPONSIBILITY

### An Investment for a Better Tomorrow

Blue Dart's commitment towards community causes has been unwavering since its inception in 1983 and has been an integral aspect of its business strategy.

Blue Dart as a socially responsible corporate has a dedicated, in-house Sustainability Team responsible for identifying and addressing various sustainability issues and supporting initiatives.

Blue Dart's perception of Corporate Social Responsibility (CSR) is embedded in the way it does its business which has a positive impact on society through economic, environment and social actions.

Blue Dart believes that with increasing connectivity and global integration, enterprises and society will have to be mutually accountable to ensure long term sustainability and hence it is no longer a discretionary or a regulatory cost but an investment towards prosperity.

As part of the DHL Group & in line with its CSR platform, Blue Dart's CSR strategy focuses on three critical aspects, which it believes, will impact maximum lives.

- Education (Go Teach)
- Environment (Go Green)
- Disaster Management Response (Go Help)

### Education – Empowering Lives

Blue Dart in association with Oasis India (NGO) started an initiative called “Blue Edge – Empowering Lives”, which is aimed at enriching the lives of underprivileged young adults, who have not been able to complete their education. Through this initiative Blue Dart enables around 50 students every six months, by providing them training on:

- i) English speaking.
- ii) Computer Basics.
- iii) Life skills.
- iv) Customer Orientation.

More than 40% of the students who have graduated from this facility are placed in successful & reputed organisations in sunrise verticals like Telecom, Retail, FMCG etc. and have effectively kick-started their potentially flourishing careers. Blue Dart's initiative is aimed at developing skills sets in an individual which will meet the demands of a knowledge based economy and thereby enrich their lives.

The program meant to support, educate and train underprivileged youth has empowered and given optimism to more than 220 students over the past 2 years by making them self sufficient.

Students who have successfully completed their course are felicitated at a graduation ceremony held at the Blue Dart Headquarters. As a last mile initiative, the Senior management of Blue Dart is invited for the occasion, to share their life experiences with the students and advise them on making their lives more meaningful with their newly acquired skill sets. This is followed by a handover ceremony, in which all successful students are handed over their graduation certificates. The two best performers in each batch are acknowledged with a special certificate and trophy as a token of appreciation for their hard work and dedication.

### Environment – Enriching Lives

One of the biggest concerns facing today's world is global warming. A warmer Earth may lead to changes in rainfall patterns, a rise in sea level, and a wide range of impacts on plants, wildlife, and humans. The main cause of Global Warming is emission of CO2.

# Blue Dart - CSR Initiatives

Blue Dart has taken cognizance of this development and believes that all corporates need to take up such environmental issues with utmost seriousness to ensure a better and healthier tomorrow. We at Blue Dart have fervently taken up various steps in this regard, which can be summed up as our 'Go Green' initiative. It comprises:

- Sapling plantation
- Mangrove Clean-up
- Recycling Waste
- Energy Conservation

Eg. Power Saver: Lights Off Initiative, in which lights at various facilities of Blue Dart are switched off for 15 min every day. This is in addition to the 1 hour 'lights off' program for Earth Day and World Environment Day across all Blue Dart facilities and employee homes.

Blue Dart also volunteered to handle the entire logistics of an award winning painting exhibition organized by Bombay Art Society in collaboration with SLK Foundation (NGO). The proceeds of the exhibition went towards the welfare of the rag picker community and towards the environmental cause of recycling plastic waste. Blue Dart also supported the NGO in distributing pamphlets bearing the message of recycling plastic waste, thus creating awareness on the environmental hazards of plastic.

In the Company's opinion, such initiatives towards a healthy environment will act as a catalytic force for a better tomorrow.

## Disaster Management - Enabling Lives

Blue Dart in association with Think Foundation (NGO) and Sarla Blood Bank regularly holds Blood Donation Drives at its facilities, to help young Thalassaemia patients, who need blood transfusion every 15 days to survive.

In October 2009, when floods at Andhra Pradesh and Karnataka adversely affected hundreds of lives, Blue Dart was quick to do what it is best at – Logistics Management.

The Company called for support from its Group Company - DHL. Teams from Blue Dart Express and Blue Dart Aviation, DHL Express and DHL Supply Chain worked out a detailed plan to reach the relief material to the affected areas of Karnataka and Andhra Pradesh.

The X-BU Team bought all the necessary materials like food, blankets and medicines from the individual contribution of employees. They were packed well and connected via rail. Volunteers from the X-BU Team were themselves part of the distribution process, handing over 34 packages weighing about 1000 kgs to the flood affected people.

## Other Activities

- DHL and Blue Dart jointly organized a Volunteer Day 2009 on 5th September 2009, to promote the spirit of volunteerism amongst its employees in India. 2,000 DHL and Blue Dart volunteers in 8 major cities and 31 sites across India participated in 21 volunteering activities.
- 14 blood donation drives (Saving Lives) were held at Blue Dart and DHL facilities, which resulted in collection of approx 275,000 ml of blood in 800 bottles that impacted over 2, 400 lives. Nearly 8 tons of reusable materials were collected through a unique resource mobilization drive for donation to the underprivileged and needy. Other activities undertaken were clean up drives, mending toys for underprivileged children, sapling plantation and visiting charity homes for children and elderly citizens, in which our volunteers cleaned, entertained and donated useful items to the beneficiaries.
- Blue Dart also volunteered to facilitate free movement of shipments containing clothes, books, tooth brush, tooth paste and other hygiene products, from Mumbai to underprivileged students in Nagai village, Tamil Nadu.
- Blue Dart organized the 'Help a Child' initiative to mobilize resources from across the regions and give 'gifts' to deprived children during the festive season of Christmas, 2009. The gifts comprised 20 bags of donations – clothes, woolen clothes, toys, books, stationery, bags, shoes, lunch boxes, water bottles, soaps, shampoos, toothpaste, etc. This was distributed in 6 orphanages catering to around 400 children, between 3rd – 6th January 2010.

# Blue Dart - CSR Initiatives



Go – Help : 'Blue Dart - Help a child' Drive



Go – Help : 'Blue Dart - Help a child' Drive



Go – Help : Saving Lives ( Blood Donation Drive)



Go – Green : Sapling Drive

## DIRECTORS' REPORT

### To the Members,

Your Directors have great pleasure in presenting the Nineteenth Annual Report of your Company for the year ended December 31, 2009.

### FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	For the year ended December 31, 2009	For the year ended December 31, 2008
Revenues		
Service Charges	90,523	97,447
Other Income	760	1,071
Less : Operating Expenses	80,150	84,935
Operating Profit (EBIDTA)	11,133	13,583
Less : Interest Cost	55	51
Depreciation /Amortisation	1,776	1,657
Earnings before tax	9,302	11,875
Less : Provision for Income tax (including FBT)	3,232	4,140
Earnings after tax	6,070	7,735
Profit and Loss Account balance brought forward	30,428	22,970
<b>Profit available for appropriation</b>	<b>36,498</b>	<b>30,705</b>
Proposed Dividend	237	237
Tax on Proposed Dividend	40	40
Transfer to General Reserves	-	-
	<b>36,221</b>	<b>30,428</b>

### REVIEW OF PERFORMANCE

The year 2009 has been one of the most challenging years for the global economy. The fiscal year 2008-09 began amidst one of the severest financial slowdowns worldwide, which decelerated the economic growth of India to 6.7%. While the market witnessed a sharp slowdown in new investments, the rise in inflation and high interest rates led to cancellation and delay of many planned projects of Corporate India. To counter this negative fallout of the global economic slowdown, the Indian Government infused boosters to the economy by providing stimulus

packages which supported to ease the scenario to a considerable extent and prevented the economy from getting into a spiral downturn and propped the GDP growth to 6.7% as against 9% growth rates in the immediate previous three years.

During an adverse economic scenario, your Company posted a Rs.6,070 lacs profit after tax for the year ended December 31, 2009 compared to Rs.7,735 lacs profit after tax for the year ended December 31, 2008. Income from operations for the year ended December 31, 2009 was Rs. 90,523 lacs, compared to Rs.97,447 lacs for the year ended December 31, 2008.

In the year 2009, your Company completed 26 years of leading, innovating and delivering the qualitative services to the Indian trade and commerce. The Company focused on organic growth in the areas of product development, improved features and transit time and enhanced reach. During the year, your Company incessantly concentrated on its core Air Products, i.e. Domestic Priority and Dart Apex, while building on Dart Surfacerline to offer customers one-stop domestic express solutions and simultaneously aimed to grow its international express revenue. Your Company launched the 'Cash-on-delivery' feature, Smart Box on Ground Express and the Time Definite Products viz; Domestic Priority 1030 and Dart Apex 1200. Your Company also customised its products to meet specific needs and rolled out certain additional and an innovative DHL international products and services viz; Express Pallet, Economy Select, Duties and Taxes Paid, Shippers Interest Insurance and Pre-Paid University Express.

The strategy is to build on the Air Express business where your Company already has a formidable presence while expanding the Ground Services and capturing further market share.

Your Company has been certified to the ISO 9001 standards since 1996 and has been successfully re-certified in September 2008 for 3 years, to the new global ISO 9001-2000 standards for "design, management and operations of countrywide express transportation and distribution services within the Indian sub-continent and to international destinations serviced through multinational express companies."

Your Company has been recently certified and upgraded to the latest ISO 9001 : 2008 standards.

### DIVIDEND

Your Directors are pleased to recommend a dividend of Re. 1/- 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 at 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. 277 lacs, including dividend distribution tax, as compared to Rs. 277 lacs in the previous year.

# DIRECTORS' REPORT

## TRANSFER TO RESERVES

This year, your Company does not propose to transfer any amount to General Reserves. An amount of Rs.36,221 lacs is proposed to be carried forward to Profit and Loss Account.

## OPERATIONS REVIEW

Your Company is South Asia's premier courier and integrated express package distribution Company and offers secure and reliable delivery of consignments to over 21,000 locations in India and to over 220 countries worldwide through its Sales Alliance with DHL Express (India) Pvt. Ltd.

Your Company, today, stands as the unrivalled leader in the domestic express industry. Blue Dart stands as the dominant leader in the domestic air express industry and commands a 43% market share. In the 'ground' segment, your Company garnered a market share of 8%. Your Company since inception invested in building an infrastructure which remains unmatched in the country and in South Asia region. Your Company has an extensive reach across the complex Indian geography and beyond, domestic transit hubs/ warehouses, a fleet of four Boeing 757s and three Boeing 737s freighter aircraft offering a revenue payload of 300 tonnes per night, a flotilla of over 5,412 vehicles, 300 facilities, 52 domestic warehouses and 10 express hubs and over 6,000 committed and trained employees driven by a unified passion of delivering service excellence and value.

During the year under review, your Company carried over 772.65 lacs domestic shipments and over 7.18 lacs international shipments weighing over 267,000 tonnes.

## AVIATION SYSTEM

The Company's ACMI Contract with Blue Dart Aviation Limited, its Associate Company for dedicated air carriage capacity supported in sustaining Blue Dart's leadership position despite turbulence in the Indian aviation segment giving an edge to its service capability and service quality vis-à-vis other players in the business.

Blue Dart Aviation Ltd. posted an excellent technical despatch reliability (TDR) of 98.99% for the B737 and 99.28% for the B757 fleet, with an overall TDR of 99.19%, during the year.

With the volume growth being low due to the slowdown which impacted the domestic movement of loads, your Company restructured its routing and discontinued the Ahmedabad - Delhi - Ahmedabad route for part of the year. During the year, Blue Dart Aviation Ltd., successfully carried out in-house four numbers of 'C' checks on our B737 and B757 freighters.

Blue Dart Aviation Ltd. has been allotted space at Delhi International Airport Ltd. (DIAL), GMR Hyderabad International Airport Ltd. (GHIAL) and at Kolkata Airport. The construction of these facilities is progressing well. The Company proposes to move to DIAL, GHIAL and Kolkata facilities by the first quarter of the year 2010.

## FACILITIES / INFRASTRUCTURE

During the year, your Company added 13 new and 10 replacement facilities, taking the total number of facilities to 300, with a total area of over 13.4 lacs sq.ft. across the country. Your Company plans to further strengthen its infrastructure, including its air and ground fleet.

The Company's integrated facility of 220,757 sq.ft. at the Bengaluru International Airport Ltd. (BIAL), along with DHL Express and Blue Dart Aviation Ltd. has been functioning well. This facility provides faster clearance and seamless handling of in-bound and out-bound international and domestic shipments which has strengthened the unparalleled global and domestic delivery network of DHL Express and Blue Dart Express Ltd.

During the year, your Company moved to its new warehouse having an area of 182,326 sq.ft. out of which 75,000 sq.ft. is allocated for Operations. This warehouse named 'National Highway Hub' (NHH) is located at Bilaspur (District : Gurgaon) in Haryana on National Highway no. 8 connecting Jaipur-Delhi and is in close proximity to KMP (Kundali-Manesar-Palwal) Express Way/ Trade Corridor. The warehouse, having 41 docking bays, has been built to suit your Company's operational requirements.

The Company proposes to carry out joint operations of Blue Dart Express Ltd. and Blue Dart Aviation Ltd. from an airside space allotted at Kolkata and this joint facility would provide for synergies resulting in better offerings to the customers.

During the year, the Company opened a warehouse at Guindy (GWH) on Chennai - Bangalore Highway. This warehouse is well connected to the Chennai- Bangalore highway, Grand South Trunk Road (South TN) and Kolkata Highway. Guindy Warehouse has 13 loading/unloading bays with 23,000 sq.ft. of constructed warehouse apart from 10,000 sq.ft. area for vehicle docking.

This focused approach in terms of infrastructure facilities provides us a huge entry barrier shield in terms of first mile to last mile services.

## FINANCE

The Company's New Financial Accounting Package viz; mPower implemented last year has been successfully integrated, specially customised and enhanced to suit the Company's complex requirements and for better and efficient Accounting Systems. This Financial Accounting Package is an integrated Central Package and ensures single source of data for majority of the financial MIS. It is a centralised, integrated, secure, robust and user-friendly package that has enhanced quality and integrity of data. The implementation of mPower has resulted in cost, time savings and productivity increase. The system provides information and intelligence on a real-time basis.

Your Company has a healthy financial position and continues to enjoy "zero-debt" status.

## DIRECTORS' REPORT

During the year, your Company managed its surplus funds efficiently by investing into various high rated debt schemes (liquid category) of mutual funds for optimum working capital management. Liquidity in the Balance Sheet requires to be balanced between earning adequate returns and the need to cover adequate financial risk. Company's internal accruals adequately supported working capital requirements, capital expenditure and dividend payments.

During the challenging times, in the global and domestic market, your Company efficiently managed its working capital, which is the best in the industry and within the benchmarks laid down by the Global Parent Group.

The Company's Earning Per Share declined by 22% during the year to Rs.25.58 per share as compared to Rs 32.60 per share for the previous year, primarily on account of the global economic slowdown.

### CREDIT RATING

Your Company continues to enjoy the highest credit quality rating for its commercial paper programme/ short-term debt programme:

1. "A1+" (A one plus) assigned by ICRA Ltd. (an Associate of Moody's Investors Service) for Company's commercial paper/ short-term debt programme of Rs. 2,500 lacs (outstanding - nil). The rating indicates highest credit quality for the short term instruments.
2. "F1+(ind)" (F one plus (ind)) assigned by Fitch Ratings India Private Ltd. for the Company's short-term programme of Rs. 3,000 lacs (outstanding - nil), indicating the strongest capacity of timely payment of its financial commitments.

ICRA has assigned LAA (L double A) (long term rating) to the Company's Bank limits (working capital) of Rs. 3,615 lacs (including fund based and non- fund based limits). The rating indicates the high credit quality rating to long term debt instruments. ICRA also assigned A1 + (A one plus) (short term rating) for the said limits. The rating indicates highest credit quality rating assigned by ICRA to short terms instruments and carries lowest credit risk.

### SUBSIDIARY AND ASSOCIATE COMPANY

The audited statements of accounts for the year ended December 31, 2009 of Concorde Air Logistics Ltd., the Company's Wholly-Owned Subsidiary, together with the reports of Directors and Auditors, as required pursuant to the provisions of Section 212 of the Companies Act, 1956, are attached.

The Consolidated Financial Results represents those of Blue Dart Express Limited and its Wholly-Owned Subsidiary, viz. Concorde Air Logistics Ltd. and its Associate Company, Blue Dart Aviation 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.

### DHL EXPRESS (SINGAPORE) PTE. LTD., PROMOTER SHAREHOLDER

As you are aware, DHL Express (Singapore) Pte. Ltd. holds 81.03% of the Equity Capital of the Company. The acquisition of majority shares by DHL Express (Singapore) Pte. Ltd., during the year 2005 provides the Company and its customers with a firm strategic advantage. The service offerings that would emanate from both organisations cover the entire spectrum of distribution within India and, between India and the rest of world. Blue Dart is a leading brand in the country with 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.

Globally, the year 2009 was a challenging year for Deutsche Post DHL. However, to protect profitability, Deutsche Post DHL promptly focused on cost efficiency and restructuring in its divisions. Deutsche Post DHL has re-aligned its course and invested for the future in two important ways; by creating lean, resilient structures for an unpredictable economy and by laying the groundwork for long-term growth in the key industries and markets.

### OUTLOOK FOR THE FUTURE

Your Company is ideally placed in the Indian market to facilitate trade and commerce in our country, with trained and committed force of over 6,000 people, 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 Indian economy, with its strong fundamentals, has managed to tide over the global downturn with greater resilience than many other countries, as indicated by its GDP growth. Going forward, many economists believe that the economic recovery will be driven by a new phenomenon – growing consumer spending in emerging markets, with India at the forefront.

The Indian economy is well on its way to recovery and as projected by the Finance Minister, Indian economy is expected to grow by 7.5-8.0% in the current fiscal. The strong IIP growth from November 2009 till January, 2010 is reflective of the improving consumer confidence and the impact of the government stimulus package on demand, even as the low base effect also continues to play a role. With inflationary pressures building up at the initial stages of recovery in the domestic economy, choosing the right time for withdrawal of the fiscal and monetary stimulus remains a major challenge for the policymakers. As per the India Economic Outlook Report by Organisation for Economic Co-operation and Development (OECD), inflation is projected at 7.3 percent growth in 2010 and 7.6 percent in 2011. Retail inflation, which pinches consumers the most, is pegged at 7.1 percent in 2010 and at 6.2 percent in 2011. It indicates that the economic momentum is strengthening.

## DIRECTORS' REPORT

In 2010, your Company's key focus areas would be Sales Development and Productivities, Service Quality Enhancement, Loyal Customers, Profitability and Motivated People.

Your Company would continue to focus on cost efficiency measures and aim at an overall financial discipline. Your Company firmly believes that while focus on driving core revenues and keeping costs down is important, success would be achieved by ensuring that service quality through our highly engaged and passionate people remains of the highest order.

Your Company plans to consolidate its position in the ground express services without losing commitment to its air express products, which would continue to be one of its key offerings. Your Company foresees both the products complimenting each other and thereby enabling the Company to acquire maximum market share. With increased government focus on infrastructure, Tier 2 and Tier 3 cities are developing faster than earlier. There are 71 cities in India with a population of more than 1 million and reaching out to these cities require good connectivity, both, in air and on road. In an increasingly competitive environment, cost centre management is a prime focus area and an increased reach and transit times are potent arsenals for reduced costs. The emergence of SEZs, EPUs and IT parks also present exciting prospects for our new service offerings. The focus is on reducing lead times and enhancing accuracy as regards delivery time across modes of delivery.

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

### AWARDS AND RECOGNITIONS

Our innumerable efforts in the pursuit of endless excellence were recognised throughout the year 2009. Your Company won several awards to validate its Brand Equity and Leadership, Human Resource Philosophy, Operational Efficiency and Corporate Governance and it is heartening to note that numerous industry bodies and customers validate our stupendous efforts.

Blue Dart was honoured with the Indy's Brand Leadership Award, Gold Medal award for Blue Dart and Glory of India award for its Managing Director by the Institute of Economic Studies, Leader in Prestige and Quality 2008.

We were voted a Superbrand, fifth time in a row. For the fourth consecutive year, we became the recipient of the Reader's Digest Most Trusted Brand Gold Award.

Your Company was honoured with the Best Express Provider of the Year at the 3rd Express Logistics & Supply Chain Awards, the Market Leadership Award by the CMO Council, EDGE Award for innovations in optimising the customer experience in real-time.

Your Company was conferred with the "Amity HR Excellence Award" for the year 2009 and was also honoured with the Best Employer Brand Award 2009.

Mr. Anil Khanna, Managing Director, was awarded an 'Outstanding Entrepreneur of the Year' at the Asia Pacific Entrepreneurship Award 2009 by Enterprise Asia for showing outstanding tenacity, perseverance and courage in the business, while Mr. Ketan Kulkarni, Head-Marketing, Corporate Communications and Sustainability was awarded Pride for Profession and the CMO council Best CMO of the year Award conferred by the Global Jury at the 1st CMO awards and Conference in Indore.

### DIRECTORS

During the year, Mr. Daniel McHugh, Nominee Director of DHL Express (Singapore) Pte. Ltd., tendered his resignation as a Director with effect from June 2, 2009. The Board accepted his resignation and placed on record, its sincere appreciation and thanks for his valuable contribution during his tenure as a Director of the Company. Consequently, Mr. Christopher Ong, an Alternate Director to Mr. Daniel McHugh, ceased to be a Director with effect from June 2, 2009 under the statutory provisions of the Companies Act, 1956.

Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd., was appointed as an Additional Director of the Company with effect from June 2, 2009.

Mr. Christopher Ong holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under the provisions of Section 257 of the Companies Act, 1956, for the appointment of Mr. Christopher Ong as a Director of the Company. The resolution seeking approval of shareholders for his appointment has been incorporated in the Notice of forthcoming Annual General Meeting along with brief resume of Mr. Christopher Ong.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Sharad Upasani, Director, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

### AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive Directors, viz. Mr. Sharad Upasani, Mr. Malcolm Monteiro and Mr. Suresh Sheth.

The Chairman of the Committee is Mr. Sharad Upasani.

Mr. Tushar Gunderia, the Company Secretary, acts as the Secretary to the Audit Committee.

The terms of reference of the Audit Committee are in accordance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement pertaining to corporate governance norms.

The permanent invitees to the Audit Committee are Mr. Anil Khanna, Managing Director and Mr. Yogesh Dhingra, Finance Director and Chief Operating Officer.

# DIRECTORS' REPORT

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of 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 judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (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 Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has paid its Annual Listing fees to the above stock exchanges for the Financial Year 2009- 2010.

## CORPORATE GOVERNANCE

The Company is committed to maintain the high standards of Corporate Governance. Your Company adheres to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and has implemented all the stipulations as prescribed.

In recognition of a good Corporate Governance practices adopted by the Company, Blue Dart, for the third time in a row, was selected as one of the top 25 Companies adopting good Corporate Governance practices by The Institute of Company Secretaries of India. This validates the high standards of Corporate Governance adopted by your Company.

A separate Section on Corporate Governance, along with a certificate from the Auditors confirming compliance is annexed and forms part of the Directors' Report.

Management Discussion and Analysis Report also forms an integral part of this Report and is set out as a separate section to this Annual Report.

## CEO AND CFO CERTIFICATION

In accordance with the provisions of the Listing Agreement pertaining to Corporate Governance norms, Mr. Anil Khanna, Managing Director and Mr. Yogesh Dhingra, Finance Director & Chief Operating Officer, have

certified inter-alia, about review of financial statements and establishing and maintaining internal controls for financial reporting for the year ended December 31, 2009. The said certificate forms an integral part of the Annual Report.

## FIXED DEPOSITS

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

## AUDITORS

The Statutory Auditors, M/s. Price Waterhouse, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received necessary certificate from them confirming 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 Statutory Auditors of the Company subject to necessary approval from the Shareholders of the Company.

## HUMAN RESOURCE DEVELOPMENT

Employees are the backbone of a good organisation and to motivate them to achieve greater heights, your Company's Human Resources Department (HRD) undertook several initiatives towards their development, enhancement and retention.

"People First" policies have always been an integral part of the core values of Blue Dart. The highly motivated and passionate employee environment was amply reflected in the online 'Employee Satisfaction Survey' with 'Pride in working for Blue Dart' which remained the highest scoring dimension having a mean score of 4.82 (on a scale of 1 to 5).

In difficult economic and business scenario of 2009, the Company emphasised on conducting regular feedback through "Open House" sessions across the organisation and introduced the "Team Brief", a new initiative, to strengthen the internal communication mechanism and align the employees on a regular basis on organisational performance, strategies and initiatives adopted by the organisation to meet the challenges.

In 2009, as part of building customer centricity, Company's HR Department introduced "Delivering Smiles" module for the frontline staff and 705 personnel were imparted training through in-house and internal trainers. Few of the other major training initiatives were 'Key to Personal Effectiveness', 'You can make the difference' – Customer Service Training, 'Self Awareness and Personal Effectiveness', 'Counter Handling (Retail Training)', 'Package Handling' etc. With the deployment of internal trainers as above, training man days of 3.5 days was achieved in 2009. In order to develop positive energy, informal bonding and fun at work place, HRD also initiated number of People initiatives viz; Fashion show, Painting competition for children, Picnics, Cricket tournament, Dandiya competition, Anniversary celebrations, Christmas celebration etc.

# DIRECTORS' REPORT

## EMPLOYEES

Information on the 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 the 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.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company as a socially responsible corporate has undertaken numerous steps to give back to the society, in whatever small way it can.

Blue Dart's commitment towards community causes has been unwavering since its inception in 1983. The organisation completed 26 years in November, 2009. Blue Dart as a socially responsible corporate has an in-house sustainability team responsible for identifying and addressing various sustainability issues and supporting initiatives that make the world a better place for future generations. As part of the DHL Group and in line with its CSR platform, Blue Dart's major focus areas are:

- Education (Go Teach)
- Environment (Go Green)
- Disaster Management Response (Go Help)

DHL and Blue Dart jointly organised 'Volunteer Day' 2009 on 5th September 2009 to promote the spirit of volunteerism amongst its employees in India. Over 2,000 DHL and Blue Dart volunteers in 8 major cities and 31 sites across India participated in 21 volunteering activities.

During the year, 14 blood donation drives (Saving Lives) were held at Blue Dart and DHL facilities, which resulted in collection of approx. 275,000 ml. of blood in 800 bottles that supported over 2,400 lives. Nearly 8 tons of reusable materials were collected through a unique

resource mobilisation drive for donation to the underprivileged and needy. Other initiatives undertaken were clean up drives, mending toys for underprivileged children, sapling plantation and visiting charity homes for children and elder citizens, in which our volunteers cleaned, entertained and donated useful items to the beneficiaries.

The Company also volunteered to facilitate free movement of shipments containing clothes, books, tooth brush, tooth paste and other hygiene products, from Mumbai to underprivileged students in Nagai village, Tamil Nadu.

The Company also organised 'Help a Child' initiative to mobilise resources from across the regions and gave 'gifts' to deprived children during the festive season of Christmas, 2009. The gifts comprised 20 bags of donations – clothes, woolen clothes, toys, books, stationery, bags, shoes, lunch boxes, water bottles, soaps, shampoos, toothpaste, etc. It was distributed in 6 orphanages catering to around 400 children, between 3rd to 6th January 2010.

## ACKNOWLEDGEMENT

The Board of Directors wishes to express its sincere appreciation for the excellent support and co-operation extended by the customers, suppliers, banks, financial institutions, solicitors, advisors, the Government of India and concerned State Governments and other government departments and authorities for their consistent support and co-operation to the Company.

Your Directors also wish to place on record their deep appreciation for the exemplary contribution of the employees at all levels.

The enthusiasm and unstinting efforts of the employees enabled the Company to remain as a leading player in the Express Industry.

We are also deeply grateful to our Shareholders for the confidence and faith that they have always placed in us.

For and on behalf of the Board of Directors,

**Sharad Upasani**  
Chairman

**Malcolm Monteiro**  
Director

Mumbai,  
February 23, 2010

**Anil Khanna**  
Managing Director

**Suresh G. Sheth**  
Director

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE 'A'

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

A) **Conservation of Energy** : Not applicable

B) **Technology Absorption** : Not applicable

C) **Foreign Exchange Earnings and Outgo** :

##### **Earnings in Foreign Currency**

Earnings in foreign currency during the year were Rs. 682 lacs (previous year – Rs.530 lacs)

##### **Expenditure in Foreign Currency**

Expenditure in foreign currency during the year was Rs. 80 lacs (previous year – Rs. 40 lacs)

# REPORT ON CORPORATE GOVERNANCE

## 1. Blue Dart's philosophy on Corporate Governance

Corporate Governance is the mechanism by which the values, principles, policies and procedures of the organisation are inculcated and manifested. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability throughout the organisation.

The Board of Directors of the Company continues to lay great emphasis on the broad principles of Corporate Governance. For Blue Dart, Corporate Governance is a continuous journey, seeking to provide an enabling environment to harmonise the goals of maximizing stakeholder value and maintaining a customer-centric focus.

The basic philosophy of Corporate Governance at Blue Dart is to achieve business excellence and to create and enhance the value for its Shareholders, Customers, Employees and Business Associates and resultantly make a significant contribution to the economy. Blue Dart Corporate Governance principles uphold its standing at the forefront of Corporate Governance best practices. The Company endeavours to not only match international standards but to become a benchmark as regards Corporate Governance initiatives.

Blue Dart perceives Corporate Governance as a necessary tool to enhance the economic health of a Company and more importantly that of the society at large. As a responsible corporate citizen, Blue Dart complies with the applicable laws of the land in letter as well as in spirit.

In recognition of good Corporate Governance practices adopted by the Company, Blue Dart, for the third time in a row, was selected as one of the top 25 companies adopting good Corporate Governance practices by The Institute of Company Secretaries of India. This validates the high standards of Corporate Governance adopted by us.

## 2. Board of Directors

During the year, Mr. Daniel McHugh, Nominee Director of DHL Express (Singapore) Pte. Ltd., resigned as a Director with effect from June 2, 2009. Consequently, Mr. Christopher Ong, an Alternate Director to Daniel McHugh, ceased to be a Director with effect from June 2, 2009, under the statutory provisions of the Companies Act, 1956.

Mr. Christopher Ong has been appointed as an Additional Director with effect from June 2, 2009.

Mr. Christopher Ong is currently Vice President - Business Development, First Choice and Go Green for DHL Asia Pacific, Eastern Europe, Middle East and Africa. He is responsible for Mergers and Acquisitions, Partnerships and Planning, as well

as the head for First Choice, DHL's Six-Sigma program and Go Green, the group's climate protection program, in the region. Prior to joining DHL in 2006, Mr. Ong spent about 10 years with Temasek Holdings, the Singapore Government - owned Sovereign Wealth Fund, where he was responsible for originating, evaluating and executing investments as well as managing and restructuring companies around the globe. He brings to the table, his deep domain expertise in the field of Transport, Logistics, Telecom, Media, Technology, and Manufacturing sectors.

Mr. Christopher Ong is a Graduate in Mechanical Engineering from Tufts University, Boston.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Sharad Upasani, Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

As on December 31, 2009, the composition of the Board of Directors consists of one Executive Director and five Non-Executive Directors. All key decisions are taken only after detailed deliberations and discussions by the Board. The Board of Directors possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner. The Board acts with autonomy and independence in exercising strategic decision-making process and discharging its fiduciary responsibilities.

The DHL nominee Directors hold the firm belief that DHL's best interests are aligned with the continued growth and success of the Company.

### Board Procedure

The Board of Directors are presented with all relevant information on vital matters that affect 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 A to the provisions of Clause 49 of the Listing Agreement, is made available to the Board of Directors enabling them to discharge their functions effectively.

There is no relationship between the Directors inter-se.

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

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

## REPORT ON CORPORATE GOVERNANCE

During the year under review, five Board Meetings were held, viz. January 28, 2009, February 24, 2009, April 15, 2009, July 14, 2009 and October 30, 2009.

The details of attendance of each Director at the Board Meetings, last Annual General Meeting, and 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 Membership in Other Indian Companies	
			Board Meetings	Last AGM		Member	Chairman
Mr. Sharad Upasani	Independent & Non-Executive Director	Chairman	5	Yes	1	Nil	Nil
Mr. Anil Khanna	Executive Director	Managing Director	5	Yes	Nil	1	Nil
Mr. Malcolm Monteiro	Non-Independent & Non-Executive Director	Director	5	Yes	Nil	Nil	Nil
Mr. Clyde Cooper	Non-Independent & Non-Executive Director	Director	2	No	1	1	Nil
Mr. Suresh G Sheth	Independent & Non-Executive Director	Director	5	Yes	2	Nil	Nil
Mr. Daniel McHugh*	Non-Independent & Non-Executive Director	Director	1	No	Nil	Nil	Nil
Mr. Christopher Ong**	Non-Independent & Non-Executive Director	Director	3	Yes	Nil	Nil	Nil

\* Mr. Daniel McHugh, Nominee Director of DHL Express (Singapore) Pte. Ltd., resigned as a Director with effect from June 2, 2009.

\*\* Consequent to resignation of Mr. Daniel McHugh as a Director with effect from June 2, 2009, Mr. Christopher Ong, an Alternate Director to Mr. Daniel McHugh, ceased to be a Director with effect from June 2, 2009.

\*\* Mr. Christopher Ong, Nominee Director of DHL Express (Singapore) Pte. Ltd., has been appointed as an Additional Director with effect from June 2, 2009.

### 3. Audit Committee

The Audit Committee of the Board deals with all matters relating to financial reporting, internal controls, risk management, etc. and reports to the Board from time to time. The Board of Directors of the Company had constituted an Audit Committee at its Board Meeting held on May 8, 2001. The Audit Committee comprises two Independent Non-Executive Directors, viz. Mr. Sharad Upasani and Mr. Suresh Sheth and one Non-Independent and Non-Executive Director, Mr. Malcolm Monteiro. The Chairman of the Committee is Mr. Sharad Upasani. Mr. Tushar Gunderia, Company Secretary, acts as the Secretary to the Audit Committee.

The permanent invitees to the Audit Committee are Mr. Anil Khanna, Managing Director and Mr. Yogesh Dhingra, Finance Director & Chief Operating Officer.

The powers and 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 the management, annual financial statements that specially emphasize on accounting policies and practices, compliance with the accounting standards, qualifications, if any, in the draft audit report and other legal requirements concerning financial statements.
- (c) Reviewing the Company's financial and risk management policies.
- (d) Reviewing the 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 recommendation of their fees.
- (f) Reviewing the findings of any internal investigation 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.

## REPORT ON CORPORATE GOVERNANCE

- (g) Reviewing with the Management the quarterly financial statements before their submission to the Board for its approval.
- (h) Reviewing related - party transactions.
- (i) Approval for payment to statutory auditors for any other services rendered by the statutory auditors.
- (j) Reviewing with the Management, performance of statutory and internal auditors, and adequacy of internal control systems.
- (k) Reviewing the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of the internal audit.
- (l) Discussions with internal auditors on any significant findings and follow-up thereon.
- (m) Discussions with statutory auditors before the audit commences, about the nature and scope of the audit, as well as post-audit discussion, to ascertain any area of concern.

The Audit Committee of the Company meets and interacts at least twice a year with the Senior Management Personnel, which gives the Audit Committee a deeper insight into the workings of major departments and regions.

During the year under review, seven Audit Committee Meetings were held, viz. January 28, 2009, January 29, 2009, February 24, 2009, April 15, 2009, July 14, 2009 (two meetings) and October 30, 2009.

The constitution of the Audit Committee and other related information as on December 31, 2009, is as under:

Names of Director	Position	No. of Meetings	
		Held	Attended
Mr. Sharad Upasani	Chairman	7	7
Mr. Suresh G Sheth	Member	7	7
Mr. Malcolm Monteiro	Member	7	7

#### 4. Compensation Committee

The Board of Directors of the Company had constituted Compensation Committee of the Directors at the Board Meeting of the Company held on May 7, 2002. The Compensation Committee comprises two Independent Non-Executive Directors, viz. Mr. Suresh Sheth and Mr. Sharad Upasani, and a Non-Independent and Non-Executive Director, Mr. Malcolm Monteiro. The Committee is chaired by Mr. Suresh Sheth, Director.

The details of attendance of each Member at the Compensation Committee Meetings held during the year 2009, are as under:

Names of Director	Position	No. of Meetings	
		Held	Attended
Mr. Suresh G Sheth	Chairman	2	2
Mr. Sharad Upasani	Member	2	2
Mr. Malcolm Monteiro	Member	2	2

The Executive Director is paid remuneration in terms of a resolution passed by the members at the General Meetings.

The terms of reference of the Compensation Committee inter-alia includes review and recommendation to the Board of Directors on remuneration payable to the Executive Director.

The Ministry of Finance, Department of Company Affairs, had vide its notification dated GSR 580(E) dated July 24, 2003, permitted companies to pay sitting fees up to a maximum of Rs. 20,000/- per meeting. The Board of Directors of the Company at its Meeting held on October 14, 2003, decided to pay sitting fees of Rs. 20,000/- per meeting to Non-Executive Directors for each meeting of the Board, Audit Committee and Compensation Committee attended by them. DHL nominated Directors do not accept any sitting fees as per their internal guidelines.

In terms of the amended provisions of Clause 49 of the Listing Agreement, the Board is required to have at least one third of the members of the Board as Independent Directors, if the Chairman is Non-Executive. The Company's present Board comprises Mr. Sharad Upasani and Mr. Suresh Sheth, who are Independent Directors on the Board of the Company.

Mr. Sharad Upasani, the Independent Director, has done Masters in Commerce and LLB from Mumbai University and also holds MBA degree from USA. He is now giving Consultancy on Corporate Law matters and acts as an Arbitrator in corporate disputes. Mr. Suresh Sheth, the Independent Director, is a Commerce graduate from Sydenham College, and a Fellow Chartered Accountant (FCA) and a Member of the Institute of Chartered Accountants for the past 39 years. Mr. Sheth is a partner in the firm of Chartered Accountants, viz; M/s. Sheth & Company. His areas of specialization are Audit, Taxation and Financial Consultancy.

In the meeting of the shareholders of the Company held on April 27, 2006, the shareholders had approved the payment of commission to Non-Executive Directors, not exceeding 1% of Net Profit of the Company in accordance with the provisions of Companies Act, 1956. For the valuable contribution by way of advice for various project works, from time to time, the Company pays commission to Mr. Sharad Upasani and Mr. Suresh Sheth, Non-Executive Directors, at such rate as determined by the Board of Directors of the Company and within the ceiling as prescribed under the provisions of the Companies Act, 1956.

## REPORT ON CORPORATE GOVERNANCE

During the year, the Company paid commission to Mr. Sharad Upasani and Mr. Suresh Sheth, Non-Executive Directors, aggregating to Rs. 20 lacs for the year ended December 31, 2008.

The Compensation Committee Meetings of the Company were held on February 24, 2009 and December 17, 2009.

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

### 1. a) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2008 to March 31, 2009)

Basic Salary - Rs. 4.15 lacs per month

House Rent Allowance - Rs. 0.75 lacs per month

Special Allowance - Rs.1.90 lacs per month

In addition to the above amount, Mr. Anil Khanna shall be entitled to the following:

- (i) The Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.

Such contribution will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.

- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. Such amount shall not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956.

- (iii) Superannuation at a rate of 15%. Such contribution to the Superannuation Fund will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.

- (iv) Encashment of unavailed leave at the end of each year. Such amount shall not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956.

- (v) In addition to the above, the following amounts will be reimbursed:

- a) Running and maintenance expenses of a motorcar for official purposes including motorcar insurance.

- b) Telephone expenses at residence for official purposes.

- (vi) Coverage under the Company's Group Insurance Cover.

- (vii) Fees of club, subject to a maximum of one club. This will not include admission and life membership fees.

- (viii) Subscription and Annual Fees for the Corporate Credit Card.

- (ix) The Managing Director would be entitled to an incentive payment, based on the achievement of profitability levels for the year ended December 31, 2008, up to a maximum of Rs.70 lacs.

- (x) Increment for each year shall be determined by the Compensation Committee and shall be subject to approval of the Board of Directors and members of the Company in the General Meeting of Members.

- (xi) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of Rs 3.5 lacs per annum.

During the term of employment of the Managing Director, if in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956, or any re-enactment thereof.

### 1. b) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2009 to March 31, 2010)

Basic Salary - Rs. 4.15 lacs per month

House Rent Allowance -Rs. 0.75 lacs per month

Special Allowance - Rs.1.90 lacs per month

In addition to the above amount, Mr. Anil Khanna shall be entitled to the following:

- (i) The Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.

Such contribution will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.

- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. Such amount shall not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956.

- (iii) Superannuation at a rate of 15%. Such contribution to the Superannuation Fund will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.

## REPORT ON CORPORATE GOVERNANCE

- (iv) Encashment of unavailed leave at the end of each year. Such amount shall not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956.
- (v) Re-imbursment of telephone expenses at residence for official purpose.
- (vi) The Company will provide a chauffeur - driven vehicle.
- (vii) Coverage under the Company's Group Insurance Cover.
- (viii) Fees of club, subject to a maximum of one club. This will not include admission and life membership fees.
- (ix) Subscription and Annual Fees for the Corporate Credit Card.
- (x) The Managing Director would be entitled to an incentive payment, based on the achievement of profitability levels for the year ended December 31, 2009, up to a maximum of Rs.70 lacs.
- (xi) Increment for each year shall be determined by the Compensation Committee and shall be subject to approval of the Board of Directors and members of the Company in the General Meeting of Members.
- (xii) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of Rs 3.5 lacs per annum.

During the term of employment of the Managing Director, if in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956, or any re-enactment thereof.

### 1. c) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2010 to March 31, 2011)

Basic Salary	-	Not exceeding Rs. 4.57 lacs per month
House Rent Allowance	-	Not exceeding Rs. 0.825 lacs per month
Special Allowance	-	Not exceeding Rs.2.09 lacs per month

In addition to the above amount, Mr. Anil Khanna shall be entitled to the following:

Superannuation contribution subject to a maximum ceiling of 15% of basic salary by way of contribution to a fund or an allowance in lieu thereof or a combination of both. Contribution to the superannuation fund will not be included in the computation of ceiling on remuneration as specified under Schedule XIII to the Companies Act, 1956 to the extent it is not taxable as a perquisite under the provisions of the Income Tax Act, 1961.

The Managing Director shall be entitled to incentive payment based on achievement of profitability levels for the year ended December 31, 2010, upto a maximum of Rs.73 lacs, as may be decided by the Board of Directors from time to time.

Save and except as indicated hereinabove, the other remuneration terms of Mr. Anil Khanna, Managing Director, remain the same as indicated hereinabove in 1(b).

The remuneration policy of the Company is performance-driven and is structured to motivate employees, recognise their merits and achievements and promote excellence in their performance.

The Compensation Committee of the Directors and Board of Directors of the Company are authorised to decide the remuneration of the Whole-Time Directors, subject to the approval of the Members and the Central Government, if required.

The Non-Executive Directors are paid remuneration by way of sitting fees and commission except DHL- nominated Directors who are not paid any sitting fees and commission, as per their internal guidelines.

None of the Directors held any shares of the Company.

The Company does not have any 'stock options' scheme.

### 5. Investors' Grievance Committee

The Investors' Grievance Committee of the Company approves and monitors transfers and transmission of shares and split and consolidation of share certificates. The Committee also monitors the redressal of complaints received from shareholders relating to transfer/transmission of shares, non-receipt of annual reports, and the transfer of credit of shares to demat accounts, dividend and other investor-related matters. The Meetings of Investors' Grievance Committee are held once in a fortnight to consider matters placed before it.

The Committee consists of Mr. Suresh Sheth, Non-Executive Director, acting as the Chairman of the Committee and Mr. Anil Khanna, Managing Director. Mr. Tushar Gunderia, Company Secretary, has been designated as the Compliance Officer under the provisions of the Listing Agreements entered into with the Stock Exchanges.

## REPORT ON CORPORATE GOVERNANCE

During the year under review, 236 correspondences were received from investors. All Investors' correspondences have been attended to expeditiously.

All valid share transfers/transmissions and other requests received during the year were approved and attended to by the Committee. There were no pending requests for transfer of Equity Shares as on December 31, 2009.

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

Nature of Correspondence	No. of Correspondence received	No. of Correspondence resolved/attended
Revalidation / Duplicate / Non-Receipt of Dividend Warrants	170	170
Non-Receipt of Share certificate / Transfer / Transmission	7	7
Change of Address	23	23
Request for loss / duplicate/ replacement of Share Certificates	16	16
Others *	20	20
<b>Total</b>	<b>236</b>	<b>236</b>

\* Others include correspondence pertaining to updating new signatures, non-receipt of rejected dematerialization request forms, registration of Power of Attorneys, procedure for transmission of shares, dividend mandate instructions, request for Annual Reports, letters from SEBI and Stock Exchanges and such other administrative matters.

The Company and the Registrar & Transfer Agents have attended to most of the investors' correspondence within a period of 8 days from the date of receipt of correspondence during the year ended December 31, 2009. M/s. Link Intime India Pvt. Ltd. (erstwhile known as Intime Spectrum Registry Limited) are the Registrars and Share Transfer Agents of the Company.

In accordance with the provisions of the 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 by all the designated personnel notified for the purpose of application of the aforesaid Code.

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

### 6. General Body Meetings

- a) The details of Annual General Meetings held during the last three years are as under:

AGM for Financial Year ended	Date	Time	Location
December 31, 2006	17.04.07	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099
December 31, 2007	22.04.08	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099
December 31, 2008	15.04.09	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099

- b) All the resolutions set out in the respective Notices were passed by the Members. No Postal Ballot was conducted during the year. None of the resolutions is proposed to be passed by postal ballot.
- c) No Special Resolutions were passed by the Members during the previous three Annual General Meetings.

### 7. Subsidiary Company

The Company does not have any material non-listed Indian subsidiary company whose turnover or net worth (i.e. paid-up Capital and Free Reserves) exceeds 20% of the consolidated turnover or Net Worth of the Company and its subsidiary in the immediately preceding accounting year.

The Company monitors the performance of its subsidiary, inter- alia, by the following means:

- The Financial Highlights of the unlisted subsidiary company are reviewed by the Audit Committee of the Company.
- The Minutes of the Board Meetings of the subsidiary company are placed before the Board Meeting of the Company.
- The details of any significant transactions and arrangements entered into by the unlisted subsidiary company are placed before the Board of the Company.
- The Company has its Senior Management personnel on the Board of its subsidiary company.

### 8. Disclosures

None of the transactions entered into by the Company, with any of

# REPORT ON CORPORATE GOVERNANCE

the related parties, was in conflict with the interests of the Company.

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

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures.

## 9. Code of Conduct

Blue Dart has always aspired to the highest standards of quality and ethics in working towards its vision to be a leading player in the express air and integrated transportation and distribution industry in the country. The cornerstone of our success has been our people who have been led by our Guiding Principles.

The Board of Directors of the Company has laid down a Code of Conduct for all Board Members and the Senior Management Team of the Company. The Code of Conduct is also posted on the website of the Company.

The Code of Conduct is a comprehensive document that articulates the Company's expectations from its people in practising, by living example, the ethics and values of the organisation to earn the goodwill of its customers and enhance its reputation.

All the Board Members and members of Senior Management have affirmed compliance with the provisions of the Code of Conduct for the year ended December 31, 2009. A certificate from Mr. Anil Khanna, Managing Director, to this effect has been attached to this Report.

Since the Company has in place a Grievance Redressal Program (GRP), a Whistle Blower Policy is not yet envisaged. The GRP can be used by all the employees. The GRP affirms an employee's right to appeal on any eligible issue through a process of systematic review by progressively higher levels of Management. The process guarantees that the issue raised by the employee is reviewed and addressed, resulting in a decision within the guidelines defined. No personnel of the Company were denied access to the Audit Committee.

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted the Blue Dart Code of Conduct for Prevention of Insider Trading in the Equity Shares of the Company. Mr. Tushar Gunderia, the Company Secretary, is a Compliance Officer. This Code of Conduct is applicable to all Directors and designated employees of the Company who are expected to have access to an unpublished price-sensitive information relating to the Company.

## 10. Auditor's Certificate on Corporate Governance

As required by the provisions of Clause 49 of the Listing Agreement,

the Auditor's Certificate is given as an Annexure to the Directors' Report.

## 11. CEO and CFO Certification

CEO and CFO certification on the Financial Statements, Cash Flow Statement and Internal Control Systems for financial reporting for the year ended December 31, 2009, is provided in the Annual Report in terms of the provisions of the Stock Exchange Listing Agreements.

## 12. Means of Communication

The Quarterly, Half-yearly and Yearly results are published in The Economic Times and regional language newspapers. The financial results and press releases are also immediately posted on the Company's website, viz. [www.bluedart.com](http://www.bluedart.com).

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

The Quarterly, Half-yearly and Yearly results are published in the 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 to, immediately.

Management Discussion and Analysis Report also 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 immediately on the website viz. [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in).

## 13. Status of compliance with non-mandatory requirements

1. The Company has constituted a Remuneration Committee of Directors comprising of Non-executive and Independent Directors.
2. The Company is in the regime of unqualified financial statements.

## REPORT ON CORPORATE GOVERNANCE

### 14. General Shareholders Information

**Annual General Meeting** : April 13, 2010 at 4:30 p.m. at Hotel Le Royal Meridien, Chancellor II, Sahar Airport Road, Andheri (East), Mumbai – 400 099

**Financial Year** **January 1 to December 31**

<b>Financial Calendar</b> (tentative and subject to change)	<b>Schedule of Board Meetings</b>	<b>Date</b>
	First Quarter ending March 31, 2010	April 13, 2010
	Second Quarter & Half-Year ending June 30, 2010	July 27, 2010
	Third Quarter ending September 30, 2010	October 26, 2010
	Last Quarter & Year ending December 31, 2010	January 28, 2011

<b>Financial Calendar :</b> (tentative and subject to change)	<b>Schedule of Audit Committee Meetings</b>	<b>Date</b>
	First Quarter ending March 31, 2010	April 13, 2010
	Second Quarter & Half-Year ending June 30, 2010	July 27, 2010
	Third Quarter ending September 30, 2010	October 26, 2010
	Last Quarter & Year ending December 31, 2010	January 28, 2011

**Book Closure period** April 6, 2010 to April 13, 2010

**Dividend Payment Date** : April 15, 2010

**Listing on Stock Exchanges** : 1. The Bombay Stock Exchange Limited  
2. The National Stock Exchange of India Limited

(The Company has paid its Annual Listing fees to the above Stock Exchanges for the Financial Year 2009–2010)

### Stock market Performance

<b>Stock Code/Symbol</b>	<b>BSE</b>	<b>526612</b>
	<b>NSE</b>	<b>Symbol – BLUEDART</b>
		<b>Series – EQ</b>

**ISIN** : INE233B01017

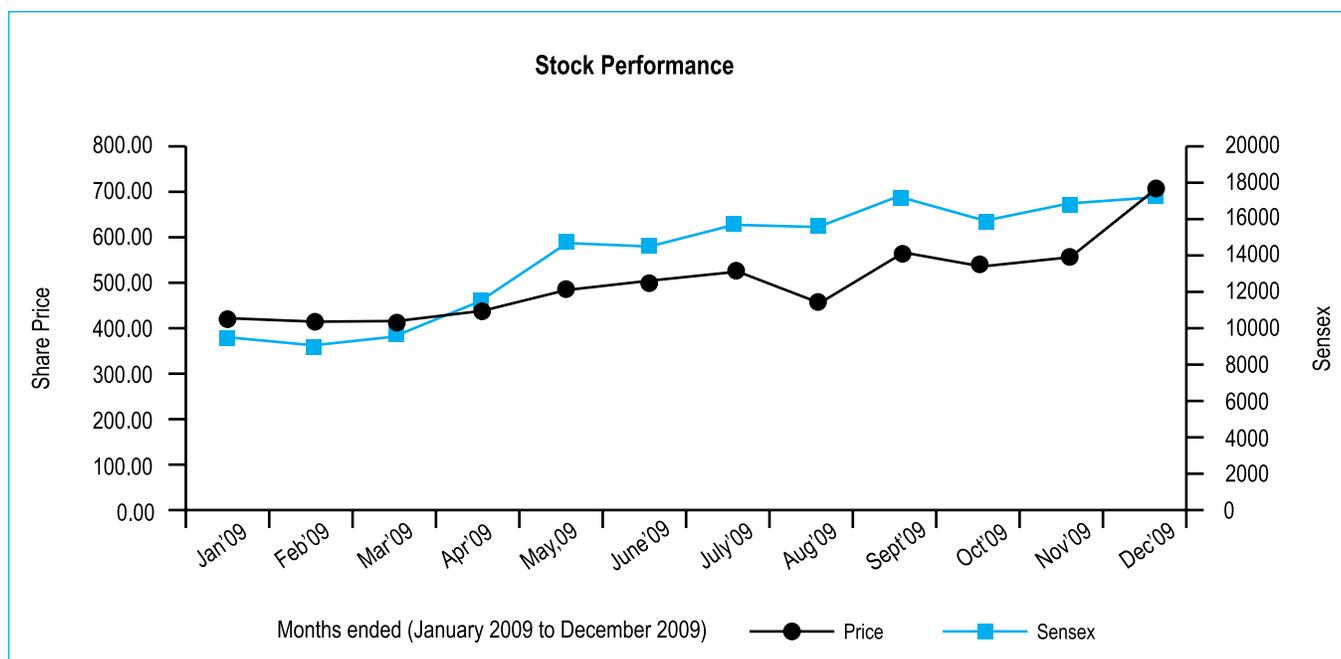
## REPORT ON CORPORATE GOVERNANCE

### Stock Market Data:

#### High and Low quotations of shares at Bombay & National Stock Exchange

Year - 2009		BSE		NSE	
		High	Low	High	Low
January	- 2009	487.35	416.00	485.05	411.25
February	- 2009	494.00	405.00	486.20	411.00
March	- 2009	439.80	384.00	448.00	390.00
April	- 2009	501.00	370.00	503.55	410.00
May	- 2009	519.00	424.50	510.00	400.20
June	- 2009	580.00	481.00	570.00	481.00
July	- 2009	535.00	475.00	539.00	470.00
August	- 2009	550.10	490.10	554.95	495.05
September	- 2009	618.90	528.60	610.00	508.85
October	- 2009	585.00	490.35	585.00	501.05
November	- 2009	588.25	506.15	590.00	530.60
December	- 2009	711.00	545.10	720.00	550.00

#### Stock Price Performance in comparison to the BSE Sensex :



## REPORT ON CORPORATE GOVERNANCE

**Registrar & Share Transfer Agent** : M/s. Link Intime India Pvt.Ltd.  
(erstwhile Intime Spectrum Registry Ltd )  
C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (W),  
Mumbai 400 078.

Phone: 022 – 2596 3838  
Fax : 022 – 2594 6969  
e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Share Transfer System** : The Share Transfers which are received in the physical form are processed well within the statutory 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 December 31, 2009

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	4,629	94.22	488,190	2.06
501 - 1000	129	2.63	103,821	0.44
1001 - 2000	73	1.49	108,434	0.46
2001 - 3000	12	0.24	30,977	0.13
3001 - 4000	12	0.24	40,867	0.17
4001 - 5000	6	0.12	27,445	0.12
5001 - 10000	22	0.45	174,283	0.73
10001 - above	29	0.61	22,753,917	95.89
	<b>4,912</b>	<b>100.00</b>	<b>23,727,934</b>	<b>100.00</b>

### Categories of shareholders as on December 31, 2009

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoter	1	19,227,887	81.035
Foreign Body Corporate	1	200	0.001
Banks, Financial Institutions and Mutual Funds	14	1,751,646	7.382
Individuals	4,567	1,159,757	4.887
Companies	189	1,391,538	5.865
NRIs and FII's	82	188,085	0.793
Clearing Member	57	8,699	0.037
Insurance Companies	1	122	0.000
<b>Total</b>	<b>4,912</b>	<b>23,727,934</b>	<b>100.000</b>

## REPORT ON CORPORATE GOVERNANCE

### Dematerialisation of Shares and Liquidity:

Trading in the Company's equity shares is compulsory in the dematerialised mode for all investors with effect from August 28, 2000. As on December 31, 2009, 23,547,911 Equity Shares of the Company representing 99.24% of Paid- Up Equity Share Capital of the Company are in dematerialised mode.

As Shareholders may be aware, dematerialisation of shares offers various advantages which inter-alia includes the following:

1. No scope for any risk of loss, theft, or fraud with regard to share certificates.
2. Bad deliveries are almost eliminated.

3. Shorter settlements thereby enhancing liquidity.
4. No stamp duty on transfer of securities held in demat mode.
5. No concept of Market Lots.
6. No requirement for lodging of transfer deeds and lodging/ dispatching transfer documents with the Company, thus avoiding a lot of paperwork.

In view of above various advantages of dematerialisation of shares, shareholders who still hold their equity shares in the physical form are kindly requested to get their shares dematerialised as soon as possible.

### 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 300 offices spread across India.

### Address for communication

: Investors should address their correspondence to the Registrar & Share Transfer Agents: M/s. Link Intime India Pvt. Ltd. at the address mentioned hereinabove.

### Contact Persons:

Mr. Raghunath Poojary, Assistant Vice President -Corporate Registry

Mr. Sandeep Holam, Sr. Assistant -Corporate Registry.

Investors may also contact Ms. Prabha Singh, Manager - Secretarial, or Ms. Aarti Falorh, Manager - Secretarial, at the Registered Office of the Company for any assistance and guidance in connection with investors' matters.

Telephone : 2839 6444

Ext. Nos. : 33422 or 33451

Email : [PrabhaS@bluedart.com](mailto:PrabhaS@bluedart.com)

[AartiF@bluedart.com](mailto:AartiF@bluedart.com)

### Analyst Contact

: Mr. Yogesh Dhingra – Finance Director & Chief Operating Officer

### General Information Contact

: Mr. Ketan Kulkarni, Head – Marketing, Corp. Communication & Sustainability.

## AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF 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, for the year ended December 31, 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to 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 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.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F-48102  
Place: Mumbai  
Date : February 23, 2010

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Structure and Developments

A well-developed Logistics Industry is important for the success and overall growth of the economy coupled with an efficient Supply Chain Management system. It provides a competitive edge to industry players. Logistics has always been perceived as a cost centre, and across industries efforts are being made to manage cost and especially so in the wake of the global economic downturn.

Notwithstanding the economic slowdown, the Indian economy posted growth of 6.7% in 2009<sup>1</sup>. This is the second highest economic growth rate after that of China which grew by about 8%<sup>2</sup> in 2009. India is being globally recognized as an outsourcing hub (in Manufacturing and Services sectors). As a result, there is an increased demand for efficient logistics services in India, leading to the growth and transformation of this sector. The logistics sector has been growing at 7%<sup>3</sup> per annum for the last few years and the overall Indian logistics spend is estimated to be approximately Rs. 5 trillion which is about 13%<sup>4</sup> of the country's Gross Domestic Product. This is significantly higher than those of the developed nations where it averages approximately 7%<sup>5</sup>.

The logistics industry in India is highly unorganized; there are a large number of players present across the value chain. The players from the unorganized sector are more dominant in the road and air modes of transport. In road transport, the market is highly fragmented with small fleet owners, individual truck owners, etc., holding the majority share. In the air mode, apart from express companies, there are passenger airlines with their belly space, freight forwarders, etc.

With increased government focus on infrastructure, tier 2 and tier 3 cities are developing faster than ever before. There are 71 cities<sup>6</sup> in India with a population of more than one million. Reaching out to these cities requires good connectivity, both by air and on road. The Indian express market (a part of the logistics services market) has been doing that and is growing at a CAGR of 17.2% and is estimated to be Rs. 7.6 billion<sup>7</sup> for 2009-10. The domestic organized express market is about 30%<sup>8</sup> of this. The unorganized and semi-organized segments consist largely of regional and intra-city service providers. In an increasingly competitive environment, cost centre management is a prime focus area, and increased reach and transit times are potent arsenals for reduced costs. The Government's focus on the Golden Quadrilateral and enhancing Freight Corridors will further enhance our prospects given our market leadership position.

Express Industry provides the speed and reliability to meet the mature and aggressive demand of current markets and their customers who exhibit short-attention spans and are exposed to many alternatives. We at Blue Dart have identified this latent customer need that requires speedy and reliable door-to-door services and have been serving our customers for the last 26 years by partnering them in their growth

and success stories. Blue Dart stands as the supreme leader in the domestic air express industry and commands a market share of 43%<sup>7</sup>. This dominant position must be attributed to the huge investments that Blue Dart has made in building an unmatched infrastructure in the South Asia region which provides the stability to its business model.

## Review of performance

With the global downturn looming large in the year 2008-09, the Government of India infused boosters to the economy by providing stimulus packages. This prevented the economy from getting into a downward spiral and propped the GDP growth to 6.7%<sup>1</sup> which was in stark contrast to the 9%<sup>1</sup> growth rates in the previous three years. The downturn, coupled with high food inflation and interest rates, translated into reduced consumer demand during 2009. This, in turn, resulted in reduced transportation and drop in aircraft space utilization which impacted Blue Dart also.

On November 19, 2009, Blue Dart completed 26 years of leading, innovating and delivering. The year 2009 was one of the most challenging in the history of Blue Dart in terms of market conditions and business sentiments. As a prudent organization, we focused on delivering on our core products, i.e., Domestic Priority and Dart Apex, while building on Dart Surfceline to offer customer one-stop domestic express solutions whilst growing Blue Dart's international revenue. In addition to this, we launched numerous products and services to cater to the Time-Definite segments and specific industry verticals which we believe will bring in scalability.

During the year, Blue Dart added 13 new and 10 replacement facilities. The total across the country now stands at 300 facilities, a ground fleet of over 5412 vehicles, 52 domestic warehouses and 10 express hubs. Blue Dart's market share in the organized air express market reiterates its undisputed position. Blue Dart also augmented its ground express space through its Dart Surfceline product and plans to achieve market leadership in short- to medium-term.

Blue Dart, with four Boeing 757s and three Boeing 737s, has the unique capability to offer an unrivalled payload of 300 tonnes each night on 60 route connections across an expansive and diverse Indian geography. To capitalize on the improving road infrastructure in the country and in continuation to the thrust on the ground product – Dart Surfceline, Blue Dart strengthened the ground network to serve the growing needs of the market and since its launch, has expanded its reach to 21,000+ domestic priority locations and 596 ground routes in India. During the year 2009, Blue Dart carried over 772.65 lacs domestic shipments and over 7.18 lacs international shipments both weighing over 267,000 tonnes.

The Company posted a Rs. 6,070 lacs profit after tax for the year ended December 31, 2009, compared to Rs. 7,735 lacs profit after tax for the

Sources : 1 - CMIE, RBI.  
2 - IMF  
3 - Crisil

4. Mckinsey  
5. R.K.Swamy BBDO Guide to Urban Markets  
6. A C Nielsen Report

7. A T Kearney Report

## MANAGEMENT DISCUSSION AND ANALYSIS

year ended December 31, 2008. Income from operations for the year ended December 31, 2009 was Rs.90,523 lacs, compared to Rs.97,447 lacs for the year ended December 31, 2008.

### Products:

Blue Dart offers air and ground express, air freight, and charters and through its synergies with the three DHL Business Units – DHL Express, DHL Global Forwarding and DHL Exel Supply Chain- offers ocean freight, supply chain solutions, freight forwarding, customs clearance, and project handling capabilities.

The express service offers Domestic Priority for non-commercial documents and packages under 32 kg. Dart Apex™ is a door-to-door, day-definite supply chain and logistics distribution service for commercial shipments that require regulatory clearance. Dart Surfacerline is a premium door-to-door service providing an economical option of shipping packages via Blue Dart's strong and expansive ground network. Smart Box – Air and Ground Express – is the convenient door-to-door service in two sizes – 10 kg and 25 kg Freight services include domestic, early morning airport-to-airport deliveries to the 7 metros: Mumbai, New Delhi, Kolkata, Chennai, Bangalore, Ahmedabad and Hyderabad serviced by Blue Dart aircraft.

Blue Dart has 'interline' agreements with various international airlines and also offers bonded warehousing and transshipment facilities. 'Charters' offer palletized capacity for carriage of urgent and large volumes to multiple airports in India and international airports in the region.

Rakhi Express and University Express (International)/Student Express (domestic) meet the seasonal needs of consumers. 'Freight on Delivery' (FOD), 'Demand draft on Delivery' (DOD) and 'Freight on Value' (FOV) are others which have been very well-received by the market. Import Express is the only importing service in India to offer a door-to-door facility for importing shipments from over 200 countries around the world. Intra – SAARC Road Express is a ground service between India and Bangladesh.

Blue Dart, in line with this focus on innovation, has also come up with customized products to meet specific needs and rolls out certain additional international products and services from DHL like Express Pallet - Air & Ground, Economy Select, Duties & Taxes Paid, Shippers Interest Insurance and Prepaid University Express.

On the domestic front, Blue Dart has launched the 'Cash-on-Delivery' product, Smart Box on Ground Express and the Time-Definite products – Domestic Priority 1030 and Dart Apex 1200. The Time-Definite services are backed by full money back guarantee.

Blue Dart is the only express company that offers an unmatched delivery capability encompassing the entire spectrum of distribution services wherein lies its unique business proposition.

### A Customer Centric Brand

During the year, the Company reinforced the Blue Dart and DHL brands as a unified force at all touch-points that deal with the domestic and international services in the marketplace. This was done by strengthening its retail format with combined 380+ ONE-RETAIL stores in the country, which today remains unparalleled in terms of presence across the country. The First Choice and Net Promoter Approach programmes continue to be a guiding force to improve the service quality and ability to capture the VOC (Voice of Customer) in a systematic way in order to bring in long-lasting customer benefits and strengthening the brand experience. To further strengthen and sustain the premium and thought leadership position in the marketplace, the Company made its presence felt at key events, seminars and media through media one-on-ones, media releases, by-line articles, contributory articles, speaking opportunities, branding activities, etc. These initiatives ensured that Blue Dart was visible in top-notch events and mediums. In 2009, Blue Dart achieved the highest ever Share-of-Voice of 53%. On the Corporate Social Responsibility (CSR) front, Blue Dart aligned its efforts on three key pillars: Education, Environment and Disaster Management. The 'Blue Edge - Empowering Lives' programme, now a 6-month course, continues to impact young lives from the marginalized segment of our society. Blue Dart participated in various efforts to put various environmental concerns in spotlight through events like Earth Day, Volunteer Day, Power Saver-Initiative, Go-green drives, etc. In spite of new entrants, Blue Dart continues to be viewed as a premium brand with high customer satisfaction. Our customers perceive Blue Dart-DHL as the strongest and leading brand in its category. This is also validated through its dominant market share in the domestic and international express markets.

### Opportunities

The express industry is a key enabler in facilitating trade and commerce because of the time-sensitive nature of most goods and the increasing demand for reliability, efficiency and speed. The opportunities are aplenty for the express industry in India as the current logistics spend in India is 13% of the GDP compared to a notably lesser percentage of the same in more developed economies. The need for the highest levels of efficiencies still exists.

Air express remains the preferred option for those looking at reliability, speed and security, and this augurs well with our business model. The ground express too offers huge opportunities due to an increased affluence expanding into tier II and III towns, which are emerging as important nodes of production, consumption and distribution. They enjoy more rapid growth than major metros and provide a wider catchment for suppliers of goods and services, and present interesting distribution opportunities.

The Company has successfully leveraged its proven track record in the air express business by positioning India's finest services in the ground express organized market. The growth in Dart Surfacerline has

## MANAGEMENT DISCUSSION AND ANALYSIS

been exemplary. Blue Dart is focused on delivering value through its robust aviation and ground network, domestic and international reach, market leading transit times, superior technology, innovative and market-defining product launches, and through passionate and dedicated people-force. With strong infrastructure in place, the business is only expected to grow and provide stable revenue streams.

Blue Dart is committed to improving its dominance through focused customer acquisitions and enhancement of customer loyalty from existing and new clients while continuing to open up new markets to service the needs of the customer. The strategy revolves around industry focus and proactive approach on feedback received on a regular basis from the customer touch points. In addition to that, the Company will continue to invest in infrastructure and employees, enhance brand visibility and pursue alliances to meet customer needs on a continuous basis.

### Outlook

According to the Finance Minister, India's economy is expected to grow by 7.5-8.0%<sup>8</sup> in the current fiscal and it could return to the 8-9%<sup>8</sup> growth rates which were seen before the slowdown. India's GDP grew by 6.7%<sup>9</sup> in the last fiscal year after clocking an average annual growth rate of more than 9%<sup>9</sup> in the preceding three years.

### Risks and Concerns

#### Economic Scenario

With the growth projections for India having been revised down to 7.5-8.0%<sup>8</sup> in 2009 and less than 8%<sup>8</sup> per cent in 2010, inflationary environment, sluggishness in the manufacturing and service sectors due to decreased demand as a result of the global downturn will be expected to impact the logistic sector resulting in inconsistent demand.

#### Government Policy

The proposed Ground Handling Policy at airports would significantly impact the quality of air express and airline operations, and render the business untenable. A review of the policy is critical to exclude air express and airline operations because of the special needs of this segment that are completely different from the passenger segment and because of the significant role air express plays in trade facilitation within the country and across borders. We are making our representation to the Ministry of Civil Aviation. On account of various representations, the proposed Ground Handling Policy has been deferred by the Government. We welcome the decision.

The proposed postal bill is not in tandem with the best global practices and would adversely impact the growth of trade and commerce in the

country. The amendment, if passed in its current format, would annul a 30-year-old business employing over one million people, and would negatively impact thousands across the country who have worked hard to set up infrastructure and build the business, Blue Dart being no exception. We, however, welcome the recent decision to temporarily withdraw the Cabinet Note for Bill.

### Competition

An increasing number of players are entering the express industry and this number is expected to rise. To ensure that Blue Dart remains ahead of the market, the focus is on building its key differentiators of service excellence and innovation and continuing to sustain and enhance its value proposition in a field that is likely to witness strong pressure on yields.

### Airport Facilities

India's aviation growth has given rise to a spate of start-up carriers inducting large numbers of aircraft. Without sufficient improvement in airport infrastructure to support their operations, air operators are subjected to long queues for take-off and landing, resulting in increased ATF and operations costs as well as delay. The fallout of the growth in Indian aviation is a severe constraint in infrastructure facilities such as airport warehouses and parking and transit bays. Anticipating the severe constraints, Blue Dart has made representations to the heads of Mumbai and Delhi airports with requests for facilities, parking and transit bays up to the year (2015), impressing upon them the inadequacy of facilities to support current and future growths, and the necessity for improvements to facilitate Indian trade and business.

### Aviation Turbine Fuel Costs

Volatility in crude oil prices is a cause of major concern globally. Blue Dart has a fuel surcharge mechanism in place since December 2002 to neutralize the impact of the Aviation Turbine Fuel (ATF) costs. This has enabled us to manage and mitigate the phenomenal increase in costs.

### Internal Controls and its Adequacy

Across industries, internal processes control and systems play a critical role in the health of a company. An effective system of internal controls forms a keystone necessary for building, maintaining and improving shareholder's value and helps to enhance the overall quality of the business and enterprise. Blue Dart remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and the security of assets. Blue Dart has a sound internal control system to ensure that all assets are protected against loss from unauthorized use. All transactions are recorded and reported correctly. The Company's internal control system is further

Sources : 8 - Ministry of Finance, Government of India.  
9 - CMIE, RBI.

## MANAGEMENT DISCUSSION AND ANALYSIS

supplemented by internal audits carried out by the in-house internal audit teams and the outsourced audit firm, KPMG. Well-established and robust internal audit processes, both at business and corporate levels, continuously monitor the adequacy and effectiveness of the internal control environment across the Company and the status of compliance with operating systems, internal policies and regulatory requirements.

The audit committee of the Board addresses significant issues raised by both the Internal Auditors and Statutory Auditors. The Company also conducts Risk Assessment Workshops to define and identify what the Company's most significant risks are and how those risks can be mitigated. The members of the Senior Management actively participate and deliberate in the Risk Workshops. The Company has been certified to be in conformance with ISO 9001 standards since 1996 and has been successfully re-certified in September 2008 for 3 years, to the new global ISO 9001:2000 standards for "design, management and operations of countrywide express transportation and distribution services within the Indian subcontinent and to international destinations serviced through multinational express companies". The Company has been recently certified and upgraded to the latest ISO 9001:2008 standards.

### Human Resources

People First policies have always been an integral part of the core value of Blue Dart. The highly-motivated and passionate employee environment was amply reflected in the online Employee Satisfaction Survey where 'Pride in working with Blue Dart' remained the highest scoring dimension having a mean score of 4.82.

The Company's overall mean score in the Employee Satisfaction Score (ESS) for the year 2009 was 4.54 (on a scale of 1 to 5). The percentage of employees who were "Satisfied to very Satisfied" was 92.59%. It is a matter of satisfaction that we have received an overall mean score of 4.54 in 2009, which is a positive indicator of continued and stable organizational health and employee engagement.

As part of our endeavour to more actively listen to the voice of the internal customers, the Company had introduced some new dimensions such as Leadership Style, Future Vision, Values, Customer Orientation, and New Initiatives in the ESS survey questionnaire. The mean score received for these dimensions are 4.51, 4.62, 4.60, 4.69 and 4.68 respectively, which is a very encouraging feedback in terms of employees' levels of motivation.

In the difficult economic and business situation of 2009, the Company emphasized on conducting regular feedback through Open House sessions across the organization and introduced Team Brief, a new initiative, to strengthen the internal communication mechanism and align the employees on a regular basis on organisational performance, strategies and initiatives adopted to meet the challenges.

We are very happy to note that multiple Open Houses were conducted by our Managing Director covering all the executives in April 2009 and Manager/Sr. Managers of Head Office and West-1 Region in Nov/Dec, 2009.

Open Houses were convened in all service centres on a quarterly basis to align employees on various strategies and to seek their feedbacks; actions were initiated on their areas of concern.

The Team Briefing sessions by the Managing Director with the Senior Management Team were held every month updating them on various business fronts, progress on new initiatives and strategies for the future. This important initiative allows managers across the country to align all employees with one communication.

In 2009, as part of building customer centricity, the Company's Human Resources Department (HRD) introduced the Delivering Smile module for the frontline staff and around 705 members of the staff were imparted training through in-house/internal trainers. Some of the other major training initiatives pertain to Key to Personal Effectiveness, Self Awareness and Personal Effectiveness, Counter Handling (Retail Training), Package Handling, etc. With the deployment of internal trainers as mentioned above, training man-days of 3.5 was achieved in 2009.

We are committed to implementing integrated HRMS (PRIDE) online module. To this end, Phase I and Phase II of PRIDE which includes modules like Workforce Administration, Talent Acquisition Module Training & Managers Self Service have been successfully designed, mapped, rolled out and implemented. Phase III of PRIDE covering e-performance, Competency Mapping, and Compensation & Budgeting has also been designed and is in the process of final testing and rollout. As part of Phase III, Motiv8, the new Performance Management System, with elements of goal-setting in the form of individual KRAs, mid-year review and final assessment, has been made part of e-performance. As part of the Competency Mapping Module, a competency framework of eight Leadership and Managerial Competencies has been articulated with full description and positive/negative behavioural indicators. With the implementation of Phase III in 2010, the Competencies can be linked to various other HR systems and processes.

To motivate and recognize the employees for their efforts and contribution, three employees were awarded the Employee of the Year Award, 366 employees were given Super Darter/Bravo Blue Darter, and 232 employees were given True Blue awards for completing five years with Blue Dart.

In order to have highly-motivated people and team-bonding, the Initiators Team has organized various events across the country with great zeal. These include the Valentine's Day Special, Holi Celebration, Women's Day Special, Dandiya, Volleyball Tournaments, Cricket

Match, Shuttle Badminton Competition, Friendship Day, Independence Day, Republic Day Celebration, Diya Painting Competition, Children's Painting Competition, Diwali Celebration, Christmas Celebration, BDE Anniversary Celebration, etc.

### **Awards and Recognitions**

Blue Dart won several awards validating its Brand Equity and Leadership, Human Resource Philosophy, Operational Efficiency and Corporate Governance.

Blue Dart was honoured with the Indy's Brand Leadership Award, Gold Medal, and Glory of India Award for Managing Director by the Institute of Economic Studies, Leader in Prestige and Quality 2008. We also won the Reader's Digest Most Trusted Brand 2009 – Gold Award – for the fourth year in a row, EDGE Award for innovations in optimizing the customer experience in real-time and the Consumer Superbrand for the fifth year in a row. The other awards include the Best Express Provider of the Year at the 3rd Express Logistics & Supply Chain Awards and the Market Leadership Award by the CMO Council.

Blue Dart was conferred the Amity HR Excellence Award for the year 2009, based on the annual comprehensive research on HR practices by Amity International Business School. Blue Dart was also honoured with the Best Employer Brand Award, 2009, in recognition of the Strategic and

Iconic Excellence in Talent Management, HR Strategy, Application of IT, Innovation in Recruitment, Innovation in Retention Strategy, Innovation in Career Development and Global HR Strategy.

Blue Dart was also amongst the top 25 companies at the ICSI, National Awards for Excellence in Corporate Governance, 2009.

Our Managing Director was also awarded the Outstanding Entrepreneur of the Year at the Asia-Pacific Entrepreneurship Award, 2009, by Enterprise Asia for showing outstanding tenacity, perseverance and courage in the business, while the Head - Marketing, Corporate Communications and Sustainability was awarded Pride for Profession and the CMO Council Best CMO of the Year Award conferred by the Global Jury at the 1st CMO Awards and Conference in Indore.

### **Cautionary Statement**

The statement forming part of this Report may contain certain forward-looking remarks within the meaning of applicable Securities Law & Regulations. *Many factors could cause the actual results, performances, or achievements of the Company to be materially different from any future results, performances, or achievements. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in government regulations, tax regime and other statutes.*

## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To the Board of Directors,  
BLUE DART EXPRESS LIMITED

We, Anil Khanna, Managing Director and Yogesh Dhingra, Finance Director and Chief Operating Officer of Blue Dart Express Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and cash flow statement of Blue Dart Express Limited for the year ended December 31, 2009 and based on our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee: -
  - a. significant changes, if any, in the internal control over financial reporting during the year.
  - b. significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**Anil Khanna**  
Managing Director

**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer

Mumbai, January 28, 2010

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## DECLARATION REGARDING CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management of the Company have confirmed compliance with the Code of Conduct for the current year, as adopted by the Company.

**Anil Khanna**  
Managing Director

Mumbai, February 23, 2010

## AUDITORS' REPORT TO THE MEMBERS OF BLUE DART EXPRESS LIMITED

1. We have audited the attached Balance Sheet of Blue Dart Express Limited (the 'Company') as at 31st December, 2009, 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) 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 31st December, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2009 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 31st December, 2009;
    - (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.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F-48102  
Place: Mumbai  
Date : January 28, 2010

## 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 December 31, 2009)

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 packing and stationery consumables and spares has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. a) The Company has granted unsecured loans to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year aggregates to Rs. 181,509,765.  
b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.  
c) In respect of the aforesaid loans, the party has repaid the principal along with interest during the year.  
d) 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, 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 such contracts or arrangements 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 and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. 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 generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, cess and other material statutory dues with the appropriate authorities in India. As informed to us, sales tax, customs duty and excise duty 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 income tax, wealth tax, service tax and cess as at 31st December, 2009, which have not been deposited on account of any dispute. As informed to us, sales tax, customs duty and excise duty are not applicable to the Company for the current year.
10. The Company has no accumulated losses as at 31st December, 2009 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 as at the balance sheet date.

## 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 December 31, 2009)

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 associate company, Blue Dart Aviation Limited from banks and financial institutions during the year, considering the service agreement between the two companies, in our opinion, is not prejudicial to the interest of the Company.
16. The Company has not obtained any term loans during the year.
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, and according to the information and explanations given to us, we have not come across any instance of fraud by the Company, noticed or reported during the year, though a few cases of frauds on the Company, committed by way of theft, embezzlement of cash and 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/recovered from the said employees.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F-48102  
Place: Mumbai  
Date : January 28, 2010

## BALANCE SHEET AS AT DECEMBER 31, 2009

	Schedule No.	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	237,628	237,628
Reserves and Surplus	2	4,260,464	3,681,148
		4,498,092	3,918,776
<b>Deferred Tax Liabilities (Net) [Refer Notes 1(k) and 6 - Schedule 16]</b>			
Deferred Tax Liabilities		214,920	216,804
Less: Deferred Tax Assets		29,328	38,301
		185,592	178,503
<b>TOTAL</b>		<b>4,683,684</b>	<b>4,097,279</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	3,003,632	2,856,223
Less: Depreciation/Amortisation		1,286,954	1,124,366
Net Block		1,716,678	1,731,857
Capital Work in Progress (including capital advances)		170,757	89,054
		1,887,435	1,820,911
<b>Investments</b>	4	1,046,941	697,741
<b>Current Assets, Loans and Advances</b>			
Inventories	5	20,038	21,900
Sundry Debtors	6	1,259,350	1,180,066
Cash and Bank Balances	7	254,663	477,420
Loans and Advances	8	1,295,140	893,409
		2,829,191	2,572,795
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	9	981,649	860,551
Provisions	10	98,234	133,617
		1,079,883	994,168
<b>Net Current Assets</b>		1,749,308	1,578,627
<b>TOTAL</b>		<b>4,683,684</b>	<b>4,097,279</b>
<b>Notes to Accounts</b>	16		

Schedules 1 to 10 and 16 referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For Price Waterhouse  
Chartered Accountants

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

**Christopher Ong**  
Director

**Suresh G. Sheth**  
Director

Place: Mumbai  
Dated: January 28, 2010

Place: Mumbai  
Dated: January 28, 2010

**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer

**Tushar Gunderia**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009

	Schedule No.	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>INCOME</b>			
Service Charges [Refer Note 1(h) - Schedule 16]		9,052,307	9,744,650
Other Income	11	75,952	107,089
		<b>9,128,259</b>	<b>9,851,739</b>
<b>EXPENDITURE</b>			
Freight, Handling and Servicing Costs	12	5,856,297	6,359,175
Employee Costs	13	1,347,598	1,326,533
Other Costs	14	811,050	807,816
		<b>8,014,945</b>	<b>8,493,524</b>
<b>Profit Before Interest, Depreciation and Taxation</b>		<b>1,113,314</b>	<b>1,358,215</b>
Interest Expense	15	5,522	5,062
Depreciation / Amortisation		177,550	165,655
		<b>183,072</b>	<b>170,717</b>
<b>Profit Before Taxation</b>		<b>930,242</b>	<b>1,187,498</b>
Provision for Taxation [Refer Notes 1(k), 6 and 12 Schedule 16]			
Current Tax		312,500	395,601
Deferred Tax		7,089	1,853
Fringe Benefits Tax		1,653	16,517
Taxation in respect of earlier years		1,923	-
		<b>323,165</b>	<b>413,971</b>
<b>Profit After Taxation</b>		<b>607,077</b>	<b>773,527</b>
Balance brought forward from previous year		3,042,782	2,297,016
<b>Available for Appropriation</b>		<b>3,649,859</b>	<b>3,070,543</b>
Proposed Dividend		23,728	23,728
Tax on Proposed Dividend		4,033	4,033
<b>Balance carried forward to Balance Sheet</b>		<b>3,622,098</b>	<b>3,042,782</b>
<b>Earnings Per Share</b> (Refer Note 5 - Schedule 16)			
Basic and diluted Earnings Per Share (in Rupees)		25.58	32.60
Nominal value per equity share (in Rupees)		10.00	10.00
<b>Notes to Accounts</b>	16		

Schedules 11 to 16 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.

For and on behalf of the Board of Directors

For Price Waterhouse  
Chartered Accountants

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

**Christopher Ong**  
Director

**Suresh G. Sheth**  
Director

Place: Mumbai  
Dated: January 28, 2010

Place: Mumbai  
Dated: January 28, 2010

**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer

**Tushar Gunderia**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>A. Cash flows from Operating activities:</b>		
Profit before Taxation	930,242	1,187,498
<b>Adjustments for:</b>		
Depreciation/Amortisation	177,550	165,655
Interest expense	5,522	5,062
Interest income	(16,296)	(26,467)
Dividend from mutual funds	(33,044)	(24,636)
Loss/(Gain) on sale/scraping of fixed assets (Net)	(123)	1,260
Loss/(Gain) on account of Foreign exchange	-	(3,362)
Bad debts	13,351	10,204
Unadjusted credits/liabilities no longer required written back	(5,223)	(39,709)
Provision for leave encashment	(4,886)	(301)
Provision for gratuity	(30,497)	(4,775)
Provision for Directors' commission/professional fees	9,000	9,000
<b>Operating profit before working capital changes</b>	<b>1,045,596</b>	<b>1,279,429</b>
<b>Adjustments for changes in working capital:</b>		
(Increase)/Decrease in Inventories	1,862	(1,522)
(Increase)/Decrease in Sundry Debtors	(91,375)	(82,310)
(Increase)/Decrease in Other Receivables	(416,981)	(283,771)
Increase/(Decrease) in Trade and Other Payables	158,396	51,972
<b>Cash generated from Operations</b>	<b>697,498</b>	<b>963,798</b>
Taxes paid (net of Tax Deducted at Source)	(300,239)	(417,397)
<b>Net cash from Operating activities</b>	<b>397,259</b>	<b>546,401</b>
<b>B. Cash flows from Investing activities:</b>		
Purchase of fixed assets	(168,267)	(297,644)
Changes in capital work in progress	(118,055)	(18,207)
Proceeds from sale of fixed assets	1,559	158
Interest received	14,030	22,396
Dividend from mutual funds	33,462	24,317
Investment in Blue Dart Aviation Limited	-	(63,081)
Investment in mutual funds (Net)	(349,200)	-
<b>Net cash used in Investing activities</b>	<b>(586,471)</b>	<b>(332,061)</b>
<b>C. Cash flows from Financing activities:</b>		
Interest paid	(5,522)	(5,062)
Dividend paid	(23,990)	(23,862)
Dividend tax paid	(4,033)	(4,033)

## CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>Net cash used in Financing activities</b>	(33,545)	(32,957)
<b>Net Increase in Cash and Cash Equivalents</b>	(222,757)	181,383
<b>Cash and cash equivalents at the beginning of the year</b>	477,420	296,037
<b>Cash and cash equivalents at the end of the year</b>	254,663	477,420
	<b>As at December 31, 2009 in Rs. ('000)</b>	<b>As at December 31, 2008 in Rs. ('000)</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash, cheques and remittances in transit	120,644	57,738
Balance with Scheduled Banks:		
on current accounts	128,937	415,483
on margin money accounts	150	236
on unpaid dividend accounts	1,243	1,505
Balance with non scheduled Bank:		
on current account	2,309	1,078
on deposit account	1,380	1,380
	<b>254,663</b>	<b>477,420</b>

### Notes :

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS-3) as notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.
- Cash flows in brackets indicate cash outgo.
- Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs. 2,171 ('000) [(Previous Year - Rs. 4,071 ('000))].
- Cash and cash equivalents includes Rs. 7,533 ('000) [(Previous year - Rs. 3,121 ('000))] which are not available for use by the Company. (Refer Schedule 7 in the Financial Statements)

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

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: January 28, 2010

For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

Place: Mumbai  
Dated: January 28, 2010

**Anil Khanna**  
Managing Director

**Christopher Ong**  
Director

**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer

**Malcolm Monteiro**  
Director

**Suresh G. Sheth**  
Director

**Tushar Gunderia**  
Company Secretary

## SCHEDULES

### Schedules forming part of the Balance Sheet

### Notes:

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<u>Authorised</u>		
40,000,000 equity shares of Rs. 10 each	400,000	400,000
<u>Issued and Subscribed</u>		
23,727,934 equity shares of Rs. 10 each fully paid-up	237,280	237,280
Add: Forfeited Shares	348	348
<b>Total</b>	<b>237,628</b>	<b>237,628</b>

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

19,227,887 equity shares constituting 81.03% of the equity share capital of the Company are held by DHL Express (Singapore) Pte. Limited, the holding company. The ultimate holding company is Deutsche Post AG, Germany.

### SCHEDULE 2

#### RESERVES AND SURPLUS

Securities Premium	394,057	394,057
General Reserve	244,309	244,309
Profit and Loss Account	3,622,098	3,042,782
<b>Total</b>	<b>4,260,464</b>	<b>3,681,148</b>

### SCHEDULE 3

#### FIXED ASSETS

[Refer Notes 1(b),1(c),1(d) and 3 - Schedule 16]

in Rs. ('000)

DESCRIPTION OF ASSETS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2009	Additions	Deductions / Adjustments	As at December 31, 2009	As at January 1, 2009	For the Year	Deductions / Adjustments	As at December 31, 2009	As at December 31, 2009	As at December 31, 2008
<b>Intangible Assets:</b>										
Goodwill [Refer Note (a) below]	30,000	-	-	30,000	26,630	1,500	-	28,130	1,870	3,370
Computer Software	132,102	17,989	25	150,066	74,594	15,015	-	89,609	60,457	57,508
<b>Tangible Assets:</b>										
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	172,632	2,182	-	174,814	26,693	2,832	-	29,525	145,289	145,939
Office Equipment	100,769	18,416	532	118,653	30,452	7,879	172	38,159	80,494	70,317
Electrical Equipment	232,933	35,795	811	267,917	73,036	17,890	849	90,077	177,840	159,897
Computers	404,307	25,046	9,371	419,982	224,690	52,803	9,194	268,299	151,683	179,617
Furniture and Fittings	339,488	50,711	1,001	389,198	99,950	22,312	490	121,772	267,426	239,538
Vehicles	44,319	1,120	4,658	40,781	27,316	3,510	4,257	26,569	14,212	17,003
Aircraft Engines	123,697	-	-	123,697	116,983	2,054	-	119,037	4,660	6,714
Aircraft	527,245	-	-	527,245	165,589	35,589	-	201,178	326,067	361,656
Aircraft Components and Overhaul	205,170	-	-	205,170	155,446	8,355	-	163,801	41,369	49,724
D-Check on Aircraft [Refer Note (b) below]	114,598	-	-	114,598	95,576	6,022	-	101,598	13,000	19,022
Ground Handling Equipment	32,680	12,548	-	45,228	7,411	1,789	-	9,200	36,028	25,269
<b>Total</b>	<b>2,856,223</b>	<b>163,807</b>	<b>16,398</b>	<b>3,003,632</b>	<b>1,124,366</b>	<b>177,550</b>	<b>14,962</b>	<b>1,286,954</b>	<b>1,716,678</b>	<b>1,731,857</b>
Previous Year	2,569,176	297,207	10,160	2,856,223	967,453	165,655	8,742	1,124,366	1,731,857	

### Notes:

- The balance period over which goodwill will be amortised is one year and three months.
- D-Check on Aircraft represents costs towards heavy maintenance mandatory checks.
- Deductions/Adjustments represents reclassification from one category of asset to other category of asset.

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 4</b>				
<b>INVESTMENTS</b>				
(Long Term, Unquoted, At Cost) [Refer Note 1(e) - Schedule 16]				
<b>Trade</b>				
3,029,008 units (Previous Year NIL) of ICICI Prudential Flexible Income Plan Premium-Daily Dividend Reinvestment Plan (83,168,789 units purchased, 163,219 units cumulated and 80,303,000 units sold during the Year)			320,200	-
11,760,000 (Previous Year - 11,760,000) equity shares of Rs. 10 each in Blue Dart Aviation Limited	183,081	183,081		
110,000 (Previous Year - 110,000) equity shares of Rs. 10 each in Concorde Air Logistics Limited	14,600	14,600	-	110,000
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50		
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10		
<b>Non - Trade</b>				
<u>Others (Current)</u>				
Units in Mutual Funds				
NIL units (Previous Year NIL) of ICICI Prudential Institutional Liquid Plan- Super Institutional Daily Dividend Reinvestment Plan (296,793,566 units purchased, 69,860 units cumulated and 296,863,426 units sold during the Year)	-	-	119,000	120,000
NIL units (Previous Year NIL) of HDFC Cash Management Fund-Savings Plan-Daily Dividend Reinvestment Option (190,383,965 units purchased, 33,411 units cumulated and 190,417,376 units sold during the Year)			-	-
NIL units (Previous Year NIL) of UTI Liquid Cash Plan Inst Daily Dividend Reinvestment (1,535,442 units purchased, 179 units cumulated and 1,535,621 units sold during the Year)			-	-
NIL units (Previous Year 17,016,958) of ICICI Prudential Floating rate Plan D-Daily Dividend Reinvestment Plan (34,883,266 units purchased, 271,236 units cumulated and 52,171,460 units sold during the Year)	-	170,000		

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
18,348,404 units (Previous Year 9,972,367) of HDFC Cash Management Fund Treasury Advantage Plan Wholesale-Daily Dividend Reinvestment (erstwhile HDFC Cash Management Fund-Savings Plus Plan Wholesale-Daily Dividend Reinvestment Option) (160,117,618 units purchased, 985,948 units cumulated and 152,727,529 units sold during the Year)	184,000	100,000	<b>SCHEDULE 6</b>		
			<b>SUNDRY DEBTORS</b>		
			(Unsecured, considered good)		
			Debts outstanding for a period exceeding six months	-	-
			Other debts	1,259,350	1,180,066
			<b>Total</b>	<b>1,259,350</b>	<b>1,180,066</b>
226,007 units (Previous Year NIL) of UTI Treasury Advantage Fund-Institutional Plan-Daily Dividend Reinvestment (erstwhile UTI Liquid Plus Fund Inst Plan Daily Dividend Reinvestment) (1,457,645 units purchased, 8,084 units cumulated and 1,239,722 units sold during the Year)	226,000	-	<b>SCHEDULE 7</b>		
			<b>CASH AND BANK BALANCES</b>		
			Cash, cheques on hand and remittances in transit	120,644	57,738
			Balance with scheduled banks:		
			on current accounts	128,937	415,483
			on margin money accounts	150	236
			on unpaid dividend accounts	1,243	1,505
			Balance with non-scheduled bank: (Municipal Co-operative Bank)		
			on current account	2,309	1,078
			on deposit account	1,380	1,380
			{Maximum amount outstanding during the Year in current account Rs. 11,548 ('000) [Previous Year- Rs. 12,476 ('000)] and in deposit account Rs. 1,380 ('000) [Previous Year - Rs. 1,380 ('000)]}		
<b>Total</b>	<b>1,046,941</b>	<b>697,741</b>	<b>Total</b>	<b>254,663</b>	<b>477,420</b>
<b>SCHEDULE 5</b>					
<b>INVENTORIES</b>					
[Refer Note 1(f)-Schedule 16]					
Packing and Stationery Consumables	12,098	13,699			
Spares	7,940	8,201			
<b>Total</b>	<b>20,038</b>	<b>21,900</b>			

#### Notes:

- The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company. The balances in the deposit accounts are given as security against overdraft facilities from bank.
- The bank balances in the current account includes Rs. 4,760 ('000) [Previous Year Nil] held in trust on behalf of others.

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 8</b>			<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>			<b>PROVISIONS</b>		
(Unsecured, considered good)			Provision for Leave Encashment [Refer Notes 1(g) and 2 - Schedule 16]	64,884	69,770
Aircraft Payload Deposit (Trade)with Blue Dart Aviation Limited	215,000	215,000	Provision for Gratuity [Refer Notes 1(g) and 2 - Schedule 16]	5,589	36,086
Advance for capital expenditure (Trade) to Blue Dart Aviation Limited	565,795	174,784	Proposed Dividend	23,728	23,728
Advances recoverable in cash or in kind or for value to be received:			Tax payable on Proposed Dividend	4,033	4,033
Prepaid expenses	32,393	25,829	<b>Total</b>	<b>98,234</b>	<b>133,617</b>
Deposits	262,327	218,575	<b>Schedules forming part of the Profit and Loss Account</b>		
Advance tax (Net of Provision)	50,120	63,786		<b>Year ended December 31, 2009 in Rs. ('000)</b>	<b>Year ended December 31, 2008 in Rs. ('000)</b>
Other advances	169,505	195,435			
<b>Total</b>	<b>1,295,140</b>	<b>893,409</b>	<b>SCHEDULE 11</b>		
<b>SCHEDULE 9</b>			<b>OTHER INCOME</b>		
<b>LIABILITIES</b>			Dividend from Mutual Funds (from non-trade investments)	33,044	24,636
Sundry Creditors:			Interest on Inter-Corporate Deposit	9,893	17,968
a) Micro, Small and Medium Enterprises [Refer Note 11- Schedule 16]	4,617	1,854	{Tax deducted at source Rs. 2,171 ('000) [Previous Year - Rs. 3,181 ('000)]}		
b) Others	587,912	514,253	Interest on deposits with banks and others	6,403	8,499
Unclaimed dividend *	1,243	1,505	{Tax deducted at source Rs. NIL [Previous Year - Rs. 890 ('000)]}		
Other Liabilities	387,877	342,939	Liability no longer required written back	5,223	39,709
<b>Total</b>	<b>981,649</b>	<b>860,551</b>	Gain on sale/scraping of fixed assets (Net)	123	-
			Gain on account of Foreign exchange fluctuation (Net) [Refer Note 1 (i) - Schedule 16]	-	3,483
			Miscellaneous income	21,266	12,794
			<b>Total</b>	<b>75,952</b>	<b>107,089</b>

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

## SCHEDULES

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)		Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>SCHEDULE 12</b>					
<b>FREIGHT, HANDLING AND SERVICING COSTS</b>					
Aircraft charter costs	3,110,632	3,693,902	Insurance	13,432	9,094
Domestic network operating costs	1,536,482	1,415,465	Bad debts	13,351	10,204
International servicing charges	600,717	604,031	Lease rentals [Refer Notes 1(j) and 9 - Schedule 16]	11,275	10,855
Domestic excess baggage	309,517	349,788	Sales promotion and advertising	10,280	19,334
Handling and clearing charges	173,130	161,517	Travelling and conveyance	9,247	31,728
Printing, stationery and consumables	125,819	134,472	Loss on account of Foreign exchange fluctuation (Net) [Refer Note 1 (i) - Schedule 16]	1,504	-
<b>Total</b>	<b>5,856,297</b>	<b>6,359,175</b>	Miscellaneous expenses	2,201	2,233
<b>SCHEDULE 13</b>			Loss on sale/scrapping of fixed assets (Net)	-	1,260
<b>EMPLOYEE COSTS</b>			<b>Total</b>	<b>811,050</b>	<b>807,816</b>
[Refer Notes 1(g), 2, 10(a) and 10(b) - Schedule 16]			<b>SCHEDULE 15</b>		
Salaries, Bonus and Leave Encashment	1,237,353	1,178,728	<b>INTEREST EXPENSE</b>		
Contribution to provident and other funds	77,129	92,917	On Bank Overdraft	218	133
Staff welfare expenses	33,116	54,888	Others	5,304	4,929
<b>Total</b>	<b>1,347,598</b>	<b>1,326,533</b>	<b>Total</b>	<b>5,522</b>	<b>5,062</b>
<b>SCHEDULE 14</b>			<b>SCHEDULE 16</b>		
<b>OTHER COSTS</b>			<b>Notes to Accounts</b>		
Rent	361,011	307,146	<b>1. Significant Accounting Policies</b>		
Electricity	75,877	73,478	<b>(a) Basis of preparation of Financial Statements</b>		
Communication expenses	66,763	66,041	(The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards notified under sub-section) (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.		
Office expenses	66,641	72,032	<b>(b) Fixed Assets and Depreciation/Amortisation</b>		
Security expenses	58,338	56,576	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.		
Repairs and maintenance-others	51,825	50,897			
Legal and professional charges [Refer Note 10(c) - Schedule 16]	45,178	69,563			
Rates and taxes	24,127	27,375			

## SCHEDULES

Modifications that enhance the operating performance or extend the useful life 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 Act, 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	Useful Life (in Years)
Office Equipment	2 to 16
Electrical Equipment	6 to 16
Computers	3 to 6
Aircraft Engines	2 to 7
Aircraft	14
D-Check on Aircraft	7

Individual assets costing upto Rs 5,000 are depreciated 100% on a pro-rata basis over one year from the date the asset is put to use.

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 in Schedule XIV to the Act, 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) 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 year in which they are incurred.

### (d) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

### (e) 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.

### (f) Inventories

Inventories primarily consist of packing and stationery consumables and spares. These are valued at cost. Cost is calculated at purchase price and expenditure directly attributable to the acquisition of such inventories for bringing it to its present location.

### (g) Employee Benefits

#### (i) Short Term Employee Benefits:

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment of short term nature is provided on an estimated basis.

#### (ii) Long Term Employee Benefits:

#### Defined Contribution Plans

The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognised by the income tax authorities and administered through trustees.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

## SCHEDULES

The Company contributes to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

### **Defined Benefit Plans**

The Company has a Defined Benefit Plan namely Gratuity for all its employees. Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Life Insurance Corporation of India and is funded.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet Date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

### **Other Long-term Employee Benefits**

The employees of the Company are entitled to other long-term benefits in the form of Leave Encashment and Compensated Absences as per the policy of the Company. Liability for such benefits is provided on the basis of valuations, as at the Balance Sheet Date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

- (iii) Termination benefits are recognised as an expense as and when incurred.
- (iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

### **(h) Service Charges**

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

### **(i) Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date 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.

### **(j) Lease Rentals**

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

### **(k) 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 consideration of 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.

### **(l) Provision for Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

## **2. Employee Benefits**

The Company has classified the various employee benefits provided to employees as under:-

### **I Defined Contribution Plans**

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account in Schedule 13 under "Contribution to Provident and Other Funds"-

## SCHEDULES

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
- Employers' Contribution to Provident Fund	24,500	23,943	Acturial (gain) / loss on obligations	(20,380)	(4,574)
- Employers' Contribution to Superannuation Fund	6,606	6,756	Present Value of Obligation as at Year end	176,225	173,156
- Employers' Contribution to Employee's State Insurance	15,194	14,927	<b>B) Changes in the Fair value of Plan Assets</b>		
- Employers' Contribution to Employee's Pension Scheme 1995	25,333	24,165	Fair Value of Plan Assets at the beginning of the year	137,070	119,475
<b>II Defined Benefit Plans</b>			Expected Return on Plan Assets	9,614	9,259
<b>I. Gratuity:</b>			Acturial Gains and (Loss) on Plan Assets	1,850	(436)
Valuations in respect of Gratuity has been carried out by an independent actuary, as at the Balance sheet date, based on the following assumptions:			Contributions	30,000	20,000
			Benefits Paid	(7,898)	(11,228)
	<b>As at December 31, 2009 in Rs. ('000)</b>	<b>As at December 31, 2008 in Rs. ('000)</b>	Fair Value of Plan Assets at Year end	170,636	137,070
Discount Rate (per annum)	8.50%	8.00%	<b>C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets [Included in Provisions (Refer Schedule 10)]</b>		
Rate of increase in Compensation levels	7.25%	7.25%	Present Value of funded obligation as at the year end	176,225	173,156
Rate of Return on Plan Assets	7.75%	8.00%	Fair Value of Plan Assets as at the end of the year	170,636	137,070
Expected Average remaining working lives of employees (years)	20	20	Funded Status	(5,589)	(36,086)
<b>A) Changes in the Present Value of Obligation</b>			Present Value of unfunded Obligation as at the Year end	(5,589)	(36,086)
Present Value of Obligation at the beginning of the year	173,156	160,336	Unrecognised Actuarial (gains) / losses	Nil	Nil
Interest Cost	13,852	12,426	Unfunded Net Asset / (Liability) recognised in Balance Sheet	(5,589)	(36,086)
Past Service Cost	Nil	Nil			
Current Service Cost	17,495	16,196			
Curtailment Cost / (Credit)	Nil	Nil			
Settlement Cost / (Credit)	Nil	Nil			
Benefits Paid	(7,898)	(11,228)			

## SCHEDULES

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>D) Amount recognised in the Balance Sheet [Included in Provisions (Refer Schedule 10)]</b>			<b>3. Capital Commitments</b>		
Present Value of Obligation at the end of the year	(176,225)	(173,156)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	156,604	44,991
Fair Value of Plan Assets at Year end	170,636	137,070	<b>4. Contingent Liabilities not provided for</b>		
Liability recognised in the Balance Sheet	(5,589)	(36,086)	(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	1,660,000	1,660,000
<b>E) Expenses recognised in the Profit and Loss Account in Schedule 13 under "Contribution to Provident and other funds".</b>			(b) Bank Guarantees	23,652	21,607
	<b>Year ended December 31, 2009 (in Rs. '000)</b>	<b>Year ended December 31, 2008 (in Rs. '000)</b>	Note: Future cash outflows can be determined only when guarantees are invoked by parties to whom given.		
Current Service Cost	17,495	16,196		<b>Year ended December 31, 2009 (in Rs. '000)</b>	<b>Year ended December 31, 2008 (in Rs. '000)</b>
Past Service Cost	Nil	Nil	<b>5. Earnings Per Share</b>		
Interest Cost	13,852	12,426	(a) Profit after Taxation for the year (Rs '000)	607,077	773,527
Expected Return on Plan Assets	(9,614)	(9,259)	(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
Curtailment Cost / (Credit)	Nil	Nil	(c) Basic and Diluted Earnings Per Share (In Rupees)	25.58	32.60
Settlement Cost / (Credit)	Nil	Nil	(d) Nominal value of shares outstanding (In Rupees)	10.00	10.00
Net actuarial (gain) / loss recognised in the Year	(22,230)	(4,138)			
Total Expenses/(Gain) recognised in the Profit and Loss Account	(497)	15,225			

### III Other Long-term Employee Benefits

The liabilities for Leave Encashment and Compensated Absences as at year end were Rs 58,988 ('000) [Previous Year Rs.63,724 ('000)] and Rs.5,896 ('000) [Previous Year Rs.6,046 ('000)] respectively.

## SCHEDULES

### 6. Deferred Tax Balances

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

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>(a) Liabilities</b>		
Depreciation/Amortisation	214,920	216,804
<b>Total</b>	<b>214,920</b>	<b>216,804</b>
<b>(b) Assets</b>		
Provision for leave encashment	20,695	22,356
Provision for gratuity	1,900	7,167
Provision for bonus	6,733	5,719
Others	-	3,059
<b>Total</b>	<b>29,328</b>	<b>38,301</b>
<b>Net Deferred Tax Liabilities</b>	<b>185,592</b>	<b>178,503</b>

### 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 and returns.

### 8. Related Party Disclosures

#### (a) Enterprises where control exists:

Deutsche Post AG, Germany	- Ultimate Holding Company
DHL Express (Singapore) Pte. Limited	- Holding Company

Concorde Air Logistics Limited	- Wholly owned Subsidiary Company
DHL Express India Private Limited	- Fellow Subsidiary Company
DHL Danzas Private Limited	- Fellow Subsidiary Company
Skyline Air Logistics Limited	- Fellow Subsidiary Company
Blue Dart Aviation Limited	- Associate Company

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

##### (i) Holding/Subsidiary/Fellow Subsidiaries/Associate Company

DHL Express (Singapore) Pte. Limited	- Holding Company
Concorde Air Logistics Limited	- Wholly owned Subsidiary Company
DHL Express India Private Limited	- Fellow Subsidiary Company
DHL Danzas Private Limited	- Fellow Subsidiary Company
Blue Dart Aviation Limited	- Associate Company

##### (ii) Key Management Personnel

Anil Khanna	Managing Director
Malcolm Monteiro	Director
Clyde C. Cooper	Director
Christopher Ong	Director

#### (c) Transactions with related parties during the year:

##### (i) With Holding/Subsidiary/Fellow Subsidiaries/Associate Company

## SCHEDULES

	Year ended December 31, 2009 (in Rs. '000)	Year ended December 31, 2008 (in Rs. '000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>DHL Express (Singapore) Pte. Limited</b>					
Dividend paid	19,228	19,228			
<b>Concorde Air Logistics Limited</b>					
Reimbursements towards air freight, etc.	202,319	182,883	Concorde Air Logistics Limited	(21,761)	-
Agency Charges	-	708	DHL Express India Private Limited (Net)	(98,437)	(89,960)
<b>DHL Express India Private Limited</b>			DHL Danzas Private Limited	66,609	28,978
International servicing cost	600,717	604,031	Blue Dart Aviation Limited	780,795	394,908
Domestic service charges income	(258,692)	(298,206)	(ii) <u>Corporate guarantees given on behalf of Blue Dart Aviation Limited</u>	1,660,000	1,660,000
Reimbursements of expenses	3,497	3,349	(iii) <u>Payable to Key Management Personnel</u>		
<b>DHL Danzas Private Limited</b>			Anil Khanna	7,000	7,000*
Domestic service charges income	(163,404)	(83,538)	* An amount of Rs 4,000 ('000) only was paid.		
Deposit received/(paid)	(629)	830	<b>9. Commitments under lease agreements</b>		
<b>Blue Dart Aviation Limited</b>			The Company has entered into non-cancellable operating lease agreements for rental of motor cars for a period of five years and commitments as at December 31, 2009 are as under:		
Aircraft charter costs	3,110,371	3,693,356		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
Inter Corporate Deposit	201,780	494,563	Upto One Year	12,360	12,726
Other Advance	391,011	174,784	One to Five Years	25,231	28,014
Interest income	(9,893)	(17,968)			
Domestic service charges income	(3,673)	(7,081)			
(ii) <u>With Key Management Personnel</u>					
Remuneration - Anil Khanna	17,409	16,694			
Sitting Fees - Clyde C. Cooper	40	60			
	17,449	16,754			

## SCHEDULES

### 10. Supplementary data as required under Schedule VI to the Act

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>(a) Managerial remuneration:</b>			Net profit as per Sections 198 and 349 of the Act	950,374	1,207,952
Salary	7,260	6,975	Commission to Managing Director	7,000	7,000
Commission [Refer (b) below]	9,000	9,000	Commission to Independent Directors at 1% of Net Profit per Director, restricted to Rs. 10 lacs per Independent Director.	2,000	2,000
Contribution to Provident Fund	598	563		9,000	9,000
Contribution to Superannuation Fund	747	704			
Leave encashment paid	540	288			
Perquisites	1,264	1,164	<b>(c) Legal and Professional Charges include Auditors' Remuneration as follows:</b>		
Directors' sitting fees	600	500			
	<b>20,009</b>	<b>19,194</b>			
Provision for Leave Encashment / compensated absences and Gratuity, which are based on actuarial valuations done on an overall company basis, are excluded above.					
<b>(b) Computation of 'net profit' in accordance with Sections 198 and 349 of the Act and commission payable to the directors (including Managing Director):</b>				<b>Year ended December 31, 2009 in Rs. ('000)</b>	<b>Year ended December 31, 2008 in Rs. ('000)</b>
Profit before Tax	930,242	1,187,498	Audit Fees-Statutory Audit Fees	3,600	3,600
Add: Directors' remuneration [Refer (a) above]	20,009	19,194	Tax Audit Fees	700	700
Depreciation/Amortisation provided in the books of account	177,550	165,655	For other matters	1,850	1,850
Loss on sale/scraping of fixed assets (Net)	-	1,260		6,150	6,150
	1,127,801	1,373,607	<b>(d) Earnings in foreign currency:</b>		
Less: Depreciation under Section 350 of the Act	177,550	165,655	Service income	68,202	52,985
Gain on sale/scraping of fixed assets (Net)	(123)	-	<b>(e) Expenditure in foreign currency:</b>		
			Foreign travel	26	1,281
			Others	8,004	2,714
				8,030	3,995
			<b>(f) Remittance in foreign currency on account of dividends:</b>		
			Number of Non-resident shareholders	1	1
			Number of Equity Shares held	19,227,887	19,227,887
			Amount of dividend remitted	19,228	19,228
			Year to which dividend relates	Jan-Dec 2008	Jan-Dec 2007

## SCHEDULES

11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at December 31, 2009. The disclosure pursuant to the said Act is as under:

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
Principal amount due to suppliers under MSMED Act, 2006	4,617	1,854
Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 15)	-	-
Interest paid to suppliers under MSMED Act (Section 15)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

12. The provision for taxation for the year has been computed on the basis of the results for the year ended December 31, 2009, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2010 relevant to the assessment year 2010-2011.

13. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

Signature to Schedule 1 to 16 form part of the Financial Statements.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: January 28, 2010

For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Christopher Ong**  
Director

**Suresh G. Sheth**  
Director

**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer

**Tushar Gunderia**  
Company Secretary

Place: Mumbai  
Dated: January 28, 2010





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

Name of the Subsidiary Company	:	Concorde Air Logistics Limited
Holding Company's Interest	:	110,000 Equity Shares of Rs. 10 each fully paid up
Extent of Holding	:	100%
The "Financial Year" of the Subsidiary Company ended on	:	December 31, 2009
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
For the previous financial years	:	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)	:	5,269
For the previous financial years (Rs.in thousand)	:	6,514

For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Christopher Ong**  
Director

**Suresh G. Sheth**  
Director

**Yogesh Dingra**  
Finance Director &  
Chief Operating Officer

**Tushar Gunderia**  
Company Secretary

Place: Mumbai  
Dated: January 28, 2010

## BOARD OF DIRECTORS

### CONCORDE AIR LOGISTICS LIMITED

#### BOARD OF DIRECTORS

Vaidhyanathan Iyer

Tushar Gunderia

D. Basappa

Mirza Baig

#### PRINCIPAL BANKERS

Canara Bank

ICICI Bank Ltd.

Indian Overseas Bank

#### AUDITORS

Price Waterhouse

#### REGISTERED OFFICE

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

## DIRECTORS' REPORT

### To the Members

Your Directors have great pleasure in presenting the Sixth Annual Report of your Company for the year ended December 31, 2009.

### FINANCIAL RESULTS

	(Rs. in Lacs)	
	For the year ended December 31, 2009	For the year ended December 31, 2008
<b>Revenues:</b>		
Services	154.31	183.28
Commission	76.57	66.09
Other Income	12.06	17.51
Less : Operating Expenses	171.72	183.61
Operating Profit (EBIDTA)	71.22	83.27
Less : Depreciation / Amortisation	18.53	18.13
Earnings before Tax	52.69	65.14
Less : Provision for income tax (including FBT)	21.73	23.12
Earnings after tax	30.96	42.02

Your Directors wish to strengthen financial position of the Company and as such, no dividend is recommended for the year 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 Air Cargo Agent with International Air Transport Association (IATA) and licensed Custom House Agent under the provisions of Customs Act, 1962.

Your Company is also engaged in the business of clearance of import cargo in addition to export cargo at Mumbai.

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

### DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Mr. Tushar Gunderia, Director, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of 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 judgements and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit of the Company for that year;
- 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.

### AUDITORS

The Statutory Auditors, M/s. Price Waterhouse, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received 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 Statutory Auditors of the Company.

### FIXED DEPOSIT

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

### COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383(A) of the Companies Act, 1956, M/s. Nilesh Shah & Associates, Company Secretaries in Whole Time Practice, have issued 'Compliance Certificate' for the year ended December 31, 2009, which has been attached as an Annexure to this Report.

# DIRECTORS' REPORT

## EMPLOYEES

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

During the year under review, your 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 EARNINGS 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. 85.01 lacs (previous Year Rs.119.52 lacs)

## ACKNOWLEDGEMENT

Your Directors express their deep sense of gratitude to our customers, associates, banks, suppliers and government authorities for their continuous support during the year under review.

For and on behalf of the Board of Directors

**Vaidhyanathan Iyer**  
Director

**Tushar Gunderia**  
Director

**D. Basappa**  
Director

Mumbai,  
January 28, 2010

# 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 December 31, 2009, 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 the 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 said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e. On the basis of written representations received from the directors, as on December 31, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2009 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 December 31, 2009;
    - (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.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F-48102

Mumbai, January 28, 2010

## ANNEXURE TO AUDITORS' REPORT

**[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Concorde Air Logistics Limited on the financial statements for the year ended December 31, 2009]**

- (1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its 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 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, clause (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, clause (iii)(f) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (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 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 been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (4) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly commenting on transaction made in pursuance of such contract or arrangements does not arise.
- (5) The Company has not accepted any deposits from the public within the meaning of Sections 58A of the Act and the rules framed there under.
- (6) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (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 generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues, as applicable, with the appropriate authorities in India. As informed to us investor education and protection fund, sales-tax, wealth tax, customs duty and excise duty are not applicable to the company for the 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 income tax, service tax and cess which have not been deposited on account of any dispute. As informed to us, sales-tax, wealth tax, customs duty and excise duty are not applicable to the Company for the year.
- (9) The Company has no accumulated losses as at December 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (10) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- (11) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (12) 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 year.
- (15) The Company has not obtained any term loans.

## ANNEXURE TO AUDITORS' REPORT

- (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 year.
- (18) The Company has not issued any debentures during the year.
- (19) The Company has not raised any money by public issue during the year.
- (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 year, nor have we been informed of such case by the management.
- (21) The clause (ii) of paragraph 4 of the Order is not applicable to the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

Mumbai, January 28, 2010

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F-48102

## COMPLIANCE CERTIFICATE

CIN : U60230MH2004PTC146141

Authorised Capital : Rs.2,000,000/-

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 year ended on 31<sup>st</sup> December, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under 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, Maharashtra, 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 Public Limited Company, comments are not required.
4. The Board of Directors duly met 5 (Five) times on 28.01.2009, 24.02.2009, 15.04.2009, 13.07.2009 and 29.10.2009 respectively, 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 financial year under review.
6. The Annual General Meeting for the year ended 31<sup>st</sup> December, 2008 was held on 15<sup>th</sup> April, 2009 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.
7. No Extra Ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its directors and / or persons or firms or Companies referred to in the Section 295 of the Act, during the year under review.
9. The Company has not entered into any new 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 approvals from the Board of Directors, Members or the Central Government.
12. The Company has not issued duplicate share certificates during the financial year under review and hence no comment is invited.
13. The Company has:
  - (i) no instances of allotment, transfer or transmission of shares during the financial year under review and hence no comment is invited in this respect.
  - (ii) not declared any dividend during the financial year and hence the Company was not required to deposit any amount as unpaid dividend /interim dividend in a separate Bank Account.
  - (iii) N.A.
  - (iv) N.A.
  - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointment of additional directors, alternate directors and directors to fill casual vacancies, during the financial year under review.
15. The Company has not appointed any Managing Director / Whole time Director / Manager during the financial year under review.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. The Company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year 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

19. The Company has not allotted any equity shares or any other securities during the financial year under review and hence no comment is invited.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not issued any preference shares / debentures and consequently there is no redemption of preference shares / debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance any corporate benefits of the members pending registration of transfer of shares.
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 financial year under review.
24. The Company has not borrowed any money exceeding limit provided under provisions of Section 293(1)(d) of the Act, during the financial period ending 31<sup>st</sup> December, 2009.
25. The Company has not made any loans or advances or investments or given guarantees or provided securities to other bodies corporate in violation of Provisions of Section 372A of the Act. The Company was not required to make any entries in the register required to be kept for the purpose.
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 financial year under review.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under review.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year under review.
30. The Company has not altered any provisions of its Articles of Association during the financial year under review.
31. As explained to us, there was no prosecution initiated against or show cause notices received by the Company for alleged offenses under the Act and no fines and penalties or any other punishment was imposed on the Company during the financial year under review.
32. The Company has not received any money as security from its employees during the financial year under review.
33. The provisions of Section 418 of the Act do not apply to the Company.

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

Place : Mumbai  
Date : January 28, 2010

# COMPLIANCE CERTIFICATE

## 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
6.	Register of Charges	143
7.	Register of Renewed and Duplicate Certificate	Issue of Share Certificate Rules
8.	Register of Share Application and Allotment	Voluntary
9.	Register of Directors Attendance	Voluntary
10.	Register of Members Attendance	Voluntary
11.	Register of Share Transfer	Voluntary (108)

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

Place : Mumbai  
Date : January 28, 2010

# COMPLIANCE CERTIFICATE

## Annexure B

Sr. No.	Form No.	Section	Purpose	Date of Filing & SRN
1	Form 66 (Compliance Cert) Dtd.: 31.12.2008	383A	As required under Companies (Compliance Certificate) Rules, 2001.	P31972839 23.04.2009
2	Form 23AC / Form 23ACA (Annual Accounts) Dtd.: 31.12.2008	210	As per requirement of the Act	P32383010 13.05.2009
3	Form 20B (Annual Return) Dtd.: 31.12.2008	159	As per requirement of the Act	P32282634 07.05.2009

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

Place : Mumbai  
Date : January 28, 2010

**CONCORDE AIR LOGISTICS LIMITED**  
**BALANCE SHEET AS AT DECEMBER 31, 2009**

	Schedule No.	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	1,100	1,100
Reserves and Surplus	2	42,510	39,414
<b>TOTAL</b>		<b>43,610</b>	<b>40,514</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	<b>3</b>		
Gross Block		20,811	20,770
Less: Depreciation/Amortisation		12,702	10,849
Net Block		8,109	9,921
Capital Work in Progress (including capital advances)		-	41
		<b>8,109</b>	<b>9,962</b>
<b>Investments</b>			
	4	15,050	25,055
<b>Deferred Tax Assets (Net)</b> [Refer notes 1(g) and 5 - Schedule 14]			
Deferred Tax Assets		518	444
Less : Deferred Tax Liabilities		277	290
		241	154
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	5	21,800	134
Cash and Bank Balances	6	5,216	9,558
Loans and Advances	7	14,168	9,002
		41,184	18,694
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	8	19,449	12,049
Provisions	9	1,525	1,302
		20,974	13,351
<b>Net Current Assets</b>			
		20,210	5,343
<b>TOTAL</b>		<b>43,610</b>	<b>40,514</b>
<b>Notes to Accounts</b>	<b>14</b>		

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.

For and on behalf of the Board of Directors

For Price Waterhouse  
Chartered Accountants

**V. N. Iyer**  
Director

**Tushar Gunderia**  
Director

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

**D. Basappa**  
Director

Place: Mumbai  
Dated: January 28, 2010

**CONCORDE AIR LOGISTICS LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009**

	Schedule No.	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>INCOME</b>			
Service Charges (net) [Refer Note 1 (d)(i) - Schedule 14]		15,431	18,328
Commission [Refer Note 1 (d)(ii) - Schedule 14]		7,657	6,609
Other Income	10	1,206	1,751
		<b>24,294</b>	<b>26,688</b>
<b>EXPENDITURE</b>			
Freight, Handling and Servicing Costs	11	3,075	3,498
Employee Costs	12	11,661	11,465
Other Costs	13	2,436	3,398
		<b>17,172</b>	<b>18,361</b>
<b>Profit Before Depreciation and Taxation</b>		<b>7,122</b>	<b>8,327</b>
Depreciation/Amortisation		1,853	1,813
<b>Profit Before Taxation</b>		<b>5,269</b>	<b>6,514</b>
<b>Provision for Taxation</b> [Refer Note 1(g), 5 and 9 - Schedule 14]			
Current Tax		2,013	2,189
Provision for earlier year		222	-
Deferred Tax		(87)	24
Fringe Benefits Tax		25	99
		<b>2,173</b>	<b>2,312</b>
<b>Profit After Taxation</b>		<b>3,096</b>	<b>4,202</b>
Balance brought forward from previous year		25,914	21,712
<b>Balance carried to Balance Sheet</b>		<b>29,010</b>	<b>25,914</b>
<b>Earnings Per Share</b> (Refer Note 4 - Schedule 14)			
Basic and Diluted Earnings Per Share (in Rupees)		28.15	38.20
Nominal value per equity share (in Rupees)		10	10

**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.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: January 28, 2010

For and on behalf of the Board of Directors

**V. N. Iyer**  
Director

**D. Basappa**  
Director

**Tushar Gunderia**  
Director

**CONCORDE AIR LOGISTICS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009**

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>A. Cash flows from Operating activities:</b>		
Profit before Taxation	5,269	6,514
<b>Adjustments for:</b>		
Depreciation/Amortisation	1,853	1,813
Interest Income	(12)	(260)
Dividend Income	(1,194)	(1,491)
Provision for Gratuity	157	91
Provision for Leave Encashment	66	26
<b>Operating profit before working capital changes</b>	<b>6,139</b>	<b>6,693</b>
<b>Adjustments for changes in working capital :</b>		
Decrease/(Increase) in Sundry Debtors	(21,666)	13,900
Decrease/(Increase) in Other Receivables	(1,009)	(85)
(Decrease)/Increase in Trade and Other Payables	7,400	(3,406)
<b>Cash generated from Operations</b>	<b>(9,136)</b>	<b>17,102</b>
Direct Taxes paid (including Fringe Benefits Tax and net of Tax Deducted at Source)	(6,275)	(9,631)
<b>Net cash from Operating Activities</b>	<b>(15,411)</b>	<b>7,471</b>
<b>B. Cash flows from Investing Activities:</b>		
Purchase of Fixed Assets	-	(497)
Interest Received	-	937
Dividend Received	1,064	1,491
Investments in Mutual funds (net)	10,005	(17,657)
<b>Net cash used in Investing Activities</b>	<b>11,069</b>	<b>(15,726)</b>
<b>C. Cash flows from Financing Activities:</b>		
<b>Net cash from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(4,342)</b>	<b>(8,255)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9,558</b>	<b>17,813</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,216</b>	<b>9,558</b>
	<b>As at December 31, 2009 in Rs.('000)</b>	<b>As at December 31, 2008 in Rs.('000)</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on Hand	54	24
Balances with Scheduled Banks		
on Current Accounts	5,078	9,450
on Deposit Accounts	24	24
on Margin Money Accounts	60	60
	<b>5,216</b>	<b>9,558</b>

- Notes :**
- The above Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 on Cash Flow Statements, notified under sub-section (3C) of the Section 211 of the Companies Act, 1956 of India.
  - Cash flows in brackets indicate cash outgo.
  - Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
  - Cash and cash equivalents includes Rs. 60 ('000) [(previous year - Rs. 60 ('000))] which are not available for use by the Company. (Refer Schedule 6 in the Financial Statements)

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

For and on behalf of the Board of Directors

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: January 28, 2010

**V. N. Iyer**  
Director

**D. Basappa**  
Director

**Tushar Gunderia**  
Director

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 1</b>			<b>SCHEDULE 2</b>		
<b>CAPITAL</b>			<b>RESERVES AND SURPLUS</b>		
<u>Authorised</u>			Securities Premium	13,500	13,500
200,000 equity shares of Rs.10 each	2,000	2,000	Profit and Loss Account	29,010	25,914
<u>Issued and Subscribed</u>			<b>Total</b>	<b>42,510</b>	<b>39,414</b>
110,000 equity shares of Rs. 10 each fully paid-up	1,100	1,100			
<b>Total</b>	<b>1,100</b>	<b>1,100</b>			

Note:

Of the above, 110,000 equity shares are held by Blue Dart Express Limited, the holding company and its nominees. The ultimate holding company is Deutsche Post AG, Germany.

### SCHEDULE 3 FIXED ASSETS

[Refer Notes 1(b) and 1(i) - Schedule 14]

in Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2008	Additions	Deductions / Adjustments	As at December 31, 2009	As at January 1, 2008	For the Year	Deductions / Adjustments	As at December 31, 2009	As at December 31, 2009	As at December 31, 2008
<b>Intangible Assets:</b>										
Goodwill [Refer Note below]	14,900	-	-	14,900	6,959	1,490	-	8,449	6,451	7,941
Computer Software	33	-	-	33	17	5	-	22	11	16
<b>Tangible Assets:</b>										
Buildings	2,022	-	-	2,022	2,018	-	-	2,018	4	4
Office Equipment	272	-	-	272	255	3	-	258	14	17
Electrical Equipment	530	41	-	571	255	47	-	302	269	275
Computers	672	-	-	672	268	99	-	367	305	404
Furniture and Fittings	496	-	-	496	487	-	-	487	9	9
Vehicles	1,845	-	-	1,845	590	209	-	799	1,046	1,255
<b>Total</b>	<b>20,770</b>	<b>41</b>	<b>-</b>	<b>20,811</b>	<b>10,849</b>	<b>1,853</b>	<b>-</b>	<b>12,702</b>	<b>8,109</b>	<b>9,921</b>
Previous Year	20,314	456	-	20,770	9,036	1,813	-	10,849	9,921	

Notes:

The balance period over which goodwill will be amortised is four years three months.

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 4</b>			Nil (Previous Year-Nil) Units of Birla Sun Life Saving Fund-Instl-Daily Dividend Reinvestment (999,320 units purchased, 12,236 units cumulated and 1,011,556 units sold during the year)	-	-
<b>INVESTMENTS</b>			<b>Total</b>	<b>15,050</b>	<b>25,055</b>
(Long Term, Unquoted, At cost) [Refer Note 1 (c) - Schedule 14 ]			<b>Note:</b>		
<b>Non - Trade</b>			National Saving Certificates are deposited as security with the Customs Authorities.		
<u>In Government Securities</u>			<b>SCHEDULE 5</b>		
National Saving Certificates (6 year NSCs-VIII issue) (Refer Note below)	50	50	<b>SUNDRY DEBTORS</b>		
<u>Others (Current)</u>			(Unsecured, considered good) Debts outstanding for a period exceeding six months	-	-
Units in Mutual Funds Nil (Previous Year-2,499,975 ) Units of ICICI Prudential Floating Rate Plan D-Daily Dividend-Reinvest Dividend (5,301,445 units purchased, 64,146 units cumulated and 7,865,566 units sold during the year)	-	25,005	Other Debts	21,800	134
143,093 (Previous Year-Nil) Units of ICICI Prudential Flexible Income Plan Rate Plan Premium Daily Dividend Reinvest Dividend (4,465,435 units purchased, 25,754 units cumulated and 4,348,096 units sold during the year)	15,000	-	<b>Total</b>	<b>21,800</b>	<b>134</b>
Nil (Previous Year-Nil) Units of ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend Reinvest Dividend (6,993,116 units purchased, 2,900 units cumulated and 6,996,016 units sold during the year)	-	-	<b>SCHEDULE 6</b>		
Nil (Previous Year-Nil) Units of Birla Sun Life Cash Plus-Institutional-Daily Dividend Reinvestment (925,729 units purchased, 1,447 units cumulated and 927,176 units sold during the year)	-	-	<b>CASH AND BANK BALANCES</b>		
			Cash on Hand	54	24
			Balances with scheduled banks:		
			on Current Accounts	5,078	9,450
			on Deposit Accounts	24	24
			on Margin Money Accounts	60	60
			<b>Total</b>	<b>5,216</b>	<b>9,558</b>
			<b>Note:</b>		
			The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company.		

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 7</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received:		
Prepaid Expenses	214	115
Other Deposits	95	95
Advance Tax (Net of Provision)	12,559	8,544
Other Advances	1,300	248
<b>Total</b>	<b>14,168</b>	<b>9,002</b>
<b>SCHEDULE 8</b>		
<b>Liabilities</b>		
Sundry Creditors:		
(a) Micro and Small Enterprises*	-	-
(b) Others	18,841	11,452
Other Liabilities	608	597
<b>Total</b>	<b>19,449</b>	<b>12,049</b>
(* Determined to the extent such particulars have been identified on the basis of information available with the Company. This has been relied upon by the auditors)		
<b>SCHEDULE 9</b>		
<b>PROVISIONS</b>		
(Refer Note 1(e) and 2 - Schedule 14)		
Provision for Leave Encashment	318	252
Provision for Gratuity	1,207	1,050
<b>Total</b>	<b>1,525</b>	<b>1,302</b>

### Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>SCHEDULE 10</b>		
<b>OTHER INCOME</b>		
Interest income	12	260
Dividend income	1,194	1,491
<b>Total</b>	<b>1,206</b>	<b>1,751</b>
<b>SCHEDULE 11</b>		
<b>FREIGHT, HANDLING AND SERVICING COSTS</b>		
Handling and clearing charges	2,102	2,600
Domestic network operating costs	839	735
Printing, stationery and consumables	134	163
<b>Total</b>	<b>3,075</b>	<b>3,498</b>
<b>SCHEDULE 12</b>		
<b>EMPLOYEE COSTS</b>		
[Refer Note 1 (e) and 2- Schedule 14]		
Salaries, wages, bonus and leave encashment	10,923	10,696
Contribution to provident and other funds	625	683
Staff welfare expenses	113	86
<b>Total</b>	<b>11,661</b>	<b>11,465</b>
<b>SCHEDULE 13</b>		
<b>OTHER COSTS</b>		
Legal and professional charges [Refer Note 6(a)- Schedule 14]	1,245	1,298
Office expenses	136	86
Electricity	184	277
Communication expenses	261	329
Rates and taxes	41	852
Repairs and maintenance - others	85	106
Travelling and conveyance	286	269
Insurance	92	98
Miscellaneous Expenses [include interest - others Rs. 106 ('000) Previous Year - Rs. Nil]	106	83
<b>Total</b>	<b>2,436</b>	<b>3,398</b>

# SCHEDULES

## SCHEDULE 14

### 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 notified under sub section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the other relevant provisions of the Act. The significant accounting policies are as follows:-

##### (b) Fixed Assets 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 straight line method at the rates specified in Schedule XIV to the Act, 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	Useful Life (in years)
Office Equipment	15
Electrical Equipment	15

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

Computer software is amortised under straight line method at the rates specified in Schedule XIV to the Act, 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

- (i) Service charges for clearing and forwarding 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.

- (ii) Commission is accrued when cargo is delivered to the custody of the airline and the master airway bill is issued.

##### (e) Employee Benefits

- (i) Short Term Employee Benefits:

The employees of the Company are entitled to leave encashment as per the leave policy of the Company.

- (ii) Long Term Employee Benefits:

##### Defined Contribution Plan

The Company has Defined Contribution plans for post employment benefits in the form of Provident Fund which are recognised by the income tax authorities and administered through Government of India.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company contributes to State plans namely Employee's State Insurance Scheme and Employee's Pension Scheme 1995 and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

##### Defined Benefit Plan

The Company has a Defined Benefit plan namely Gratuity for all its employees.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet Date, carried out by an Independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

##### Other Long-Term Employee Benefits

The employees of the company are entitled to other long-term benefits in the form of Leave Encashment as per the policy of the company. Liability for such benefits is provided on the basis of valuations, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

- (iii) Termination benefits are recognised as an expense as and when incurred.

## SCHEDULES

- (iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

### (F) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Profit and Loss Account.

### (G) Taxes on Income

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

Deferred tax is recognised, subject to prudence in respect of deferred tax assets, 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.

### (H) Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

### (I) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

## 2 The Company has classified the various employee benefits as under :-

### I Defined Contribution Plans

- a. Provident Fund
- b. State Defined Contribution Plans
  - i. Employers' Contribution to Employee's State Insurance Scheme
  - ii. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

	Year ended December 31, 2009 In Rs. ('000)	Year ended December 31, 2008 In Rs. ('000)
- Employers' Contribution to Provident Fund	225*	211*
- Employers' Contribution to Employee's State Insurance Scheme	42*	51*
- Employers' Contribution to Employee's Pension Scheme 1995.	158*	159*

\* Included in Contribution to provident and other funds (Refer Schedule 12)

### II Defined Benefit Plan

Valuations in respect of gratuity have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions.

#### Gratuity:

	As at December 31, 2009	As at December 31, 2008
Discount Rate (per annum)	8.25%	8.00%
Rate of increase in Compensation levels	6.75%	6.75%
Rate of Return on Plan Assets	-	-
Expected Average remaining working lives of employees (years)	15	18.83

## SCHEDULES

### A) Changes in the Present Value of Obligation

	As at December 31, 2009 (in Rs. '000)	As at December 31, 2008 (in Rs. '000)
Present Value of Obligation at the beginning of the year	1,050	959
Interest Cost	84	77
Past Service Cost	Nil	Nil
Current Service Cost	127	121
Curtailment Cost/(Credit)	Nil	Nil
Settlement Cost/(Credit)	Nil	Nil
Benefits Paid	Nil	(135)
Actuarial (gain)/loss on obligations	(54)	28
Present Value of Obligation as at Year end.	1,207	1,050

### B) Changes in the Fair value of Plan Assets

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Actuarial Gains and (Loss) on Plan Assets	Nil	Nil
Contributions	Nil	135
Benefits Paid	Nil	(135)
Fair Value of Plan Assets at Year end	Nil	Nil

### C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Fair Value of Plan Assets as at the end of the year	Nil	Nil
Funded Status	(1,207)	(1,050)

	As at December 31, 2009 (in Rs. '000)	As at December 31, 2008 (in Rs. '000)
Present Value of unfunded Obligation as at the Year end	(1,207)	(1,050)
Unrecognised Actuarial (gains)/losses	Nil	Nil
<b>Unfunded Net Asset/ (Liability) recognised in the Balance Sheet</b>	<b>(1,207)*</b>	<b>(1,050)*</b>

\* Included in Provisions (Refer Schedule 9)

### D) Amount recognised in the Balance Sheet

Present Value of Obligation at the end of the year	(1,207)	(1,050)
Fair Value of Plan Assets as at the end of the year	Nil	Nil
<b>Liability recognised in the Balance Sheet</b>	<b>(1,207)**</b>	<b>(1,050)**</b>

\*\* Included in Provisions (Refer Schedule 9)

### E) Expenses recognised in the Profit and Loss Account

Current Service Cost	127	121
Past Service Cost	Nil	Nil
Interest Cost	84	77
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost/(Credit)	Nil	Nil
Settlement Cost/(Credit)	Nil	Nil
Net actuarial (gain)/loss recognised in the Year	(54)	28
<b>Total Expenses recognised in the Profit and Loss Account</b>	<b>157***</b>	<b>226***</b>

\*\*\*Included in Employee Costs (Refer Schedule 12)

## SCHEDULES

	As at December 31, 2009 (in Rs. '000)	As at December 31, 2008 (in Rs. '000)
--	--	--

### III Other Long-term Employee Benefits

The liabilities for Leave Encashment as at the year is 318('000) [Previous Year Rs. 252('000)]

#### 3. Contingent liability not provided for:

Bank Guarantee	240	240
----------------	-----	-----

**Note :** Future cash outflows can be determined only when guarantee is invoked by the party to whom given.

#### 4. Earnings Per Share :

	Year ended December 31, 2009	Year ended December 31, 2008
(a) Profit After Taxation for the year (Rs.'000)	3,096	4,202
(b) Weighted average number of shares (Nos.)	110,000	110,000
(c) Basic and Diluted Earnings Per Share (Rs.)	28.15	38.20
(b) Nominal value of shares outstanding (Rs.)	10.00	10.00

#### 5. Deferred Tax Balances:

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

	As at December 31, 2009 (in Rs. '000)	As at December 31, 2008 (in Rs. '000)
(a) Assets		
Provision for Leave Encashment	108	86
Provision for Gratuity	410	357
Preliminary Expenses	-	1
<b>Total</b>	<b>518</b>	<b>444</b>

#### (b) Liabilities

	As at December 31, 2009 (in Rs. '000)	As at December 31, 2008 (in Rs. '000)
Depreciation/Amortisation	277	290
<b>Total</b>	<b>277</b>	<b>290</b>
<b>Net Deferred Tax Assets</b>	<b>241</b>	<b>154</b>

#### 6. (a) Legal and Professional Charges Include Auditors' Remuneration as follows :

	Year ended December 31, 2009 (in Rs. '000)	Year ended December 31, 2008 (in Rs. '000)
Audit Fees		
- Statutory Audit Fees	200	175
- Tax Audit Fees	100	88
Reimbursement of expenses	6	4
	<b>306</b>	<b>267</b>
(b) Expenditure in foreign currency		
Freight charges	8,488	11,939
IATA fees and examination fees	13	13
	<b>8,501</b>	<b>11,952</b>

#### 7. Related party disclosures

##### (a) Enterprises where control exists:

- (i) Blue Dart Express Limited      Holding Company
- (ii) Deutsche Post AG, Germany      Ultimate Holding Company

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

- (i) Blue Dart Express Limited      Holding Company
- (ii) DHL Express India Private Limited      Fellow Subsidiary Company
- (iii) Blue Dart Aviation Limited      Enterprise over which Blue Dart Express Limited is able to exercise significant influence.

## SCHEDULES

	Year ended December 31, 2009 (in Rs. '000)	Year ended December 31, 2008 (in Rs. '000)
(c) Transactions with related parties during the year:		
(i) With Holding Company		
<b>Blue Dart Express Limited</b>		
Recoveries towards air freight, etc.	202,319	182,883
Agency Charges	-	708
(ii) With Enterprises over which Blue Dart Express Limited is able to exercise significant influence.		
<b>Blue Dart Aviation Limited</b>		
Reimbursement of expenses	18,448	19,629
Agency charges incurred for customs clearing	3,834	6,318
(iii) With Fellow Subsidiary Company		
<b>DHL Express India Private Limited</b>		
Recoveries towards air freight, etc.	-	4,912
Handling charges received	-	328
(d) Related party balances at the year end:		
Receivable from Holding Company / Fellow Subsidiary Company		
Blue Dart Express Limited	21,761	-
Blue Dart Aviation Limited	-	-

### 8. Segment information

The Company is primarily engaged in a single segment business of clearing and forwarding of time sensitive shipments within India.

9. The provision for taxation for the year has been computed on the basis of the results for the year ended December 31, 2009, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2010 relevant to the assessment year 2010-2011.

10. Previous year figures have been regrouped/reclassified wherever necessary to confirm to the current year's classification.

Signatures to Schedules 1 to 14 form part of the Financial Statements.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: January 28, 2010

For and on behalf of the Board of Directors

**V. N. Iyer**  
Director

**Tushar Gunderia**  
Director

**D. Basappa**  
Director

# SCHEDULES

Schedule forming part of the Accounts

## 11. 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	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<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	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="4"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="4"/>
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#### Sources of Funds

Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="0"/>
Secured Loans	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liability (Net)	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

#### Application of Funds

Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="0"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Deferred Tax Asset (Net)	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="1"/>

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

Turnover *	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="4"/>	Total Expenditure**	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="5"/>
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#### \* Including Other Income

+ - Profit/Loss before tax	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/>
+ - Earning Per Share in Rs.	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="5"/>

#### \*\* Net of Interest Income

+ - Profit/Loss after tax	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="6"/>
+ - Dividend rate %.	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

# SCHEDULES

Schedule forming part of the Accounts

## Balance Sheet Abstract and Company's General Business Profile

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

Item Code No. (ITC Code)	<input type="text"/>
Product Description	C U S T O M H O U S E A G E N T
Item Code No. (ITC Code)	<input type="text"/>
Product Description	C L E A R I N G A N D
	F O R W A R D I N G A G E N T

Signatures to Schedule 1 to 14

For and on behalf of the Board of Directors

**V. N. Iyer**  
Director

**Tushar Gunderia**  
Director

**D. Basappa**  
Director

Place: Mumbai

Dated: January 28, 2010

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF BLUE DART EXPRESS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BLUE DART EXPRESS LIMITED AND ITS SUBSIDIARY

1. We have audited the attached Consolidated Balance Sheet of Blue Dart Express Limited (the 'Company') and its subsidiary (the 'Group'), as at 31st December, 2009, and 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 misstatements. 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 the 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, notified under sub-section (3C) of Section 211 of the Companies Act, 1956 and on the basis of the separate audited financial statements of the Company and its subsidiary included in the Consolidated Financial Statements.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st December, 2009;
  - (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.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F-48102  
Place: Mumbai  
Date : January 28, 2010

**BLUE DART EXPRESS LIMITED (CONSOLIDATED)**  
**BALANCE SHEET AS AT DECEMBER 31, 2009**

	Schedule No.	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	237,628	237,628
Reserves and Surplus	2	4,293,576	3,709,478
		4,531,204	3,947,106
<b>Deferred Tax Liabilities (Net)</b> [Refer Notes 1(k) and 6-Schedule 16]			
Deferred Tax Liabilities		215,197	217,094
Less : Deferred Tax Assets		29,846	38,744
		185,351	178,350
<b>TOTAL</b>		<b>4,716,555</b>	<b>4,125,456</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	3		
Gross Block		3,024,443	2,876,993
Less: Depreciation / Amortisation		1,299,656	1,135,216
Net Block		1,724,787	1,741,777
Capital work in progress (including capital advances)		170,757	89,095
		1,895,544	1,830,872
<b>Investments</b>	4	1,051,496	710,616
<b>Current Assets, Loans and Advances</b>			
Inventories	5	20,038	21,900
Sundry Debtors	6	1,233,510	1,154,321
Cash and Bank Balances	7	259,879	486,978
Loans and Advances	8	1,309,308	902,411
		2,822,735	2,565,610
<b>Less: Current Liabilities and Provision</b>			
Liabilities	9	953,461	846,723
Provisions	10	99,759	134,919
		1,053,220	981,642
<b>Net Current Assets</b>		1,769,515	1,583,968
<b>TOTAL</b>		<b>4,716,555</b>	<b>4,125,456</b>
<b>Notes to Accounts</b>	16		

Schedules 1 to 10 and 16 referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For Price Waterhouse  
Chartered Accountants

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

**Christopher Ong**  
Director

**Suresh G. Sheth**  
Director

Place: Mumbai  
Dated: January 28, 2010

Place: Mumbai  
Dated: January 28, 2010

**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer

**Tushar Gunderia**  
Company Secretary

**BLUE DART EXPRESS LIMITED (CONSOLIDATED)**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009**

	Schedule No.	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>INCOME</b>			
Service Charges [Refer Note 1(h) (i)- Schedule 16]		9,067,738	9,760,028
Commission [Refer Note 1(h) (ii)- Schedule 16]		7,657	6,609
Other Income	11	77,158	108,840
		<b>9,152,553</b>	<b>9,875,477</b>
<b>EXPENDITURE</b>			
Freight, Handling and Servicing Costs	12	5,859,372	6,359,722
Employee Costs	13	1,359,259	1,337,998
Other Costs	14	813,486	811,214
		<b>8,032,117</b>	<b>8,508,934</b>
<b>Profit Before Interest, Depreciation and Taxation</b>		<b>1,120,436</b>	<b>1,366,543</b>
Interest Expense	15	5,522	5,062
Depreciation / Amortisation		179,403	167,468
<b>Profit Before Taxation</b>		<b>935,511</b>	<b>1,194,013</b>
Provision for Taxation [Refer Notes 1(k), 6 and 12-Schedule 16]			
Current Tax		314,513	397,790
Deferred Tax		7,001	1,877
Fringe Benefits Tax		1,678	16,616
Taxation in respect of earlier years		2,145	-
		<b>325,337</b>	<b>416,283</b>
<b>Profit After Taxation, before Share of Associate's Profit</b>		<b>610,174</b>	<b>777,730</b>
Share of Associate's Profit		1,685	1,884
<b>Net Profit</b>		<b>611,859</b>	<b>779,614</b>
Balance brought forward from previous year		3,067,634	2,315,781
<b>Available for Appropriation</b>		<b>3,679,493</b>	<b>3,095,395</b>
Proposed dividend		23,728	23,728
Tax on Proposed Dividend		4,033	4,033
<b>Balance carried forward to the Balance Sheet</b>		<b>3,651,732</b>	<b>3,067,634</b>
<b>Earnings Per Share</b>			
[Refer Note 5 - Schedule 16]			
Basic and diluted Earnings Per Share (in Rupees)		25.79	32.86
Nominal value per equity share (in Rupees)		10.00	10.00
<b>Notes to Accounts</b>	16		

Schedules 11 to 16 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.

For and on behalf of the Board of Directors

For Price Waterhouse  
Chartered Accountants

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

**Christopher Ong**  
Director

**Suresh G. Sheth**  
Director

Place: Mumbai  
Dated: January 28, 2010

Place: Mumbai  
Dated: January 28, 2010

**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer

**Tushar Gunderia**  
Company Secretary

**BLUE DART EXPRESS LIMITED (CONSOLIDATED)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009**

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>A. Cash flow from Operating activities:</b>		
Profit before Taxation	935,511	1,194,013
<b>Adjustments for:</b>		
Depreciation/Amortisation	179,403	167,468
Interest expense	5,522	5,062
Interest income	(16,308)	(26,725)
Dividend from mutual funds	(34,238)	(26,129)
Loss/(Gain) on sale/scraping of fixed assets (Net)	(123)	1,260
Bad debts	13,351	10,204
Loss/(Gain) on account of Foreign exchange	-	(3,362)
Unadjusted credits/liabilities no longer required written back	(5,223)	(39,709)
Provision for leave encashment	(4,820)	(275)
Provision for gratuity	(30,340)	(4,684)
Provision for Directors' commission/professional fees	9,000	9,000
<b>Operating profit before working capital changes</b>	<b>1,051,735</b>	<b>1,286,123</b>
<b>Adjustments for changes in working capital :</b>		
(Increase)/Decrease in Inventories	1,862	(1,522)
(Increase)/Decrease in Sundry Debtors	(91,279)	(68,410)
(Increase)/Decrease in Other Receivables	(417,996)	(283,176)
Increase/(Decrease) in Trade and other payables	144,034	48,563
<b>Cash generated from Operations</b>	<b>688,356</b>	<b>981,578</b>
Taxes paid (net of Tax Deducted at Source)	(306,514)	(427,029)
<b>Net cash from Operating activities</b>	<b>381,842</b>	<b>554,549</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of fixed assets	(168,308)	(298,100)
Changes in capital work in progress	(118,014)	(18,248)
Proceeds from sale of fixed assets	1,559	158
Interest received	14,036	22,654
Dividend received from mutual funds	34,526	25,810
Investment in mutual funds (Net)	(339,195)	(17,657)
Investment in Blue Dart Aviation Limited	-	(63,081)
<b>Net cash used in Investing activities</b>	<b>(575,396)</b>	<b>(348,464)</b>
<b>C. Cash flow from Financing activities:</b>		
Interest paid	(5,522)	(5,062)
Dividend paid	(23,990)	(23,862)
Dividend tax paid	(4,033)	(4,033)

**BLUE DART EXPRESS LIMITED (CONSOLIDATED)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009**

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>Net cash used in Financing activities</b>	<b>(33,545)</b>	<b>(32,957)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(227,099)</b>	<b>173,128</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>486,978</b>	<b>313,850</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>259,879</b>	<b>486,978</b>
	<b>As at December 31, 2009 in Rs. ('000)</b>	<b>As at December 31, 2008 in Rs. ('000)</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash, cheques on hand and remittances in transit	120,698	57,762
Balance with Scheduled Banks:		
on current accounts	134,015	424,933
on deposit accounts	24	24
on margin money accounts	210	296
on unpaid dividend accounts	1,243	1,505
Balance with non-scheduled Bank:		
on current account	2,309	1,078
on deposit account	1,380	1,380
	<b>259,879</b>	<b>486,978</b>

**Notes :**

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS-3) as notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.
- Figures in brackets indicate cash outgo.
- Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs. 2,171 ('000) [(Previous Year - Rs. 4,071 ('000))].
- Cash and cash equivalents includes Rs. 7,593 ('000) [(Previous year - Rs. 3,181 ('000))] which are not available for use by the Company. (Refer Schedule 7 in the Financial Statements)

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

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: January 28, 2010

For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Christopher Ong**  
Director

**Suresh G. Sheth**  
Director

Place: Mumbai  
Dated: January 28, 2010

**Yogesh Dhingra**  
Finance Director &  
Chief Operating Officer

**Tushar Gunderia**  
Company Secretary

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<u>Authorised</u> 40,000,000 Equity Shares Capital of Rs. 10 each	400,000	400,000
<u>Issued and Subscribed</u>  23,727,934 equity shares of Rs. 10 each fully paid up	237,280	237,280
Add : Forfeited Shares	348	348
<b>Total</b>	<b>237,628</b>	<b>237,628</b>

shares by capitalisation of Securities Premium and 5,650,000 equity shares were allotted as fully paid up bonus shares by capitalisation of General Reserve.

19,227,887 equity shares constituting 81.03% of the equity share capital of the Company are held by DHL Express (Singapore) Pte. Limited, the holding company. The ultimate holding company is Deutsche Post AG, Germany.

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Securities Premium	394,057	394,057
General Reserve	247,787	247,787
Profit and Loss Account	3,651,732	3,067,634
<b>Total</b>	<b>4,293,576</b>	<b>3,709,478</b>

#### Notes:

Of the above, 11,863,967 shares were allotted as fully paid up bonus

### SCHEDULE 3

#### FIXED ASSETS

[Refer Notes 1(b),1(c),1(d) and 3 - Schedule 16]

in Rs. ('000)

DESCRIPTION OF ASSETS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2009	Additions	Deductions / Adjustments	As at December 31, 2009	As at January 1, 2009	For the Year	Deductions / Adjustments	As at December 31, 2009	As at December 31, 2009	As at December 31, 2008
<b>Intangible Assets:</b>										
Goodwill [Refer note (a) below]	44,900	-	-	44,900	33,589	2,990	-	36,579	8,321	11,311
Computer Software	132,135	17,989	25	150,099	74,611	15,020	-	89,631	60,468	57,524
<b>Tangible Assets:</b>										
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	174,654	2,182	-	176,836	28,710	2,832	-	31,542	145,294	145,944
Office Equipment	101,041	18,416	532	118,925	30,707	7,882	172	38,417	80,508	70,334
Electrical Equipment	233,463	35,836	811	268,488	73,292	17,937	849	90,380	178,108	160,171
Computers	404,979	25,046	9,371	420,654	224,958	52,902	9,195	268,665	151,989	180,021
Furniture and Fittings	339,984	50,711	1,001	389,694	100,437	22,312	490	122,259	267,435	239,547
Vehicles	46,164	1,120	4,658	42,626	27,907	3,719	4,257	27,369	15,257	18,257
Aircraft Engines	123,697	-	-	123,697	116,983	2,054	-	119,037	4,660	6,714
Aircraft	527,245	-	-	527,245	165,589	35,589	-	201,178	326,067	361,656
Aircraft Components and Overhaul	205,170	-	-	205,170	155,446	8,355	-	163,801	41,369	49,724
D-check cost on Aircraft [Refer note (b) below]	114,598	-	-	114,598	95,576	6,022	-	101,598	13,000	19,022
Ground Handling Equipment	32,680	12,548	-	45,228	7,411	1,789	-	9,200	36,028	25,269
<b>Total</b>	<b>2,876,993</b>	<b>163,848</b>	<b>16,398</b>	<b>3,024,443</b>	<b>1,135,216</b>	<b>179,403</b>	<b>14,963</b>	<b>1,299,656</b>	<b>1,724,787</b>	<b>1,741,777</b>
Previous Year	2,589,490	297,663	10,160	2,876,993	976,490	167,468	8,742	1,135,216	1,741,777	

#### Notes:

- The balance amount and period over which goodwill will be amortised is as follows:  
Blue Dart Express Limited - Rs. 1,870 ('000) - One year and three months. Concorde Air Logistics Limited - Rs. 6,451 ('000) - Four years and three months.
- D-check cost on Aircraft represents costs towards heavy maintenance mandatory checks.
- Deductions/Adjustments represents reclassification from one category of asset to other category of asset.

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 4</b>			NIL units (Previous Year 19,516,933)		
<b>INVESTMENTS</b>			of ICICI Prudential Floating Rate		
(Long Term, Unquoted, At Cost)			Plan D-Daily Dividend		
[Refer Note 1(e)-Schedule 16]			Reinvestment Plan (40,184,711		
			units purchased, 335,382 units		
			cumulated and 60,037,026 units		
			sold during the Year)	-	195,005
<b>Trade</b>					
11,760,000 (Previous Year-			3,172,101 units (Previous Year NIL)		
11,760,000) equity shares of			of ICICI Prudential Flexible Income		
Rs. 10 each in Blue Dart Aviation	183,081	183,081	Plan Premium-Daily Dividend		
Limited-Associate Company			Reinvestment Plan		
			(87,634,224 units purchased,		
Add: Group's share of Profit /	4,105	2,420	188,973 units cumulated and		
(Loss) upto December 31, 2009			84,651,096 units sold		
			during the Year)	335,200	-
Net Investments	187,186	185,501			
			NIL units (Previous Year 10,983,097)		
1,000 (Previous Year-1,000)			of Kotak Flexi Debt Institutional-		
equity shares of Rs. 50 each in			Daily Dividend Plan (NIL units		
Thane Janta	50	50	purchased, 39,696 units cumulated		
Sahakari Bank Limited			and 11,022,793 units		
			sold during the Year)	-	110,000
1,000 (Previous Year-1,000)					
equity shares of Rs. 10 each in			11,895,184 units (Previous Year		
Saraswat	10	10	11,996,354) of Birla Sunlife Savings		
Co-operative Bank Limited			Fund Institutional Plan-Daily		
			Dividend Reinvestment (erstwhile		
<b>Non - Trade</b>			Birla Sunlife Liquid Plus		
In Government Securities			-Institutional Plan-Daily Dividend		
			Reinvestment) (208,612,268 units		
National Savings Certificates	50	50	purchased, 755,235 units cumulated		
(6 Year NSCs-VIII issue)			209,468,673 units sold		
(Refer Note below)			during the Year)	119,000	120,000
Others (Current)					
Units in Mutual Funds			NIL units (Previous Year NIL) of		
			HDFC Cash Management Fund-		
NIL units (Previous Year NIL) of			Savings Plan-Daily Dividend		
ICICI Institutional Liquid Plan-Super			Reinvestment Option (190,383,965		
Institutional Daily Dividend			units purchased, 33,411 units		
Reinvestment Plan			cumulated and 190,417,376 units		
(303,786,682 units purchased,			sold during the Year)	-	-
72,760 units cumulated and					
303,859,442 units sold			NIL units (Previous Year NIL) of		
during the Year)	-	-	UTI Liquid Cash Plan Inst Daily		
			Dividend Reinvestment (1,535,442		
			units purchased, 179 units		
			cumulated and 1,535,621 units		
			sold during the Year)	-	-

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)		As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
18,348,404 units (Previous Year 9,972,367) of HDFC Cash Management Fund Treasury Advantage Plan Wholesale-Daily Dividend Reinvestment (erstwhile HDFC Cash Management Fund-Savings Plus Plan Wholesale-Daily Dividend Reinvestment Option) (160,117,618 units purchased, 985,948 units cumulated and 152,727,529 units sold during the Year)	184,000	100,000	<b>SCHEDULE 6</b>		
			<b>SUNDRY DEBTORS</b>		
			(Unsecured, considered good)		
			Debts outstanding for a period exceeding six months	-	-
			Other debts	1,233,510	1,154,321
			<b>Total</b>	<b>1,233,510</b>	<b>1,154,321</b>
226,007 units (Previous Year NIL) of UTI Treasury Advantage Fund-Institutional Plan-Daily Dividend Reinvestment (erstwhile UTI Liquid Plus Fund Inst Plan Daily Dividend Reinvestment) (1,457,645 units purchased, 8,084 units cumulated and 1,239,722 units sold during the Year)	226,000	-	<b>SCHEDULE 7</b>		
			<b>CASH AND BANK BALANCES</b>		
			Cash, cheques on hand and remittances in transit	120,698	57,762
			Balance with scheduled banks:		
			on current accounts	134,015	424,933
			on deposit accounts	24	24
			on margin money accounts	210	296
			on unpaid dividend accounts	1,243	1,505
			Balance with non-scheduled bank (Municipal Co-operative Bank)		
			on current account	2,309	1,078
			on deposit account	1,380	1,380
			{Maximum amount outstanding during the Year in current account Rs. 11,548 ('000) [Previous Year- Rs. 12,476 ('000)] and in deposit account Rs. 1,380 ('000) [Previous Year - Rs. 1,380 ('000)]}		
<b>Total</b>	<b>1,051,496</b>	<b>710,616</b>	<b>Total</b>	<b>259,879</b>	<b>486,978</b>
<b>Note:</b>			<b>Notes:</b>		
National Saving Certificates are given as security to the Custom Authorities.			1. The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company. The balances in the deposit accounts are given as security against overdraft facilities from bank.		
			2. The bank balances in the current account includes Rs. 4,760 ('000) [Previous Year Nil] held in trust on behalf of others.		
<b>SCHEDULE 5</b>					
<b>INVENTORIES</b>					
[Refer Note 1(f) - Schedule 16]					
Packing and Stationery Consumables	12,098	13,699			
Spares	7,940	8,201			
<b>Total</b>	<b>20,038</b>	<b>21,900</b>			

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
<b>SCHEDULE 8</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Aircraft Payload Deposit (Trade) with Blue Dart Aviation Limited	215,000	215,000
Advance for capital expenditure (Trade) to Blue Dart Aviation Limited	565,795	174,784
Advances recoverable in cash or in kind or for value to be received:		
Prepaid expenses	32,607	25,944
Deposits	262,422	218,670
Advance tax (Net of provision)	62,679	72,330
Other Advances	170,805	195,683
<b>Total</b>	<b>1,309,308</b>	<b>902,411</b>
<b>SCHEDULE 9</b>		
<b>LIABILITIES</b>		
Sundry Creditors :		
a) Micro, Small and Medium Enterprises [Refer Note 11-Schedule 16]	4,617	1,854
b) Others	540,883	488,971
Unclaimed dividend *	1,243	1,505
Other liabilities	406,718	354,393
<b>Total</b>	<b>953,461</b>	<b>846,723</b>
*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
<b>SCHEDULE 10</b>		
<b>PROVISIONS</b>		
Provision for Gratuity [Refer Note 1(g) and 2-Schedule 16]	6,796	37,136
Provision for Leave Encashment [Refer Note 1(g) and 2-Schedule 16]	65,202	70,022
Proposed Dividend	23,728	23,728
Tax payable on Proposed Dividend	4,033	4,033
<b>Total</b>	<b>99,759</b>	<b>134,919</b>

### Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2009 In Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>SCHEDULE 11</b>		
<b>OTHER INCOME</b>		
Dividend from Mutual Funds (from non-trade investments)	34,238	26,129
Interest on Inter-Corporate Deposit {Tax deducted at source Rs. 2,171 ('000) [Previous Year- Rs. 3,181 ('000)]}	9,893	17,968
Interest on deposits with banks and others {Tax deducted at source Rs. NIL [Previous Year - Rs. 890 ('000)]}	6,415	8,757
Liability no longer required written back	5,223	39,709
Gain on sale/scraping of fixed assets (Net)	123	-
Gain on account of Foreign exchange fluctuation (Net) [Refer Note 1 (i) - Schedule 16]	-	3,483
Miscellaneous income	21,266	12,794
<b>Total</b>	<b>77,158</b>	<b>108,840</b>
<b>SCHEDULE 12</b>		
<b>FREIGHT, HANDLING AND SERVICING COSTS</b>		
Aircraft Charter costs	3,110,632	3,693,902
Domestic network operating costs	1,537,321	1,416,200
International servicing charges	600,717	604,031
Domestic excess baggage	309,517	349,788
Handling and clearing charges	175,232	161,167
Printing, stationery and consumables	125,953	134,634
<b>Total</b>	<b>5,859,372</b>	<b>6,359,722</b>

## SCHEDULES

### Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2009 In Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
<b>SCHEDULE 13</b>		
<b>EMPLOYEE COSTS</b>		
[Refer Notes 1(g), 2, 8(C)(ii) - Schedule 16]		
Salaries, bonus and leave encashment	1,248,276	1,189,424
Contribution to Provident and other funds	77,754	93,600
Staff welfare expenses	33,229	54,974
<b>Total</b>	<b>1,359,259</b>	<b>1,337,998</b>

### SCHEDULE 14

#### OTHER COSTS

Rent	361,011	307,146
Electricity charges	76,061	73,755
Communication expenses	67,024	66,370
Office expenses	66,777	72,201
Security Expenses	58,338	56,576
Repairs and maintenance - others	51,910	51,003
Legal and Professional charges	46,423	70,861
Rates and taxes	24,168	28,227
Insurance	13,524	9,192
Bad debts	13,351	10,204
Lease rentals (Refer Notes 1(j) and 9 - Schedule 16)	11,275	10,855
Sales promotion and advertising	10,280	19,334
Travelling and conveyance	9,533	31,997
Miscellaneous expenses	2,307	2,233
Loss on account of Foreign exchange fluctuation (Net) [Refer Note 1 (i) - Schedule 16]	1,504	-
Loss on sale/scraping of fixed assets (net)	-	1,260
<b>Total</b>	<b>813,486</b>	<b>811,214</b>

### SCHEDULE 15

#### INTEREST EXPENSE

	Year ended December 31, 2009 In Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
On Bank Overdraft	218	133
Others	5,304	4,929
<b>Total</b>	<b>5,522</b>	<b>5,062</b>

### SCHEDULE 16

#### 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 notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.

###### (b) Fixed Assets 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 life 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 Act, 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	Useful Life (In Years)
Office Equipment	2 to 16
Electrical Equipment	6 to 16
Computers	3 to 6
Aircraft Engines	2 to 7
Aircraft	14
D-Check on Aircraft	7

## SCHEDULES

Individual assets costing upto Rs 5,000 are depreciated 100% on a pro-rata basis over one year from the date the asset is put to use.

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 in Schedule XIV to the Act, 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.

Blue Dart	19 Years
Concorde	9 Years

### (c) 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 year in which they are incurred.

### (d) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

### (e) 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.

### (f) Inventories

Inventories primarily consist of packing and stationery consumables and spares. These are valued at cost. Cost is calculated at purchase price and expenditure directly attributable to the acquisition of such inventories for bringing it to its present location.

### (g) Employee Benefits

#### (i) Short Term Employee Benefits :

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment of short term nature is provided on an estimated basis.

#### (ii) Long Term Employee Benefits :

#### Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognised by the income tax authorities and administered through trustees.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company contributes to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

#### Defined Benefit Plans

The Company has a Defined Benefit plan namely Gratuity for all its employees. Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Life Insurance Corporation of India and is funded.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet Date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

#### Other Long-term Employee Benefits

The employees of the Company are entitled to other long-term benefits in the form of Leave Encashment and Compensated Absences as per the policy of the Company. Liability for such benefits is provided on the basis of valuations, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

## SCHEDULES

- (iii) Termination benefits are recognised as an expense as and when incurred.
- (iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

### (h) Service Charges

- (i) Service charges for transportation of shipments are recognised as income when shipments are manifested and represent amounts invoiced, net of service tax and all discounts and allowances.
- (ii) Commission is accrued when cargo is delivered to the custody of the airline and the master airway bill is issued.

### (i) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date 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.

### (j) Lease Rentals

All lease rentals are accounted for on accrual basis over the term of the lease and charged to the Profit and Loss Account under the straight line method

### (k) 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 consideration of 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.

### (l) Provision for Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

## 2. Employee Benefits

The Company has classified the various employee benefits provided to employees as under:-

### I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account in Schedule 13 under "Contribution to Provident and Other Funds" -

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
- Employers' Contribution to Provident Fund	24,725	24,154
- Employers' Contribution to Superannuation Fund	6,606	6,756
- Employers' Contribution to Employee's State Insurance	15,236	14,978
- Employers' Contribution to Employee's Pension Scheme 1995	25,491	24,324

### II Defined Benefit Plans

#### Gratuity:

Valuations in respect of Gratuity has been carried out by an independent actuary, as at the Balance sheet date, based on the following assumptions:

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
Discount Rate (per annum)	8.5%/8.25%	8.00%/8.00%
Rate of increase in Compensation levels	7.25%/6.75%	7.25%/6.75%
Rate of Return on Plan Assets	7.75%	8.00%
Expected Average remaining working lives of employees (years)	20/15	20/18

## SCHEDULES

### A) Changes in the Present Value of Obligation

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
Present Value of Obligation at the beginning of the year	174,206	161,295
Interest Cost	13,936	12,503
Past Service Cost	Nil	Nil
Current Service Cost	17,622	16,316
Curtailment Cost/(Credit)	Nil	Nil
Settlement Cost/(Credit)	Nil	Nil
Benefits Paid	(7,898)	(11,363)
Actuarial (gain)/loss on obligations	(20,434)	(4,546)
Present Value of Obligation as at Year end.	177,432	174,205

### B) Changes in the Fair value of Plan Assets

Fair Value of Plan Assets at the beginning of the year	137,070	119,475
Expected Return on Plan Assets	9,614	9,259
Actuarial Gains and (Loss) on Plan Assets	1,850	(436)
Contributions	30,000	20,135
Benefits Paid	(7,898)	(11,363)
Fair Value of Plan Assets at Year end	170,636	137,070

### C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets [Included in Provisions (Refer Schedule 10)]

Present Value of funded obligation as at the year end	176,225	173,156
Fair Value of Plan Assets as at the end of the year	170,636	137,070
Funded Status	(6,796)	(37,136)
Present Value of unfunded Obligation as at the Year end	(6,796)	(37,136)
Unrecognised Actuarial (gains)/losses	Nil	Nil
Unfunded Net Asset/(Liability) Recognised in Balance Sheet	(6,796)	(37,136)

### D) Amount recognised in the Balance Sheet [Included in Provisions (Refer Schedule 10)]

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
Present Value of Obligation at the end of the year	(177,432)	(174,206)
Fair Value of Plan Assets at Year end	170,636	137,070
Liability recognised in the Balance Sheet	(6,796)	(37,136)

### E) Expenses recognised in the Profit and Loss Account in Schedule 13 under "Contribution to Provident and other funds".

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
Current Service Cost	17,622	16,316
Past Service Cost	Nil	Nil
Interest Cost	13,936	12,503
Expected Return on Plan Assets	(9,614)	(9,259)
Curtailment Cost/(Credit)	Nil	Nil
Settlement Cost/(Credit)	Nil	Nil
Net actuarial (gain)/loss recognised in the Year	(22,284)	(4,110)
Total Expenses/(Gain) recognised in the Profit and Loss Account	(340)	15,450

### III Other Long-term Employee Benefits

The liabilities for Leave Encashment and Compensated Absences as at year end were Rs 59,306 ('000) [Previous Year Rs.63,976 ('000)] and Rs.5,896 ('000) [Previous Year Rs.6,046 ('000)] respectively.

## SCHEDULES

### 3. Capital Commitments

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	299,158	85,644
{Includes proportionate share of an associate of Rs 142,554 ('000) [ Previous Year - Rs 40,653 ('000)]}		

### 4. Contingent Liabilities not provided for

(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	1,660,000	1,660,000
(b) Bank Guarantees	83,312	59,210
{Includes proportionate share of an associate of Rs 59,420 ('000) [ Previous Year - Rs 37,363 ('000)]}		

**Note:**

Future cash outflows can be determined only when guarantees are invoked by parties to whom given.

### 5. Earnings per share

	Year ended December 31, 2009 in Rs. ('000)	Year ended December 31, 2008 in Rs. ('000)
(a) Profit after taxation for the year (Rs '000)	611,859	779,614
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In Rupees)	25.79	32.86
(d) Nominal value of shares outstanding (In Rupees)	10.00	10.00

### 6. Deferred Tax Balances

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

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
(a) Liabilities		
Depreciation/Amortisation	215,197	217,094
<b>Total</b>	<b>215,197</b>	<b>217,094</b>
(b) Assets		
Provision for leave encashment	20,803	22,442
Provision for Bonus	6,733	5,719
Preliminary expenses	-	1
Provision for gratuity	2,310	7,523
Others	-	3,059
<b>Total</b>	<b>29,846</b>	<b>38,744</b>
<b>Net Deferred Tax Liabilities</b>	<b>185,351</b>	<b>178,350</b>

### 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 and returns.

### 8. Related party disclosures

**(A) Enterprises where control exists:**

Deutsche Post AG, Germany	- Ultimate Holding Company
DHL Express (Singapore) Pte. Limited	- Holding Company
DHL Express India Private Limited	- Fellow Subsidiary Company
DHL Danzas Private Limited	- Fellow Subsidiary Company
Blue Dart Aviation Limited	- Associate Company

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

(i) Holding/Fellow Subsidiaries/Associate Company

DHL Express (Singapore) Pte. Limited	- Holding Company
DHL Express India Private Limited	- Fellow Subsidiary Company



## SCHEDULES

### 9. Commitments under lease agreements

The Company has entered into non-cancellable operating lease agreements for rental of motor cars for a period of five years and commitments as at December 31, 2009 are as under:

Upto one year	12,360	12,726
One to five years	25,231	28,014

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 and notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.

(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 December 31, 2009
Concorde Air Logistics Limited (with effect from May 11, 2004)	India	100%

(b) Investment in Associate

Blue Dart Aviation Limited (with effect from March 11, 2005)	India	49%
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11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31-12-2009. The disclosure pursuant to the said Act is as under:

	As at December 31, 2009 in Rs. ('000)	As at December 31, 2008 in Rs. ('000)
Principal amount due to suppliers under MSMED Act, 2006	4,617	1,854
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 15)	-	-
Interest paid to suppliers under MSMED Act (Section 15)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

12. The provision for taxation for the year has been computed on the basis of the results for the year ended December 31, 2009, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2010 relevant to the assessment year 2010-2011.

13. Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification.

Signature to Schedule 1 to 16 form part of the Financial Statements.

For Price Waterhouse  
Chartered Accountants

**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: January 28, 2010

For and on behalf of the Board of Directors

<b>Sharad Upasani</b> Chairman	<b>Anil Khanna</b> Managing Director	<b>Malcolm Monteiro</b> Director
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<b>Christopher Ong</b> Director	<b>Suresh G. Sheth</b> Director
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Place: Mumbai Dated: January 28, 2010	<b>Yogesh Dhingra</b> Finance Director & Chief Operating Officer	<b>Tushar Gunderia</b> Company Secretary
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# Fact Sheet



Description	: South Asia's premier and integrated air express package distribution company
Began Operations	: November, 1983
Headquarters	: Mumbai, India
Revenues Jan-Dec 2009	: Rs. 91,283 Lacs
Destinations Serviced	: Domestic - over 21,000 locations International - more than 220 countries and territories worldwide through a sales alliance with DHL
Air Support	: 3 Boeing 737 and 4 Boeing 757 freighters
Ground Support	: Over 5,412 vehicles
Number of Shipments Handled (in Lacs)	: Jan - Dec 2009 Domestic - over 772.65 International - over 7.18
Tonnage handled	: Over 267,000
People Force	: Over 6,000
World Wide Web address	: <a href="http://www.bluedart.com">www.bluedart.com</a>

