

## NOTICE

**NOTICE** is hereby given that Twentieth Annual General Meeting of the Company will be held on Tuesday, April 26, 2011 at 4.30 p.m. at Chancellor I, Hotel Hilton Mumbai International Airport, Sahar Airport Road, Andheri (E), Mumbai 400 099, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at December 31, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares for the year ended December 31, 2010.
3. To appoint a Director in place of Mr. Malcolm Monteiro who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of the Section 225 (1) and other applicable provisions, if any, of the Companies Act, 1956, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration Number 301112E), be and are hereby appointed as an Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of M/s. Price Waterhouse, Chartered Accountants, (Firm Registration Number 007568S), the retiring Auditors, who do not seek re-appointment as the Statutory Auditors of the Company, on such remuneration as may be fixed by the Board of Directors of the Company.

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, matters, deeds and things as may be necessary to implement this resolution."

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Roger Crook who has been appointed as an Additional Director of the Company with effect from February 1, 2011 by the Board of Directors of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, under the provisions of Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in partial modification of earlier Resolutions passed at the Sixteenth, Seventeenth, Eighteenth and Nineteenth Annual General Meetings of the Company held on April 17, 2007, April 22, 2008, April 15, 2009 and April 13, 2010 respectively and pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, (the Act) read with Schedule XIII of the said Act (including any

statutory modification(s) or re-enactment thereof, for the time being in force), and on the recommendation of the 'Compensation Committee' and as approved by the Board of Directors, approval of Members of the Company be and is hereby accorded to revise remuneration of Mr. Anil Khanna, Managing Director for the period from April 1, 2011 to March 31, 2012, as set out in the Supplementary Agreement (the Agreement) to be entered into between the Company and Mr. Anil Khanna, Managing Director, the draft whereof is placed before this meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and / or vary the terms and conditions of the said Agreement as may be agreed to between the Board of Directors and the Managing Director.

**"RESOLVED FURTHER THAT** notwithstanding anything contained hereinabove, where, during the term of employment of the Managing Director, the Company has no profits or its profits are inadequate, unless otherwise approved by the Central Government, remuneration payable to the Managing Director including salary, perquisites and any other allowances shall be governed and be subject to the ceiling as stipulated under the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, or such other limits as may be prescribed by the Government from time to time as minimum remuneration."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all necessary steps for the aforesaid purpose and matters incidental thereto."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 and in pursuance of the Clause 49 of the Listing Agreement, or any amendment or re-enactment made thereof, approval of the Members of the Company be and is hereby accorded that Non-Executive Directors of the Company, in addition to sitting fees being paid to them for attending the meeting of the Board and its committees, be paid every year for a period of five years with effect from August 1, 2011, commission of an amount as may be determined by the Board from time to time, subject to a ceiling of 1% (one percent) of the net profits of the Company (computed in the manner specified in section 198(1) of the Companies Act, 1956), to be distributed amongst such Directors in such a manner as the Board of Directors may from time to time determine."

Mumbai  
February 1, 2011

**Regd. Office:**  
Blue Dart Centre,  
Sahar Airport Road,  
Andheri (East),  
Mumbai 400 099.

By Order of the Board  
sd/-  
**Tushar Gundaria**  
Company Secretary

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business as set out in item nos. 4, 5, 6 and 7 above and relevant details in respect of item nos. 3 and 5 pursuant to the provisions of Clause 49 of the Listing Agreement, are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from April 19, 2011 to April 26, 2011 (both days inclusive) for the purpose of determining eligibility of members entitled to dividend.
4. Dividend as may be declared shall be payable to Members of the Company whose names appear:
  - (a) as Beneficial Owners as at the close of the business hours on April 18, 2011 as per the details to be furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited in respect of shares held in electronic form; and
  - (b) as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before April 18, 2011. Transfer Documents received after April 18, 2011 will not be considered for the aforesaid purposes.
5. The Company has transferred unclaimed dividend declared for the Financial Years 1995-96, 1996-97, 1998-99, 1999-2000 (interim and final dividend), 2000-2001, 2001-2002 and 2002-2003 to "The Investor Education and Protection Fund" established by the Central Government.
6. All members who have either not received or have not yet encashed their dividend warrant(s) for the financial year 2003-2004 till the period ended December 31, 2009, are requested to write to the Company's Registrars and Share Transfer Agents at the address mentioned below for obtaining duplicate dividend warrant without any further delay.
7. Members are requested to furnish their Bank Account details, change of address etc. to the Company's Registrars and Transfer Agents viz; Link Intime India Pvt. Ltd. at the address mentioned below, in respect of shares held in the physical form and to their respective Depository Participants, if shares are held in electronic form.
8. Members desirous of getting any information about the accounts of the Company are requested to send their queries at the Registered Office of the Company at least 10 days prior to the date of meeting so that the requisite information can be readily made available at the meeting.
9. Members are requested to bring their Annual Reports at the Meeting.
10. The members/proxies should bring attendance slip duly filled in and signed for attending the meeting and handover the same at the entrance of the Hall.

### REGISTRARS & SHARE TRANSFERS AGENT:

Link Intime India Pvt. Ltd.,  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai 400 078.

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**PROFILE OF MR. MALCOLM MONTEIRO, DIRECTOR RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT**  
**(Pursuant to Clause 49 of the Listing Agreement)**

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Mr. Malcolm Monteiro is Senior Vice-President and Area Director, South Asia, DHL. He is responsible for reinforcing the vision of DHL, aggressively growing the international and domestic businesses and market share, enhancing customer experiences at every customer touch point, encouraging a high level of employee engagement through active leadership for India, Sri Lanka, Pakistan, Nepal, Maldives, Bangladesh and Bhutan.

Prior to this role, Mr. Monteiro was Managing Director of Blue Dart between the period from March 13, 2006 to February 21, 2007 and led the organisation's commendable performance during the same period. He has over 18 years of experience in various functions in Blue Dart. Mr. Malcolm is credited with setting up the much acknowledged 'Track and Trace' System & ERP System (COSMAT 2), as well as the Aviation 'Space Management' System (SMART) among other cutting edge technologies. He was the prime mover in the re-launch of the Blue Dart's website, [www.bluedart.com](http://www.bluedart.com) - a quick response, interactive eBusiness solutions site as well as building an extensive, secure countrywide IT network.

Mr. Monteiro was primarily responsible in developing committed and trained human resources resulting in highly reliable operations and unmatched service excellence that have been major contributors in making Blue Dart the undisputed Market Leader in the Domestic Express Industry.

Mr. Monteiro holds a post-graduate degree in Management from IIM, Ahmedabad, and is a graduate in Electrical Engineering from IIT, Mumbai, both of which are world-renowned top ranking institutions in their respective fields.

Directorship in other Companies:

1. DHL Express (Singapore) Pte. Ltd., Member, APEM Board.

Mr. Malcolm Monteiro, Director, is not a member of any other committees, as contemplated under the provisions of the clause 49 of the Listing Agreement, other than a member of the Audit Committee and Compensation Committee of Blue Dart Express Ltd. and does not hold any shares in the Company.

Mr. Monteiro and any of other Directors of the Company do not have any inter-se relationship.

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**PROFILE OF MR. ROGER CROOK**  
**(Pursuant to Clause 49 of the Listing Agreement)**

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As CEO of DHL Express, Asia Pacific and the Eastern Europe, Middle East and Africa regions (EEMEA), Mr. Roger Crook is responsible for driving global sales through the Sales Executive Committee and the Global E-committee, overseeing the 129 markets in his purview.

In his previous role as CEO of DHL Express in the Americas, he was instrumental in managing all DHL Express business activities in close to 50 countries and territories in the Americas.

With more than 20 years of experience at DHL, Mr. Roger Crook has been involved in various roles including Country Manager, Commercial Director for Global, Europe, the Middle East and Africa, as well as COO for the company's Global Customer Logistics Express group and Global Customer Solutions division.

Mr. Crook holds a bachelor's degree in Engineering as well as a master's degree in Business Administration. He is also a member of the Caribbean and Latin American Express Delivery Conference (CLAEDC).

Directorship of other Companies:

Mr. Roger Crook, Director, is not a member of any other committees and does not hold any shares in the Company.

Mr. Crook and any of the other Directors of the Company do not have any inter-se relationship.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

As required by the provisions of Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under item Nos. 4, 5, 6 and 7 of the accompanying Notice dated February 1, 2011.

### Item No.4

The Company has received a special notice under the provisions of Section 225 read with Section 190 of the Companies Act, 1956, proposing the appointment of M/s. Price Waterhouse, Chartered Accountants, (**Firm Registration no. 301112E**), as Auditors of the Company in place of retiring Auditors M/s. Price Waterhouse, (**Firm Registration No. 007568S**), who have expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company vide their letter dated January 21, 2011, at the ensuing Annual General Meeting.

M/s. Price Waterhouse, Chartered Accountants, (**Firm Registration no. 301112E**), have signified their consent vide their letter dated January 21, 2011 to act as Auditors of the Company, if appointed, and to hold office as such from the conclusion of this meeting until the conclusion of next Annual General Meeting.

The Board of Directors recommends passing of this resolution.

None of the Directors are concerned or interested in this item of resolution.

The letter received under Section 224 (1)(b) of the Companies Act, 1956 from M/s. Price Waterhouse, Chartered Accountants (**Firm Registration no. 301112E**) and special notice under Section 225 of the Companies Act, 1956 read with Section 190 of the Companies Act, 1956 are available for inspection by the members at the Registered Office of the Company on any working day excluding public holidays and Sundays, between 11.00 A.M. to 1.00 P.M. upto and including the date of Annual General Meeting.

### Item No.5

Mr. Roger Crook was appointed by the Board of Directors of the Company as an Additional Director with effect from February 1, 2011 and holds office upto the date of this Annual General Meeting, pursuant to provisions of Section 260 of the Companies Act, 1956, and Article 140 of the Articles of Association of the Company. The Notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing name of Mr. Roger Crook as a candidate for the office of Director of the Company.

None of the Directors of the Company except Mr. Roger Crook are, in any way, concerned or interested in the resolution.

The Board of Directors recommends the resolution for your approval.

The notice received under Section 257 of the Companies Act, 1956 is available for inspection by the members at the Registered Office of the Company on any working day excluding public holidays and Sundays, between 11.00 A.M. to 1.00 P.M. upto and including the date of Annual General Meeting.

### Item No.6

Subject to necessary approval by the Members in the General Meeting and on recommendation of the 'Compensation Committee', the Board of Directors at its Meeting held on February 1, 2011 has revised remuneration terms of Mr. Anil Khanna, Managing Director for the period from April 1, 2011 to March 31, 2012 as detailed hereunder:

Basic Salary - ₹ 5.71 lacs per month

Save and except as indicated hereinabove, other terms of appointment Mr. Anil Khanna, Managing Director, remains the same.

During the term of employment of the Managing Director, if 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 under Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.

A copy of the draft of the Supplementary Agreement referred to in the resolution is available for inspection by the members at the Registered Office of the Company on any working day excluding public holidays and Sundays, between 11.00 A.M. to 1.00 P.M. upto and including the date of Annual General Meeting.

In compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolution as per the terms set out in Item No. 6 of the accompanying Notice is being placed before the members in the Annual General Meeting for their approval.

None of the Directors of the Company except Mr. Anil Khanna are, in any way, concerned or interested in the resolution.

The Board of Directors recommends the resolution for your approval.

This may be treated as an abstract under Section 302 of the Companies Act, 1956, of the Supplementary Agreement to be entered into between the Company and Mr. Anil Khanna.

### Item No.7

The Members of the Company had at the Annual General Meeting held on April 27, 2006 approved payment of commission to Non - Executive Directors of the Company at a rate not exceeding one percent of net profit of the Company for a period of 5 (five) years from August 1, 2006. Accordingly, the validity of the said resolution shall expire on July 31, 2011.

Pursuant to the amendments made by the Securities and Exchange Board of India (SEBI) under the provisions of clause 49 (1) (B) of the Listing Agreement and Section 309 of the Companies Act, 1956, compensation payable to Non-Executive Directors, including the independent Directors, shall require previous approval of the Members in the General Meeting.

Approval of the Members is sought by way of a Special Resolution for payment of commission for a further period of five years to Non-Executive Directors as set out in the resolution at item no. 7 of this notice.

All Directors of the Company except Mr. Anil Khanna, Managing Director may be considered to be concerned or interested in this Resolution.

Mumbai  
February 1, 2011

By Order of the Board  
sd/-

**Tushar Gunderia**  
Company Secretary

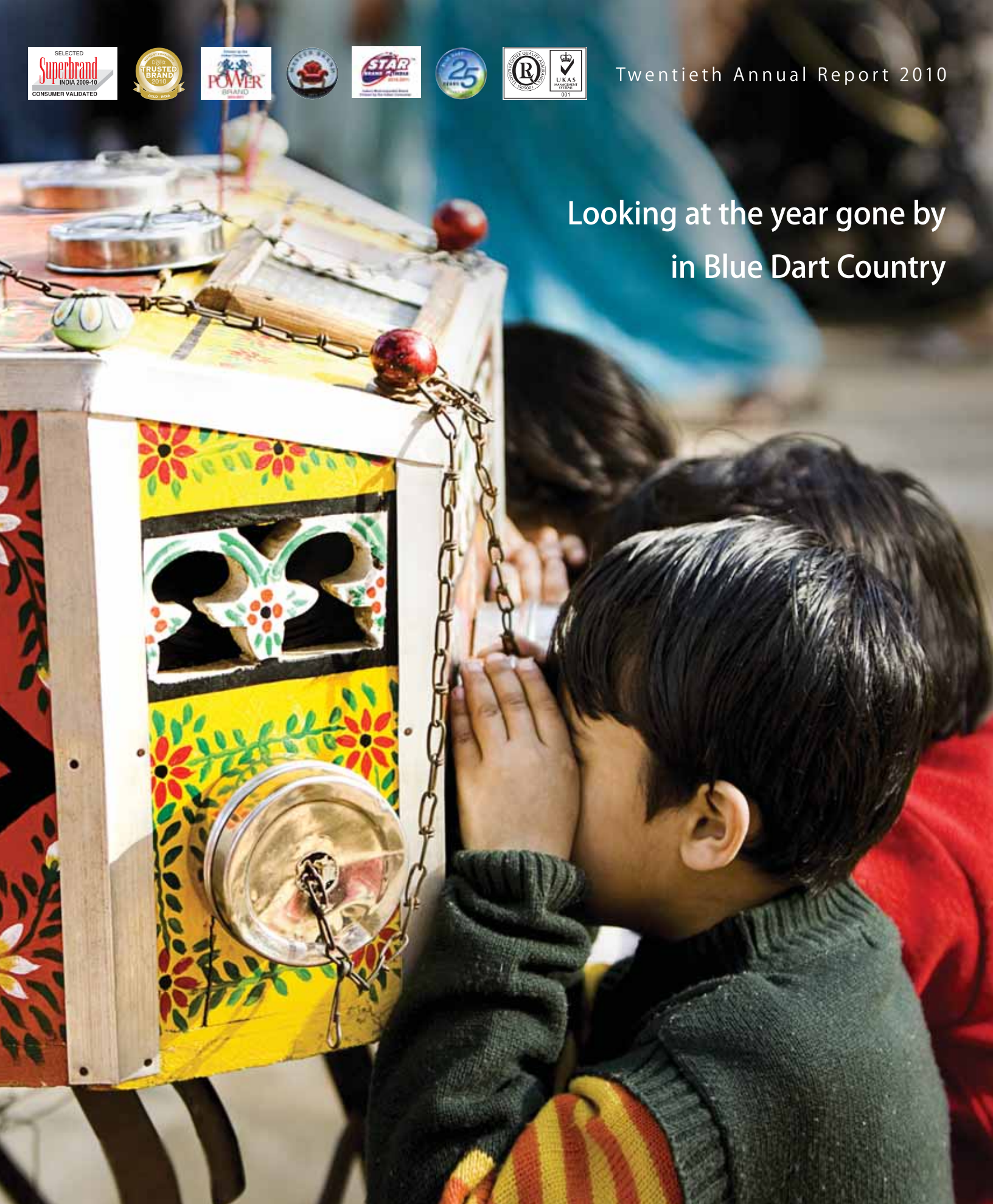
**Regd. Office:**  
Blue Dart Centre,  
Sahar Airport Road,  
Andheri (East),  
Mumbai 400 099.





Twentieth Annual Report 2010

## Looking at the year gone by in Blue Dart Country



IT TAKES A LEADER TO DELIVER

**BLUE DART**



## **The largest logistics network in India. It's Blue Dart country.**

Blue Dart is South Asia's premier, and India's number one air and integrated transportation and logistics company. The huge, dedicated air and ground network, cutting-edge technology, wide range of innovative and business-specific solutions deliver the most trustworthy and efficient service for customers. As a part of DHL, Blue Dart accesses the most comprehensive express and logistics network worldwide, covering over 220 countries, offering the entire spectrum of distribution services. Acknowledged with numerous awards and recognitions, Blue Dart is a company with impeccable service records, driven by a motivated and passionate team. Environment and Social Responsibilities are issues close to Blue Dart. Sustained GO-GREEN efforts are improving CO<sub>2</sub> efficiency and disaster-aid initiatives like GO-HELP and education programs like GO-TEACH are enriching communities. So when you are talking to Blue Dart, you are talking not only to the leader in the business but also to a highly responsible corporate that will deliver for you every time.



IT TAKES A LEADER TO DELIVER

**BLUE DART**





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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: +91 22 2839 6444  
Fax: +91 22 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



**Roger Crook**  
Director



**Christopher Ong**  
Alternate Director to  
Roger Crook



**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 & Compliance



**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



## Fellow Stakeholders

### Benefitting from a Resurgent Economy

The economic scenario in India in 2010 was considerably brighter than it was in 2009. The Indian economy which displayed superior resilience to the global economic crisis bounced back well in 2010. Though it has run into some minor turbulence at the start of 2011, the likelihood of India once again registering a superior growth rate when compared with other countries worldwide, is high.

The Economic Survey 2010-11 presented in February this year, has indicated that India will continue to traverse on a high growth trajectory and post GDP growth in excess of 9 per cent in Financial Year 2011-2012. It is against this very positive backdrop that I make my submission that the fast growing logistics sector in India will be a direct beneficiary of the uptrend in the Indian economy. While the possibility of occasional setbacks in the interim cannot be discounted, most industry studies indicate that the Indian logistics sector is likely to continue its growth momentum in 2011. Although we have a very effective fuel surcharge mechanism to neutralise the increase of crude oil cost, in the event of crude oil price touching USD 130-140 per barrel, it may pose a challenge for the global economy and our industry in particular. The recent calamities in Japan and the growing instability in the Middle East are a cause of concern for the Asian Economies.

Historical evidence suggests that as the prospects of trade and commerce improve in a country, key sectors such as manufacturing, food, automotives etc receive a fillip and the growth of the logistics sector thus becomes inevitable. It fulfils the rapidly increasing needs of industries for both domestic distribution as well as for reaching out to export markets. Further, the sector has received a boost on account of a higher fund allocation in the Union Budget to prioritise infrastructure investments in the economy.

### Delivering Excellence

Against the positive economic backdrop, Blue Dart continued its efforts at rationalising costs, investing in broad basing its network and product portfolio and improving the quality of its service. This has put your company in a better position such that it could take advantage of the economic recovery. With no effort being spared to align all efforts to the Company's broader long-term strategy and effective implementation of cost-reduction efforts, your Company concluded the Year 2010 with positive momentum on the volume and margin fronts.

Your Company posted a ₹ 9,437 Lacs profit after tax for the year ended December 31, 2010 compared to ₹ 6,070 Lacs profit after tax for the year ended December 31, 2009. Income from operations for the year ended December 31, 2010 was ₹ 114,741 Lacs, compared to

₹ 90,523 Lacs for the year ended December 31, 2009. The Board of Directors of your Company, taking into consideration the Company's future plans to strengthen its infrastructure including its air and ground fleet over a period of time and to retain and consolidate its position as market leader decided to conserve its resources and recommended a dividend of 10% for the year ended December 31, 2010.

During the year 2010, Blue Dart handled over 870 Lacs domestic shipments and over 7 Lacs international shipments weighing over 338,000 tonnes of documents and parcels across India and 220 countries and territories worldwide.

Your Company posted a robust performance with a healthy topline growth of over 26% and high quality earnings, reflecting its strong corporate strategies which includes creation of multiple drivers for growth with various cost optimisation initiatives.

This is reflected in Operating and Net margins which improved over 150 basis points to 13.9 per cent and 8.2 per cent respectively. Even during the challenging phase of 2009, we continued with our efforts to deliver the best to the customers in terms of service and product quality by focusing on technological innovations and advancements. This, we believe, will make our business a more sustainable one over the longer term horizon. Profitability, as measured by Return on Capital Employed improved from 22.2% to 28.3% during this period.

### Dynamic Realignment

The Indian Government has launched the ambitious National Highway Development Programme (NHDP) involving a total investment of USD 50 billion\* on concessions/contracts to be awarded by 2012. The Government has also announced an increase in the overseas borrowing amount for the infrastructure sector, to USD 500 million\* from USD 100 million\*. The Golden Quadrilateral (GQ), which is a 5,846-km-long highway network connecting principal metros like Delhi, Mumbai, Kolkata and Chennai is part of the first phase of the NHDP.

In the Budget 2011-12, the Government will allocate ₹ 2,140 billion towards the infrastructure sector which is about 48.5% of the total planned allocation. Various Government undertakings will issue tax free bonds of ₹ 300 billion to boost infrastructure development in railways, ports, housing and highway. Moreover as per the Economic Survey 2010-11, the National Highway Authority of India formulated Work Plans (Work Plans I and II) for awarding of about 12,000 km each during the years 2009-10 and 2010-11. The Government of India has also taken loans for financing various projects from international agencies for road development.

As you would be aware, we were a Company primarily focussed on the Air Express segment and we launched our ground segment primarily to provide the first and last mile connectivity. Our Ground service has grown exponentially and is now an integral aspect of our core growth strategy given the infrastructure development beyond metros.

### Enlarging and Enriching the Product Portfolio

In line with this ongoing initiative, Blue Dart has recently added new products like the TCL (Temperature Controlled Logistics) to cater primarily to the pharma segment and Clinical Research Organisations besides Dart Surfaceline Plus and Point to Point (P2P). Other Value

\* Source: www.ibef.org



Added Services like DOD (Demand Draft on Delivery), FOD (Freight on Demand), FOV (Freight on Value) - Insurance Arrangement, COD (Cash on Delivery) provide customer value and ease of shipping.

We not only own day definite segments but also time definite segments. Within these we have added variations which allow our customer to ship as per his requirements by choosing from a wide variety of services. This strategy has enabled us to capture a larger customer base and add more verticals.

### Enhancing Our Geographical Footprint & Customer Portfolio and Experience

With new product launches and enriching the existing product portfolio, it was only a logical progression for us to rationalise our geographical reach. While we have a strong foothold in key metros, we see immense potential in Tier II and Tier III cities. In addition to expanding our geographies and product portfolio, another core strategic area includes enlarging our customer portfolio. We have already undertaken dedicated measures to tap the Small and Medium Enterprises (SME) market and the retail segment. Another core focus area for us revolves around enhancing our touch point experience. For this, we have introduced several initiatives such as real time updates on delivery status of parcels by automating the process. Real time feedback is sent by our Territory Service Representatives as and when they deliver the parcel using technology.

All this has enabled us to strengthen our services to the two key pillars of any logistics business, namely reach and transit time.

### Customer Orientation - Our Mantra

We keep an extremely close tab on our customer's experience through our Customer Satisfaction Surveys, Customer Service, Sales Channels and Territory Service Representatives. All the feedback received goes through formalised and well structured channels. This not only helps us to improve existing services but also to launch new and innovative products and services. We also designate specialised agencies to do market studies for us so as to add value to our existing business model. This initiative, we believe, is crucial as Customer Satisfaction is the Intangible Asset on which crucial credibility is built in businesses, more so, ones like ours.

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.

### Corporate Governance

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

### Beyond Business

Corporate Social Responsibility is an integral aspect of Blue Dart's growth strategy and your Company has been honoured with the 6<sup>th</sup>

BSE Social and Corporate Governance Award 2010, for the Best CSR Practice held at Bombay Stock Exchange. We have initiated several projects and activities for the betterment of society in the fields of education, environment and disaster management. To help reduce this number, Blue Dart in association with Oasis India (NGO) started an initiative called 'Blue Edge – Empowering Lives', which is aimed at enriching the lives of young adults from difficult environments, who have not been able to complete their education. Besides, your Company has adopted a pro-active approach towards energy conservation and preserving the environment through various initiatives such as sapling plantation, waste recycling, mangrove clean ups etc.

### Vote of Thanks

During the year gone by, we have successfully implemented a wide range of strategies that have borne fruit and this is well reflected in our robust financials. This would not have been possible without the direction provided by a committed and very experienced team. This team has ensured that Blue Dart continues to actively seek quality market share growth and develop strategic growth opportunities.

Your Company has developed a strong brand loyalty and it stands for value, quality, speed, efficiency, responsiveness and service excellence. It was also awarded with the Best Express Provider of the Year-Domestic, for the second year in a row at the 4<sup>th</sup> Express, Logistic & Supply Chain Awards 2010.

Blue Dart acknowledges that these milestones would not have been possible without the dedication and hard work of every team member. It is their untiring efforts that have ensured that your Company has emerged as an organisation which is even stronger than before.

I thus, proudly acknowledge the contribution of our valuable employees and take this opportunity to thank each one of them personally. We are proud to have received numerous awards for our HR practices including the prestigious Best Employer Award on Employee Retention at the Global HR Excellence Awards, World HRD Congress Meet 2010 amongst others. Blue Dart was rated amongst India's Best places to Work for 2010 in a study by Economic Times and Great Place to Work® Institute, India.

Lastly, it is always a team effort that is responsible for an organisation's success and progress and for this, on behalf of the Board of Directors of Blue Dart, I thank all our stakeholders, customers, bankers, financial institutions, government authorities, business associates, channel partners and other constituents for their valuable support and guidance.

I look forward to another year of excellence.

Mumbai  
March 18, 2011

Warm regards,  
Sharad Upasani  
Chairman

# Financial Summary

## Financial Summary of the last five years

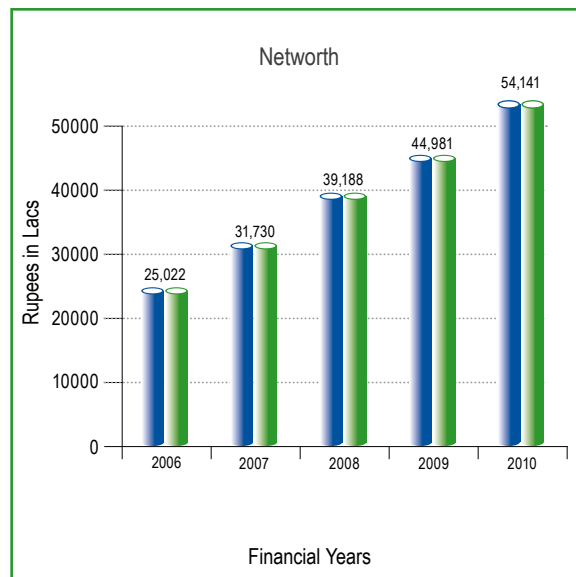
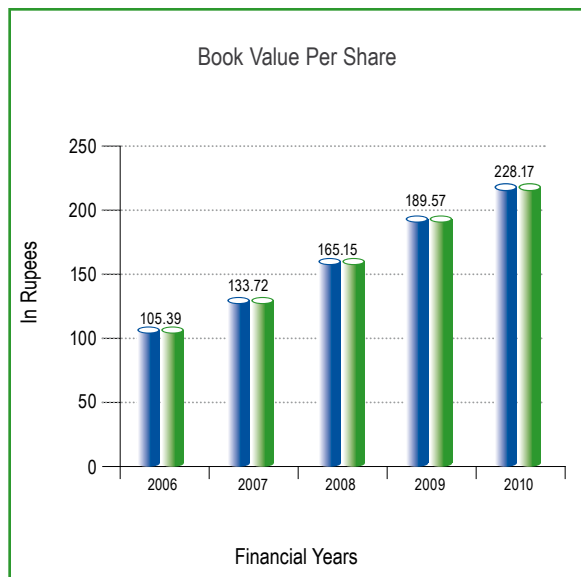
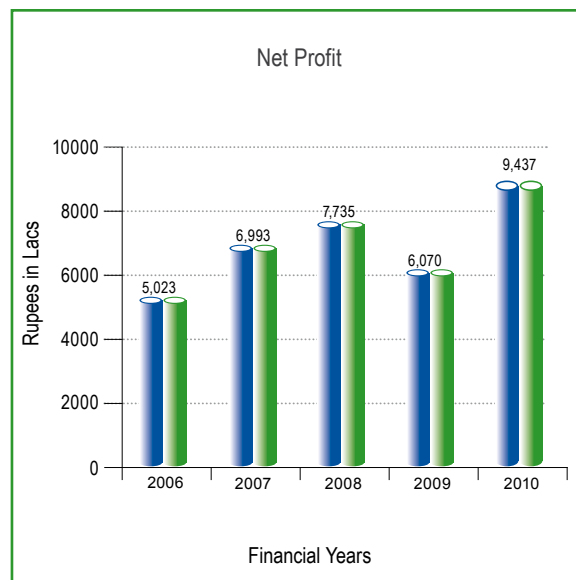
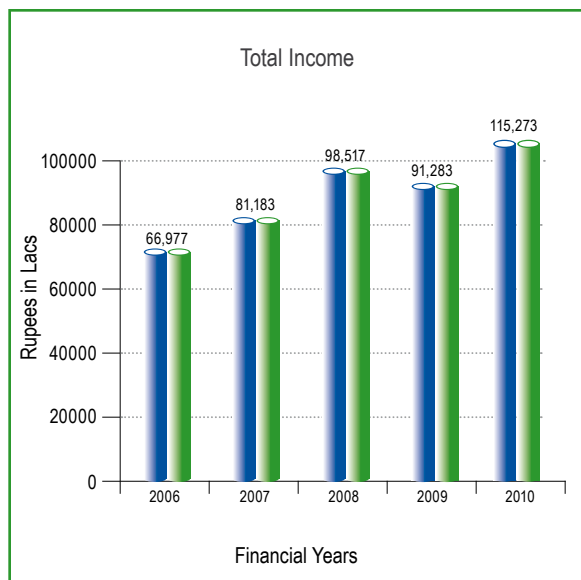
₹ in Lacs

Particulars	2006	2007	2008	2009	2010
Income from Operations	66,802	80,872	97,446	90,523	114,741
Other Income	175	311	1,071	760	532
Total Income	66,977	81,183	98,517	91,283	115,273
Total Expenditure	56,831	68,083	84,935	80,150	99,324
Operating Profit	10,146	13,100	13,582	11,133	15,949
Interest (net)	158	40	50	55	1
Gross Profit	9,988	13,060	13,532	11,078	15,948
Depreciation	2,201	2,403	1,657	1,776	1,922
Profit Before Tax	7,787	10,657	11,875	9,302	14,026
Taxation	2,764	3,664	4,140	3,232	4,589
Profit After Tax	5,023	6,993	7,735	6,070	9,437
Equity	2,376	2,376	2,376	2,376	2,376
Reserves	22,646	29,354	36,811	42,605	51,765
Gross Fixed Assets	24,404	25,692	28,562	30,036	32,544
Networth	25,022	31,730	39,188	44,981	54,141
Book Value (₹)	105.39	133.72	165.15	189.57	228.17
ROCE (in percentage)	32.92	37.13	33.63	22.24	28.30
Debt Equity (in times)	0.04	0.00	0.00	0.00	0.00

# Financial Summary



## Five years review





LEADERSHIP





*“Genius is the very eye of intellect and the wing of thought; it is always in advance of its time, and is the pioneer for the generation which it precedes”*

*- William Gilmore Simms*

## Blue Dart has many ‘firsts’ to its credit:

- 1983 – Blue Dart is born
- 1984 – First Domestic & International on-board couriers
- 1991 – First adopter of Technology
- 1992 – First to introduce Employee Satisfaction Survey (ESS) in the domestic express market. E-mail network started
- 1993 – First to introduce Customer Satisfaction Survey (CSS) in the domestic express market
- 1994 – First express door deliveries countrywide  
Goes Public with an equity offer of 2.55mn shares
- 1996 – First Domestic Cargo Aviation Infrastructure in India. First to introduce 2 B737-200 Express Freighters. First to be certified to the ISO 9001 standards
- 2000 – First eCommerce website launched
- 2002 – First to be re-certified to the ISO 9001-2000 standards. Alliance with DHL
- 2004 – Induction of 4<sup>th</sup> and 5<sup>th</sup> B737-200 Express Freighters
- 2005 – DHL acquires 81.03% shareholding
- 2006 – First to induct 2 Boeing 757-200 Express Freighters
- 2007 – Inducts 3<sup>rd</sup> Boeing 757-200. Introduces enhanced Dart Surfaceline  
Introduces First Choice
- 2008 – Inducts 4<sup>th</sup> B757-200. First integrated Blue Dart-DHL facility in Bangalore  
Introduces Net Promoter Score
- 2009 – Introduces Time Definite Delivery (TDD) for Domestic Priority & Dart Apex
- 2010 – Introduces Temperature Controlled Logistics Product  
Certified to the ISO 9001-2008 standards



**Reach out and touch lives  
in Blue Dart country.**

When you hand over a package to us, we know what rests in our hands are your trust, belief and expectations. To deliver for you with care and responsibility, our intricate and extensive air & surface network touches lives in every part of India. Guaranteeing you peace of mind, always.

# Sustainability Initiatives

*"We make a living by what we get, but we make a life by what we give"*

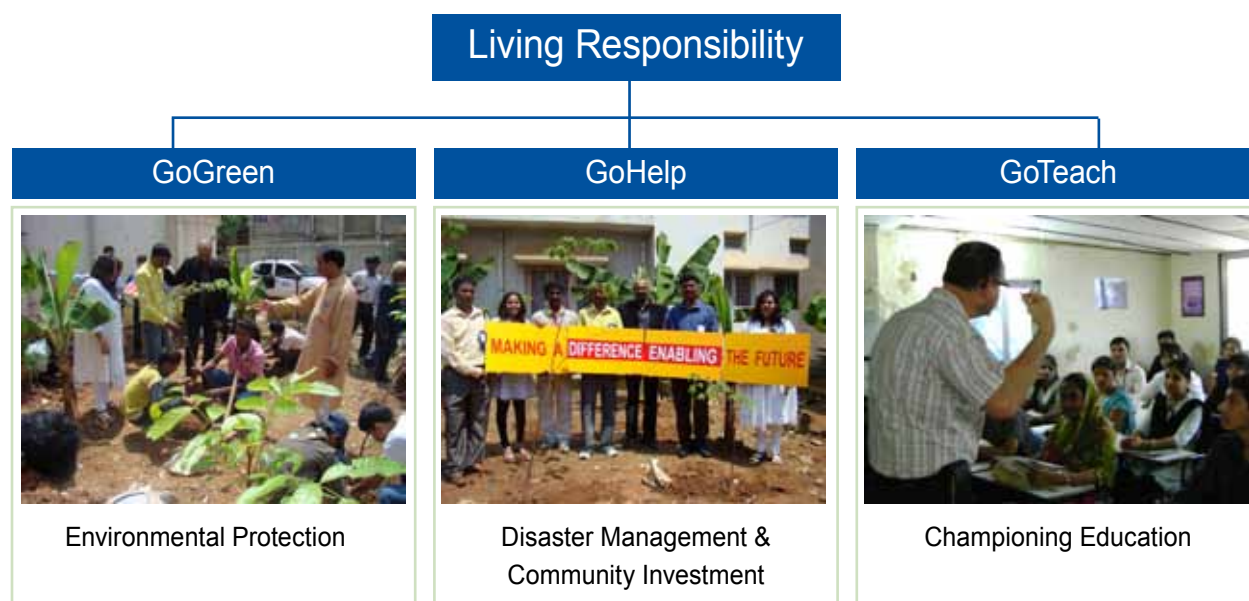
– Winston Churchill

Philanthropy has its roots in India. The kings of ancient India have been known for their generosity, patronage and benevolence that saw their empires and dynasties flourish for generations to come. Most of these initiatives, though, were driven by individual interests to give back to society which resulted in the act being inconsistent. However with industrialization opening newer avenues for India, there was an advent of corporate houses leading the way in philanthropy. From being an individual's vision and passion, it became a collective drive where a group of visionaries

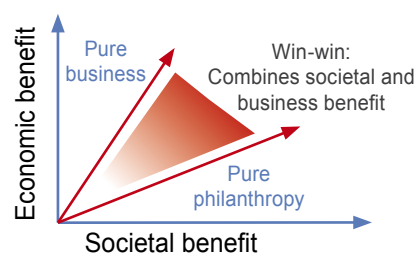
incorporated community outreach as one of the pillars of their organization. This gave birth to what we now know as 'corporate social responsibility'.

Blue Dart too is one of the forerunners in Corporate Social Responsibility. Being a leader in the logistics space for the last 27 years, Blue Dart has reached all corners of India thereby touching many lives. At Blue Dart we believe that giving back to society is not just a 'corporate social responsibility'. It is our duty as an organization towards our brethren and our environment from where we draw our resources. More than 'responsibility' it is 'sustainability' that is our cornerstone. True to the tradition of Blue Dart, we are committed in letter and spirit to 'sustainability' since our inception in 1983. In line with its 'Living Responsibility' platform, our in-house team identifies and addresses various sustainability initiatives that can help us make the world a better place for future generations.

Blue Dart's Sustainability initiatives rest on the following pillars:



Striking a balance between economic benefit and assuming responsibility for communities is the bedrock of successful CR commitment and a contributing factor to achieving Group targets





## Go Teach (Education)

*“Education is not filling a pail but the lighting of a fire.”*

– William Butler Yeats

Education is the key to an individual's development thereby leading to a progressive nation. Education is beyond being able to write your own name or read a book. The right kind of education has the power to transform an entire nation. It is an appalling fact that many in India are still illiterate considering that we are at the threshold of becoming an economic super power.

### Snapshot of the key activities in 2010:

- Sixth & Seventh batches of students successfully completed Blue Edge Empowering Lives programme and were felicitated at a Graduation Day Ceremony held in Blue Dart Headquarters.
- 48% of the graduates have been placed in various organizations in verticals – Telecom, Retail, FMCG etc. with salaries ranging between INR 3000 to INR 11,000. Low drop-out rate of <10% against a high number of applicants to the programme.
- Blue Edge was nominated as a Lighthouse Project under Sustainability (Go Teach) from AP EEMEA. It is one of the three projects nominated from the Region.
- The Employee Volunteer Program (EVP) was a conscious effort by Blue Dart to encourage employee engagement in community initiatives.
- Employees Volunteers, from the four BUs – Blue Dart, DHL Express, DGF & DSC were nominated to participate in this week-long program, between 8<sup>th</sup>-12<sup>th</sup> March '10.
- 8<sup>th</sup> Batch of 'Blue Edge: Empowering Lives' started successfully in December 2010.
- 'Blue Edge: Empowering Lives' won the prestigious 6<sup>th</sup> BSE Social and Corporate Governance Awards 2010 and the 5<sup>th</sup> Indy's award for 'Best in Corporate Social Responsibility Practice' for its flagship GO-Teach CSR programme.





## Go Green (Environment)

*“We do not inherit the earth from our ancestors; we borrow it from our children.”*

One amongst 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 increased emission of CO<sub>2</sub>.

### Green activities in 2010:

- World Environment Day (WED) - On 5<sup>th</sup> June 2010, Blue Dart along with DHL pledged to REUSE and RECYCLE, in order to fight the global menace of climate change.
- Earth Day - Blue Dart supported the Earth Day on 22<sup>nd</sup> April 2010 by declaring No Smoking Day / Public Transportation Day / Go Vegetarian Day. Blue Darters could pledge to cut down on smoking, use public transport or be vegetarian for the day.
- Pedal Power: Bicycle initiative – This initiative is aimed at converting as many pickup/delivery representatives to use the bi-cycle instead of motorcycles/vehicles in order to reduce pollution.
- Road Safety initiative – Drivers were regularly trained

Realising the need to help conserve our natural resources, Blue Dart has taken up the following initiatives:

- Sapling plantation
- Mangrove Clean-up
- Recycling Waste
- Energy Conservation (Eg. Power Saver: Lights Off initiative)
- Route Optimization

on traffic rules, driving skills and road safety measures. Also conducted 'Road Safety Programmes' in various key cities across India.

- Route Optimization – Blue Dart continuously studied, monitored and optimized the vehicle routes to minimize consumption of fuel and optimize capacities.
- Regular PUC checks – Blue Dart ensures that all its vehicles go through periodic PUC checks to maintain minimum pollution levels. Regular vehicle maintenance is done for its entire fleet of vehicles to ensure optimum fuel efficiency.
- Power Saver – In a bid to conserve energy, all lights are switched off for 15 minutes at all Blue Dart facilities every working day.



## Go Help (Disaster Management)

*"We can do no great things, only small things with great love."*

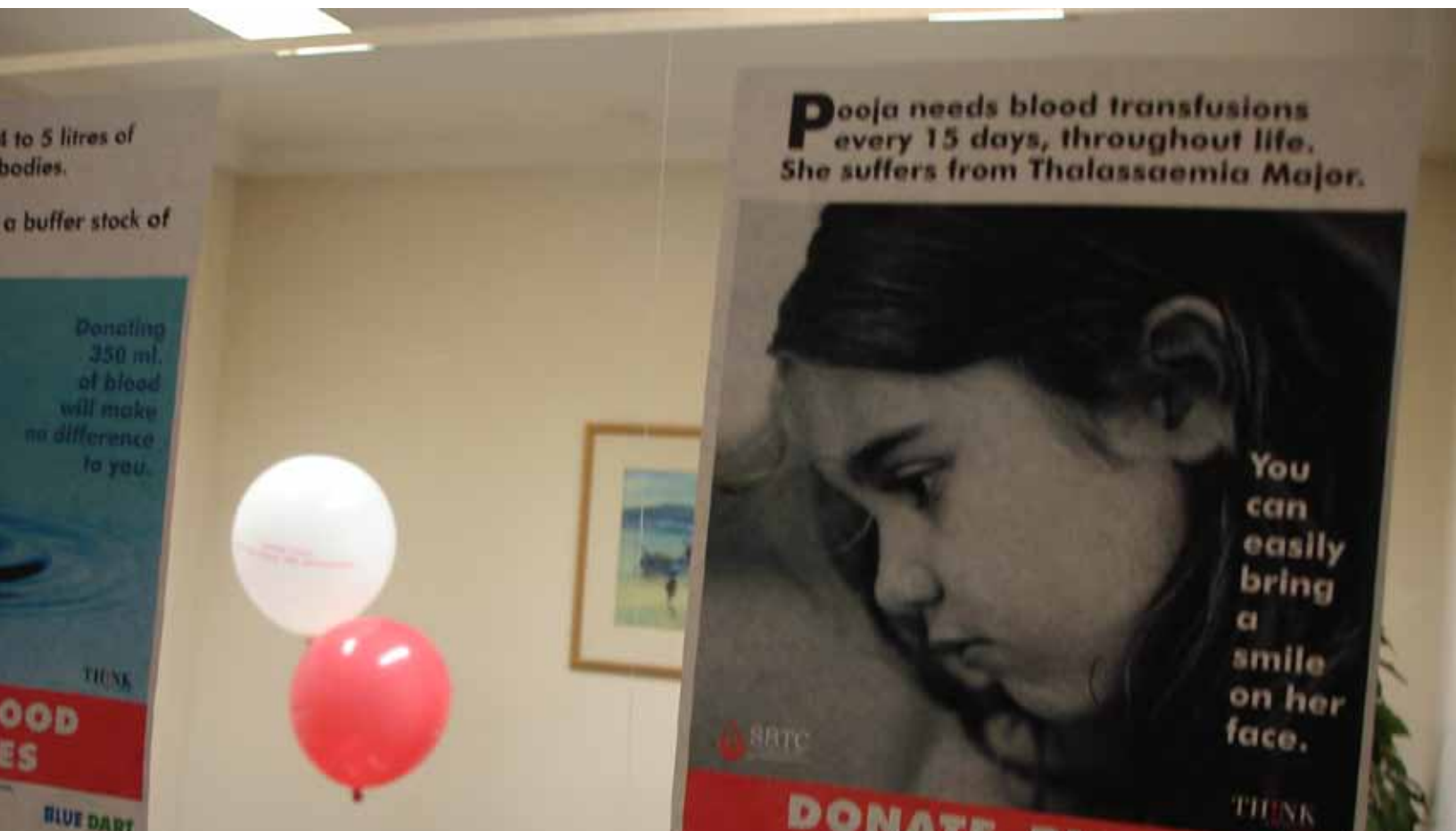
– Mother Teresa

To help one another is the essence of humanity. Help can be extended in various forms - through monetary, material or voluntary support. In our lives we play many roles – children, siblings, parents, friends, professionals, students. Sometimes

we get so caught up in fulfilling our familial responsibilities that we are unable to reach out to those outside those who need our help and support. Blue Dart together with our partners DHL, strives to improve people's living conditions. Our core logistics expertise helps us achieve these goals.

## Our contribution to society in 2010:

- LIFE SAVER: Blood Donation Drives - conducted regular Blood Donation Drives in association with Think Foundation (NGO), Sarla Blood Bank and other blood banks at our facilities to help young Thalassaemia patients.
- Donation Drives – organised a donation drive from 3<sup>rd</sup> – 6<sup>th</sup> January 2010. All regions at Blue Dart and DHL whole-heartedly contributed to the cause. We collected 20 bags of 'gifts' that included clothes, woollens, toys, books, stationery, bags, shoes, lunch boxes, water bottles, soaps, shampoos, toothpaste, etc. This was distributed in 6 orphanages sheltering around 400 children.





**Connections to every corner of  
Blue Dart country.**

International borders and locations shown in the map are indicative and for representation purposes only.

With over 25,000 locations connected with an intricate and extensive air & surface network, we have India covered.



# Awards & Recognitions

*"We will receive not what we idly wish for but what we justly earn. Our rewards will always be in exact proportion to our service"*

*- Earl Nightingale*

Over the years, Blue Dart has been accredited with many awards that acknowledge the good work done by the organisation not only in the logistics space but also in terms of caring for the employees and reaching out to society. These awards further consolidate Blue Dart's leadership position in the domestic express industry.

Mentioned below is a snapshot of the accolades of 2010:

- IMM Eminent Organization 'Award for Excellence for the Year 2010' at the 37<sup>th</sup> World Marketing Congress
- 'Customer and Brand Loyalty Award' in the Logistics Sector at the 3<sup>rd</sup> Loyalty Awards
- Anil Khanna honoured with 'CEO with HR Orientation Award' at the Global HR Excellence Awards 2010
- 'Organization 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
- 22<sup>nd</sup> CFBP 'Jamnalal Bajaj Fair Business Practices Award – 2010' in the category of Service Enterprises (Medium)
- Reader's Digest 'Most Trusted Brand Gold Award' 5 years in a row
- One of India's 'Best Companies to Work for 2010' in a study by the Economic Times and Great Place to Work Institute, India
- 'Brand Leadership Award' at the CMO Asia Awards for Excellence in Branding and Marketing, Singapore
- 'Award for Best HR Strategy In Line with Business' at the Asia's Best Employer Awards, Singapore
- 'Best Logistic Service Provider for the Pharma Segment' in the Frost & Sullivan 2010 Awards for Excellence in Logistics





- 'Most Powerful HR Professional in India' to Barttanu Kumar Das, Head - HR at the Global HR Excellence Awards organized by Asia Pacific HRM Congress 2010
- 'CEO with HR Orientation' for Anil Khanna, Managing Director at the Global HR Excellence Awards organized by Asia Pacific HRM Congress 2010
- 'Good Corporate Citizen Award 2009-2010 (Medium Corporate Category)' organised by Bombay Chambers of Commerce & Industry
- 'Best Express Provider of the Year-Domestic', for the second year in a row at the 4<sup>th</sup> Express Logistic & Supply Chain Awards 2010
- 'Award for the Innovative Retention Strategy' at the Asia's Best Employer Brand Awards, Singapore
- 'CEO with HR Orientation Award' for Anil Khanna, Managing Director at the Asia's Best Employer Brand Awards, Singapore
- 'Brand Leadership Award' for Ketan Kulkarni, Head - Marketing, Corporate Communications & Sustainability at the CMO Asia Awards for Excellence in Branding and Marketing, Singapore
- The AIMA-IOCL Awards for 'Best Motivational Practice in Services'
- ELSC 'CEO of the Year' Award for Anil Khanna, Managing Director at the 4<sup>th</sup> Express, Logistic & Supply Chain Awards 2010
- Customer validated 'Star Brand 2010-2011' – India's Most Impactful Brands
- Customer validated 'Power Brand 2010-2011'
- Blue Dart selected as 'Superbrand India 2010' 5 years in a row
- Blue Dart conferred with 'Master Brand 2010' at the Global Brand Excellence, the World Brand Congress
- 'Brand Leadership Award' at the Global Brand Excellence, World Brand Congress for Excellence in Branding and Marketing
- 'Young Achiever Award' for Subrato Roy, Senior Manager, Marketing, at the World Brand Congress
- The prestigious 'The Achiever & Leadership Award for Excellence in Brand Building' at the 1<sup>st</sup> Achiever and Leaders Awards conferred upon Anil Khanna, Managing Director, by the Hon. Prime Minister of Sri Lanka
- Blue Dart honoured with the 6<sup>th</sup> BSE Social and Corporate Governance Award 2010, for the Best CSR Practice held at Bombay Stock Exchange
- 'The CMO Council – Best CMO of the Year Award' in the Supply Chain & Logistics category conferred upon Ketan Kulkarni at the 1<sup>st</sup> CMO Awards



## DIRECTORS' REPORT

### To the Members,

Your Directors have great pleasure in presenting the Twentieth Annual Report of your Company for the year ended on December 31, 2010.

### FINANCIAL RESULTS

Particulars	₹ in Lacs)	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Revenues		
Service Charges	114,741	90,523
Other Income	532	760
Less : Operating Expenses	99,324	80,150
Operating Profit (EBIDTA)	15,949	11,133
Less : Interest Cost (Net)	1	55
Depreciation /Amortisation	1,922	1,776
Earnings before tax	14,026	9,302
Less : Provision for Income tax (including FBT)	4,589	3,232
Earnings after tax	9,437	6,070
Profit and Loss Account balance brought forward	36,221	30,428
<b>Profit available for appropriation</b>	<b>45,658</b>	<b>36,498</b>
Proposed Dividend	237	237
Tax on Proposed Dividend	40	40
Transfer to General Reserves	-	-
	<b>45,381</b>	<b>36,221</b>

### REVIEW OF PERFORMANCE

The Indian economy continued its recovery during the year ended 2010 as compared to the previous two years of global recession. During the year 2010, the economy picked up momentum and confidence in the markets witnessed an upward trend. GDP is projected to grow between 8.5% to 9.0% for the year 2010- 2011 as compared to preceding two financial years growth of 7.4% and 6.7% respectively.

In the year 2010, Blue Dart completed 27 years of leading, innovating and delivering qualitative services to Indian trade and commerce. Your Company posted ₹ 9,437 lacs profit after tax for the year ended

December 31, 2010 as compared to ₹ 6,070 lacs profit after tax for the year ended December 31, 2009. Income from operations for the year ended December 31, 2010 was ₹ 114,741 lacs as compared to ₹ 90,523 lacs for the year ended December 31, 2009.

Your Company has been constantly upgrading its products and features to provide customised and value added services to its Customers. During the year, your Company received a very good response to its latest innovations in the Time – Definite Delivery and Cash-on-Delivery offerings.

Your Company provides Domestic Priority 10:30 and Dart Apex 12:00 in Time –Definite Delivery segment whereas in COD (Cash on Delivery), the invoice value of the shipment is collected from the consignee in the form of cash at the time of delivery and returned to the shipper / customer for completion of the transaction.

The Company's value added features viz; Demand draft on Delivery (DOD), Freight on Delivery (FOD) and Freight on Value (FOV) were also very well received by the market.

Your Company would continue to focus on innovation and strive to keep delivering beyond the expectations of its stakeholders.

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 certified and upgraded to the latest ISO 9001: 2008 standards.

### DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 1/- per equity share of ₹ 10/- each.

Your Directors wish to conserve resources for the 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 ₹ 277 lacs including dividend distribution tax (₹ 277 lacs in the previous year).

### TRANSFER TO RESERVES

This year, your Company does not propose to transfer any amount to General Reserves. An amount of ₹ 45,381 lacs is proposed to be carried forward to Profit and Loss Account.

### OPERATIONS REVIEW

Your Company, Blue Dart, South Asia's number one express air and integrated transportation, distribution and Logistics Company, offers

## DIRECTORS' REPORT

secure and reliable delivery of consignments to over 25,646 locations in India, across the length and breadth of the Country. As part of the DHL Group, Blue Dart accesses the largest and most comprehensive express and logistics network worldwide, covering over 220 countries and offers an entire spectrum of distribution services including air express, freight forwarding, supply chain solutions and customs clearance.

Blue Dart strives to be an industry specific, customer-centric organisation. Every step it takes is an effort to strengthen this relationship. In this pursuit, your Company has invested heavily into building an infrastructure that would provide unmatched value. Over the years, your Company has manifested its leadership position. In the past 27 years, Blue Dart has become an unchallenged leader in the domestic air express business.

The market dominance did not happen by default. Your Company has made huge investments in building an infrastructure that is unparalleled in the entire South Asia region – an extensive reach across a complex and vast Indian geography and beyond, a fleet of four Boeing 757s and three Boeing 737s freighters offering a revenue payload of over 370 tonnes per night, a flotilla of over 5,351 vehicles, 309 facilities including 56 domestic warehouse and 12 express hubs and over 6000 committed and trained Blue Darters driven by a unified passion of delivering service excellence and value.

During the year under review, your Company carried over 870 lacs domestic shipments and over 7 lacs international shipments weighing over 338,000 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. During the year, the Company granted an unsecured loan of ₹ 11,245 lacs (including conversion of capital advances) to Blue Dart Aviation Ltd. to meet its financial requirements towards infrastructure expansion for its dedicated air cargo services under the ACMI Agreement. The tenure of the loan is for the period not exceeding 7 years. The loan carries an interest computed at an average 'base' rate of IDBI Bank and ICICI Bank, with an interest re-set bi-annually. Support given to Blue Dart Aviation Ltd. would be in the best interest of the Company since Blue Dart Aviation Ltd. provides a dedicated air carriage capacity of its Air Cargo to the Company.

During the year, Blue Dart Aviation Ltd. posted an excellent technical dispatch reliability (TDR) of 98.89% for the B737 and 99.26% for the B757 fleet, with an overall TDR of 99.13%. It also completed its first 4C check on B757 (VT-BDK) on May 24, 2010 and first B757 landing gear replacement on June 2, 2010. Blue Dart Aviation Ltd. successfully completed constructing/ renovating its Airport facilities at Delhi, Hyderabad and Kolkata. It commenced its operations from the new facility at Delhi in April, 2010. In Kolkata, Blue Dart Aviation Ltd. moved to its first airside / cityside facility after inception, on May 24, 2010.

Blue Dart Aviation Ltd. continued its "Go Green" efforts initiated by it during the year 2009 to spread awareness among the employees

on 'Global Warming'. Towards its "Go-Green" initiatives, the Sewage Treatment Plant at Bangalore International Airport Ltd. has been made fully operational and treated waste water of 19,300 litres/day is being re-used for gardening and washing of vehicles.

### FACILITIES / INFRASTRUCTURE

During the year, your Company added 24 new and additional facilities and 9 replacement facilities taking the total number of facilities to 309, with a total area of over 14.8 lacs sq.ft. across the country. Your Company plans to further strengthen and consolidate its infrastructure, including air and ground fleet.

### FINANCE

The Company's New Financial Accounting Package viz; mPower is a centralised, secure, robust and user-friendly package which was fully integrated into the system during the year and one that enhanced quality and integrity of data. The implementation of mPower 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.

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. The Company's internal accruals adequately supported working capital requirements, capital expenditure and dividend payments.

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

The Company's Earning Per Share increased by 55% during the year to ₹ 39.77 per share as compared to ₹ 25.58 per share for the previous year.

During the year, your Company successfully passed a stringent Treasury Audit and Information Technology Audit by the DP DHL Corporate Internal Audit Team with a distinctive "Well Controlled" rating.

### 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 ₹ 2,500 lacs (outstanding – ₹ Nil). The rating indicates highest credit quality for the short term instruments.

## DIRECTORS' REPORT

2. "F1+(ind)" (F one plus (ind)) assigned by Fitch Ratings India Private Ltd. for the Company's short-term programme of ₹ 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 ₹ 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, 2010 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. to the extent of 49% shareholding of Blue Dart Express Ltd. into 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.

In our efforts to constantly collaborate and optimise more with the help of our group companies – DHL Express, DHL Supply Chain, DHL Global Forwarding, the India Steering Committee made significant progress in the past year to maximize cross business functional units synergies with focus on improving infrastructure, service quality and cost efficiencies.

### OUTLOOK FOR THE FUTURE

Your Company is ideally placed in the Indian market to facilitate trade and commerce in our country with a trained and committed employee 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.

'Super Brand' Blue Dart, empowered by trained people, delivers what customers really wants. Today, in the cramped zone of customer loyalty, trust and dependability, Blue Dart continues to be a name to reckon with, amongst the top-notch brands of India. Being a pioneer of the industry, it has defined the express and logistics space, silently setting the pace for the Indian business to travel fast on the wings of smart logistics. It lives up to its name, being an agile, flexible player with fast turnarounds to impact the ever-growing changing logistics scenario of the world's fourth largest economy.

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 Surfaceline has 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 expected to grow and provide stable revenue streams. Blue Dart is committed to improve its dominance through focused customer additions and enhancement of customer loyalty from existing and new clients while continuing to open up new markets to service the needs of customers. The strategy revolves around industry focus and a proactive approach on feedback received on regular basis from the customers 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.

However, lack of quality infrastructure has been an issue that was impeding the seamless growth of the economy and the country through the decades. Rapid expansion of the Indian economy has highlighted the importance of effective logistics and transport to enable that growth. Government and private investors have committed in developing all transport modes including transport and logistics infrastructure. The government is taking infrastructure challenges seriously and drawing up robust plans for developing and upgrading infrastructure – the Golden Quadrilateral, North-South and East-West corridors, new Greenfield airports, multi-modal logistics parks and dedicated rail freight corridors.

In 2011, your Company's key focus areas would be Sales Development and Productivities, Service Quality Enhancement, Loyal Customers, Profitability, Strong XBU workings 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 is optimistic about Financial Year 2011 with respect to the potential of growth markets and the business environment. Your Directors look forward to improved performance over the coming years.



## DIRECTORS' REPORT

### AWARDS AND RECOGNITIONS

Our innumerable efforts in the pursuit of endless excellence were recognised throughout the year 2010 and our position as an industry leader was strengthened by accolades received from several industry bodies and customers. 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.

Efforts made by your Company have gained wide recognition. The express major benchmarked to international standards won several brand leadership awards, the latest being Customer and Brand Loyalty Award in the Logistics Sector; the 22<sup>nd</sup> CFBP Jamnalal Bajaj Fair Business Practices Award – 2010 in the category of Service Enterprises (Medium) and a recognition as one of 'India's Best Companies to Work' for 2010; the 'Brand Leadership Award' at CMO Asia Awards 2010; the award for 'Best HR Strategy'; and an award for 'Innovative Retention Strategy' at the Asia's Best Employer Awards 2010, Singapore.

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

Your Company was also validated by Customers as "Star Brand", "Master Brand" and "Power Brand" for 2010-2011.

### DIRECTORS

Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. tendered his resignation as a Director with effect from February 1, 2011. The Board accepted his resignation and placed on record, its sincere appreciation and thanks for his valuable contribution during his tenure as a Director.

Mr. Roger Crook, CEO of DHL Express, Asia Pacific and the Eastern Europe, Middle East and Africa Regions (EEMEA) and a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from February 1, 2011.

Mr. Roger Crook 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. Roger Crook 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. Roger Crook.

Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Roger Crook with effect from February 1, 2011.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Malcolm Monteiro, Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers 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' RESPONSIBILITY STATEMENT

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

- (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. 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 2010- 2011.

### CORPORATE GOVERNANCE

The Company is committed to maintain the highest 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.

## DIRECTORS' REPORT

Your Company was honored with the 6<sup>th</sup> BSE Social and Corporate Governance Award 2010 held at the Bombay Stock Exchange for the Best CSR Practice and won Good Corporate Citizen Award 2009-2010 (Medium Corporate Category) organised by Bombay Chamber of Commerce and Industry.

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

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management Discussion and Analysis Report which 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 and Chief Operating Officer, have certified, inter-alia, about review of financial statements and establishing and maintaining internal controls for the financial reporting for the year ended December 31, 2010. 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 and 58AA of the Companies Act, 1956.

### AUDITORS

It is proposed to appoint M/s. Price Waterhouse, Chartered Accountants, (Firm Registration no. 301112E), as Auditors of the Company in place of retiring Auditors M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 007568S). The retiring auditors have expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company after the conclusion of the ensuing Annual General Meeting.

Your Company has received necessary certificate from M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E), confirming that their appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Company has received a Special Notice under the provisions of Section 225 read with Section 190 of the Companies Act, 1956, for the appointment of M/s. Price Waterhouse, Chartered Accountants, (Firm Registration no. 301112E) as the Statutory Auditors of the Company.

The Board of Directors recommends appointment of M/s. Price Waterhouse (Firm Registration No. 301112E) as the Statutory Auditors of the Company subject to necessary approval from the Shareholders of the Company.

The Board of Directors would like to thank M/s. Price Waterhouse, (Firm Registration No. 007568S), the outgoing Auditors, for their services rendered to the Company during their long association as the Statutory Auditors.

### HUMAN RESOURCE DEVELOPMENT

Our employees continue to be our core strength and we continue to focus on developing their capabilities even further. Employees are the backbone of any good organisation. 'Our People' are our biggest and best assets. Our 'People First' philosophy continues to be our bedrock for success.

Your Company believes in People Power and completely relies on the experience gathered by its strong people force over the years. Our team is a healthy mix of old employees with industry knowledge and experienced and new employees with path breaking ideas constantly providing the new perspective.

Your Company's Human Resources Department (HRD) has a strong focus on developing employees who are committed and motivated to do their best. Your Company's HRD undertook several initiatives for employees' development, benefits/welfare, recognition and growth. In addition to the ongoing programs, the Company has also initiated various development initiatives to enhance the existing skill sets of high potential employees.

"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'. In the 2010 ESS survey, 98.25% eligible employees participated in our annual survey. The Company's overall mean satisfaction score increased from 4.54 to 4.55. 'Pride in Working for Blue Dart' remains the highest scoring parameter with a mean score of 4.80 followed by 'Job Secure with good performance' with a mean score of 4.75 while 'Blue Dart does a good job for customers' and 'The Quality of product and services by BDE is first class' score 4.72 each. The dimension on Employee Engagement scored an overall mean score of 4.57. These approval ratings are a testimony of the strong 'People First' policies of the Company.

In the year 2010, Blue Dart won the prestigious recognition of being ONE OF INDIA'S BEST PLACES TO WORK.

During the year, besides the Team Briefing sessions by the Managing Director, the Company continued to focus on Training and Development of people through internal and external management development programs.

During the year, your Company implemented integrated HRMS (PRIDE) People Soft Package.

As part of the Culture Building initiatives, the Company follows a policy called "People First", as Company strongly believes that a healthy and content workforce is the key to an organisation's success. Many initiatives for our employees are being regularly undertaken to have fun at the work place and generate positive energy amongst our employees. Few of the activities celebrated are Valentine's Day Special, Holi celebrations, Women's Day special, Cricket Match, Shuttle competition, Volley ball Tournament, Dandiya Night, Diya Painting Competition, Independence Day and Republic Day celebrations, Christmas Celebrations, Children's painting competition etc.

## DIRECTORS' REPORT

Your Company would continue to invest in its people and remain a Employer of Choice and our focus remains to retain and attract the right talent.

### EMPLOYEES

Your Directors place on record their deep appreciation for the contribution made by the employees of the Company at all levels.

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. 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)

The 'Blue Edge – Empowering Lives' programme, a 6-month course, continues to impact young lives from the marginalized segment of

our society. During the year, sixth and seventh batches of students have successfully completed Blue Edge Empowering Lives Program and were felicitated at a Graduation Day Ceremony held in Blue Dart Corporate Headquarters.

During the year, your Company participated in World Environment Day on June 5, 2010 and along with DHL pledged to reuse and recycle, in order to fight the global menace of climate change. On April 22, 2010, Blue Dart supported the Earth Day by declaring No Smoking Day/ Public Transportation Day / Go Vegetarian Day. Further, all Regions at Blue Dart and DHL whole-heartedly contributed to the cause "Go Help". We collected 20 bags of gifts – clothes, woolen clothes, toys, books, stationery, bags, shoes, lunch boxes, water bottles, soaps, shampoos, toothpaste etc. and were distributed in 6 orphanages catering to around 400 children, between 3<sup>rd</sup> – 6<sup>th</sup> January, 2010

### ACKNOWLEDGEMENT

The Board of Directors wishes to express its sincere appreciation and take this opportunity to heartily thank 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 and acknowledges the services rendered by the employees of the Company for the satisfactory performance of the Company.

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

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Roger Crook**  
Director

**Clyde Cooper**  
Director

**Suresh Sheth**  
Director

Mumbai,  
February 1, 2011

## 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 ₹ 1,132 (lacs)(previous year – ₹682 (lacs))

##### Expenditure in Foreign Currency

Expenditure in foreign currency during the year was ₹ 42 (lacs) (previous year – ₹ 80 (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 continue 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 maximising 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's Corporate Governance principles uphold its standing at the forefront of Corporate Governance best practices. The Company adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices. It is believed that adherence to business ethics and commitment to Corporate Social Responsibility would help the Company to achieve its goal of maximising value for all its stakeholders. The Company endeavours to not only match international standards but also strives to set a benchmark for 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 the good Corporate Governance Practices adopted by the Company, Blue Dart was honored with the 6<sup>th</sup> BSE Social and Corporate Governance Award 2010 held at The Bombay Stock Exchange, for the Best CSR Practice and also won Good Corporate Citizen Award 2009-2010 (Medium Corporate Category) organised by the Bombay Chamber of Commerce and Industry.

This validates the high standards of Corporate Governance adopted by us.

## 2. Board of Directors

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

As on December 31, 2010, 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.

Mr. Roger Crook, CEO of DHL Express, Asia Pacific and the Eastern Europe, Middle East and Africa Regions (EEMEA) and a nominee Director of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from February 1, 2011.

Mr. Crook is also responsible for driving global sales through the Sales Executive Committee and the Global E-committee, overseeing the 129 markets in his purview.

In his previous role as CEO of DHL Express in the Americas, Mr. Roger Crook was instrumental in managing all DHL Express business activities in close to 50 countries and territories in the Americas.

With more than 20 years of experience at DHL, Mr. Roger Crook has been involved in various roles including Country Manager, Commercial Director for Global, Europe, the Middle East and Africa, as well as COO for the Company's Global Customer Logistics Express group and Global Customer Solutions division.

Mr. Crook holds a bachelor's degree in Engineering as well as a master's degree in Business Administration. He is also a member of the Caribbean and Latin American Express Delivery Conference (CLAEDC).

Mr. Christopher Ong, a nominee Director of DHL Express (Singapore) Pte. Ltd. tendered his resignation as a Director with effect from February 1, 2011 and was appointed as an Alternate Director to Mr. Roger Crook with effect from that date.

Mr. Christopher Ong is currently Vice President - Business Development, First Choice and Go Green for DHL Asia Pacific, EEMEA Regions. He is responsible for Mergers and Acquisitions and Partnerships and Planning. In addition, Mr. Ong is 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.

## REPORT ON CORPORATE GOVERNANCE

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

### 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 information, as required under Annexure IA 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 conforms 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 and the Board Agenda with detailed enclosures are sent in advance to all Directors.

During the year under review, six Board Meetings were held, viz. January 28, 2010, February 23, 2010, April 13, 2010, July 27, 2010, October 26, 2010 and December 13, 2010.

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	6	Yes	1	Nil	Nil
Mr. Anil Khanna	Executive Director	Managing Director	6	Yes	Nil	1	Nil
Mr. Malcolm Monteiro	Non-Independent & Non-Executive Director	Director	6	Yes	Nil	Nil	Nil
Mr. Clyde Cooper	Non-Independent & Non-Executive Director	Director	2	Yes	1	1	Nil
Mr. Suresh G Sheth	Independent & Non-Executive Director	Director	6	Yes	2	Nil	Nil
Mr. Christopher Ong	Non-Independent & Non-Executive Director	Director	4	Yes	Nil	Nil	Nil

### Notes:

- 1) Mr. Christopher Ong, a nominee Director of DHL Express (Singapore) Pte. Ltd. tendered his resignation as a Director with effect from February 1, 2011 and was appointed as an Alternate Director to Mr. Roger Crook with effect from the same date.
- 2) Mr. Roger Crook, CEO of DHL Express, Asia Pacific and the Eastern Europe, Middle East and Africa Regions (EEMEA) and a nominee Director of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from February 1, 2011.
- 3) The Directorships held by Directors as mentioned above, includes Directorships in Private Limited Companies and Companies Registered under Section 25 of the Companies Act, 1956, but do not include Directorships in Foreign Companies.

### 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 Meetings are Mr. Anil Khanna, Managing Director; Mr. Yogesh Dhingra, Finance Director & Chief Operating Officer; the Statutory Auditors and the Internal Auditors.

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 Section 292A of the Companies Act, 1956.

## REPORT ON CORPORATE GOVERNANCE

The terms of reference inter-alia include 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 emphasise 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.
- (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 thereof.
- (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, 2010 (two meetings, one of which was

with the Senior Management of the Company), April 13, 2010, July 27, 2010 (two meetings, one of which was with the Senior Management of the Company), October 26, 2010 and December 13, 2010.

The constitution of the Audit Committee and other related information as on December 31, 2010, 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 2010, 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 ₹ 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 ₹ 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.

## REPORT ON CORPORATE GOVERNANCE

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 of India for the past 40 years. Mr. Sheth is a partner in the firm of Chartered Accountants, viz; M/s. Sheth & Company. His areas of specialisation 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.

During the year, the Company paid commission to Mr. Sharad Upasani and Mr. Suresh Sheth, Non-Executive Directors, aggregating to ₹ 20 lacs for the year ended December 31, 2009.

The Compensation Committee Meetings of the Company were held on January 28, 2010 and February 23, 2010.

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

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

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

Basic Salary - ₹ 4.15 lacs per month

House Rent Allowance - ₹ 0.75 lacs per month

Special Allowance - ₹ 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) Re-imbursement 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 ₹ 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 ₹ 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. Severance term agreed between the Company and the Managing Director is 6 months notice or payment of 6 months salary in lieu thereof.



## REPORT ON CORPORATE GOVERNANCE

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

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

Basic Salary - ₹ 4.57 lacs per month

House Rent Allowance - ₹ 0.825 lacs per month

Special Allowance - ₹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 ₹ 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 (a).

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

(with effect from April 1, 2011 to March 31, 2012)

Basic Salary - ₹ 5.71 lacs per month

Save and except as indicated hereinabove, the other remuneration terms of Mr. Anil Khanna, Managing Director, remain the same as indicated hereinabove in 1 (a) and 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 Directors and the Board of Directors of the Company are authorised to decide the remuneration of Whole-Time Directors, subject to 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 redressal of complaints received from shareholders relating to transfer / transmission of shares, non-receipt of annual reports, and 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 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.

During the year under review, 130 correspondences were received from investors. These include 10 complaints received and disposed off during the year ended December 31, 2010. All Investor 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, 2010.

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	44	44
Non-Receipt of Share certificates / Transfers / Transmissions	17	17
Change of Address	8	8
Request for loss / duplicate/ replacement of Share Certificates	15	15
Others *	46	46
<b>Total</b>	<b>130</b>	<b>130</b>

## REPORT ON CORPORATE GOVERNANCE

\* Others include correspondence pertaining to updating new signatures, non-receipt of rejected dematerialisation 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 Agent 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, 2010.

M/s. Link Intime India Pvt. Limited act as Registrars and Share Transfer Agent 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 the 'Blue Dart Code of Conduct for Prevention of Insider Trading and' the 'Code for Corporate Disclosure Practices' and it 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 'Blue Dart Code of Conduct for prevention of Insider Trading and the 'Code for Corporate Disclosure Practices'.

Pursuant to Clause 5A of the Listing Agreements, the Company has initiated the process by sending reminder letters to those shareholders who have not yet claimed their shares.

### 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, 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
December 31, 2009	13.04.10	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099

- b) All resolutions set out in the respective Notices were passed by the Members. No Postal Ballot was conducted during the year. None of the resolutions are proposed to be passed by the postal ballot method.
- 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 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

Transactions with related parties, as per requirements of Accounting Standard 18, Related Party Disclosures are disclosed elsewhere in this Annual Report.

The Company has not entered into any other transaction of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company at large.

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 in place a mechanism to inform the Board about risk assessment and minimisation procedures and a periodic review is conducted to ensure that management controls risk through a properly defined framework.

### 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 are led by our "Guiding Principles".

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

## REPORT ON CORPORATE GOVERNANCE

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, 2010. A certificate from Mr. Anil Khanna, Managing Director, to this effect has been attached to this Report.

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 the Compliance Officer. This Code of Conduct is applicable to all Directors and designated employees of the Company who are expected to have access to 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

As required by Clause 49 V of the Listing Agreement, the CEO and CFO certification on the Financial Statements, Cash Flow Statement and Internal Control Systems for financial reporting for the year ended December 31, 2010, has been obtained from Mr. Anil Khanna, Managing Director and Mr. Yogesh Dhingra, Finance Director and Chief Operating Officer and is incorporated in the Annual Report.

### 12. Means of Communication

The Quarterly, Half-yearly and Yearly results are published in The Economic Times and a regional language newspaper viz; Maharashtra Times. 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 investors, the Company also publishes in the national newspaper, at least seven days in advance, 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 forms an integral part of the Directors' Report.

### 13. Details of compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and compliance with the non-mandatory requirements of this clause has been detailed hereunder.

The status of compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement is provided below:

1. The Company has a Compensation Committee, the details of which are provided in this Report under the section "Compensation Committee".
2. It is always the Company's endeavour to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year under review.
3. Directors attend training programmes/ conferences on relevant subject matters and keep themselves abreast of corporate and industry developments.
4. Directors are fully briefed on all business - related matters, risk assessment and new initiatives proposed by the Company.
5. The Company is committed to maintain the highest standards of honesty, openness and accountability and recognise that each person in Blue Dart has an important role to play in achieving the organisational goals. It is the policy of the Company to encourage employees, when they have reasons to suspect questionable practices, to report those concerns to the Company's management.
6. The Company has in place a Grievance Redressal Program (GRP). 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 a 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. Since GRP is working very effectively, a Whistle Blower Policy is not yet envisaged. No personnel of the Company were denied access to the Audit Committee.

## REPORT ON CORPORATE GOVERNANCE

### 14. General Shareholders Information

**Annual General Meeting** : Tuesday, April 26, 2011 at 4:30 p.m. at Hotel Hilton Mumbai International Airport, Chancellor I, Sahar Airport Road, Andheri (East), Mumbai – 400099

**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, 2011	April 26, 2011
		Second Quarter & Half-Year ending June 30, 2011	July 19, 2011
		Third Quarter ending September 30, 2011	October 18, 2011
		Last Quarter & Year ending December 31, 2011	January 24, 2012

<b>Financial Calendar :</b> (tentative and subject to change)	:	<b>Schedule of Audit Committee Meetings</b>	<b>Date</b>
		First Quarter ending March 31, 2011	April 26, 2011
		Second Quarter & Half-Year ending June 30, 2011	July 19, 2011
		Third Quarter ending September 30, 2011	October 18, 2011
		Last Quarter & Year ending December 31, 2011	January 24, 2012

**Book Closure period** April 19, 2011 to April 26, 2011

**Dividend Payment Date** : April 28, 2011

**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 2010–2011)

### Stock market Performance

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

**ISIN** : INE233B01017



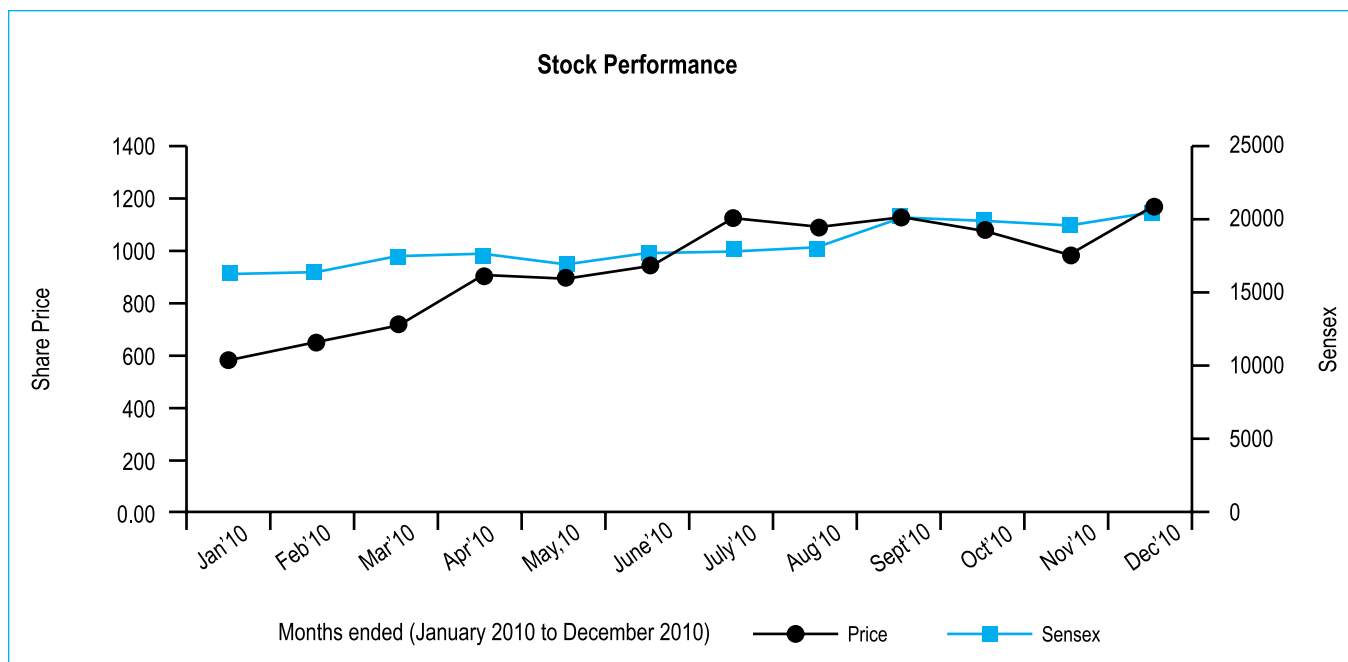
## REPORT ON CORPORATE GOVERNANCE

### Stock Market Data:

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

Year - 2010			BSE		NSE	
			High	Low	High	Low
January	–	2010	750.00	570.00	787.00	560.10
February	–	2010	684.00	577.00	698.00	580.00
March	–	2010	774.00	652.25	793.60	645.00
April	–	2010	1,044.70	669.00	1,027.90	703.10
May	–	2010	929.00	830.00	933.00	825.00
June	–	2010	974.85	837.50	975.00	860.00
July	–	2010	1,165.00	887.70	1,200.00	930.00
August	–	2010	1,159.95	1,021.00	1,176.00	1,002.50
September	–	2010	1,250.00	1,050.25	1,238.00	1,070.00
October	–	2010	1,132.00	1,040.00	1,220.00	1,030.25
November	–	2010	1,179.00	970.00	1,147.00	963.00
December	–	2010	1,323.00	890.00	1,303.10	880.00

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



## REPORT ON CORPORATE GOVERNANCE

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

Phone: +91 22 2596 3838  
Fax : +91 22 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, 2010

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	4,401	94.18	439,211	1.85
501 - 1000	120	2.57	93,092	0.39
1001 - 2000	66	1.41	97,564	0.41
2001 - 3000	13	0.28	32,912	0.14
3001 - 4000	14	0.30	48,110	0.20
4001 - 5000	7	0.15	32,612	0.14
5001 - 10000	22	0.47	162,087	0.68
10001 - above	29	0.64	22,822,346	96.19
	<b>4,672</b>	<b>100.00</b>	<b>23,727,934</b>	<b>100.00</b>

### Categories of shareholders as on December 31, 2010

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	1,816,179	7.654
Individuals	4,333	1,087,419	4.583
Companies	164	1,340,416	5.649
NRIs and FIIs	82	226,151	0.953
Clearing Member	76	29,560	0.125
Insurance Companies	1	122	0.000
<b>Total</b>	<b>4,672</b>	<b>23,727,934</b>	<b>100.000</b>

\* Under two demat accounts.

## 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, 2010, 23,564,161 Equity Shares of the Company representing 99.31% 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 309 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. N. Mahadevan Iyer, Vice President – Corporate Registry.  
Mr. Dnyanesh Gharote, Assistant Vice President – Corporate Registry.  
Mr. Joy Varghese, Officer – Corporate Registry  
Mr. Tushar Ghodke, Supervisor – Corporate Registry

Investors may also contact Ms. Prabha Singh, Sr. 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 : +91 22 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, 2010, 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  
Firm Registration Number: 007568S  
Chartered Accountants

Place: Mumbai  
Date : February 1, 2011

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments

The Indian logistics industry is growing at a steady pace and the country is now a prime destination for international logistics service providers. The growth in the industry is largely driven by the increase in trade, government policy reforms, increased spending on infrastructure, and the overall economic growth driven by the domestic consumption and growing affluence. At present, the logistics industry in India is still unorganised and fragmented. The industry faces several issues like high logistics costs, inadequate infrastructure, capacity constraints, low usage of technology, complex tax laws, over regulation, policy issues and lack of skilled manpower.

However, as part of one of the fastest growing economies worldwide, the logistics industry in India is bound to have high growth potential as key user industries such as manufacturing, automotive, engineering, pharmaceuticals, retail, banking and financial services and food processing gather growth momentum.

Moreover, with increased government focus on infrastructure development and overall economic progress, a lot of growth is being witnessed in the Tier II and Tier III cities. According to estimates, there are 71 Indian cities<sup>1</sup> with a million plus population. Consequently, good connectivity, both through air and ground are inevitable. The Indian Organised Express Market (a part of the overall logistics market) is about ₹ 3,800 crore<sup>2</sup> and expected to grow at a CAGR of 17%<sup>2</sup> till 2015. This includes Organised Air Express and Organised Ground Express which for 2010 are estimated at ₹ 1700 crore<sup>2</sup> and ₹ 2100 crore<sup>2</sup> respectively.

The year 2010 witnessed notable mergers and acquisitions in the Indian Logistics space, which is indicative of signs of revival after a recessionary phase. In addition, private equity firms and leading financial organisations have been actively investing in Indian logistics companies. With increasing demand, the industry is now transforming itself to offer customers complete end-to-end supply chain solutions. The scope of services is being enlarged to include warehousing and express delivery.

The Express industry provides products such as integrated day definite, same day and time definite door-to-door express delivery services which include services for both commercial and non-commercials movements, pickup services, track & trace facilities and retail services.

Traditionally, the express industry encompassed small packages – mainly documents of small size, low volume and urgent deliveries. Today, the industry has grown to provide express delivery services for packages of all kinds and sizes to any destination. They offer wider value-added services beyond couriers, including border management (octroi, customs, and security), track and trace, trade facilitation, warehousing and distribution, and performance accountability. Owing to the nature of its services with its strong distribution network and investment in technology, the express industry is expected to be at the epicenter of growth in the logistics space.

In an increasingly competitive environment – process optimisation and cost management have assumed key competitive advantages as companies have realised that scale is the key and a significant differentiator.

The key success drivers of the express service provider largely depend on the size and scale of operations, nation-wide coverage, dedicated air and ground infrastructure like aircraft, vehicles, facilities and ground-handling capability apart from superior transit times and a loyal base of customers.

In its onward march to market leadership, Blue Dart incorporated most of these as part of its overall growth strategy. Notably, DHL – an early and aggressive mover in the Indian market, holds 81.03% majority stake in Blue Dart. The resultant synergies have catapulted Blue Dart towards being the market leader and premium service provider and its relationship with DHL makes a formidable express service provider in the domestic and international arena.

### Review of performance

Blue Dart, continued to maximise the opportunities presented by an environment filled with growth opportunities.

On 19<sup>th</sup> November 2010, the Company completed 27 years of innovation, and leadership. For the first time, Blue Dart crossed the ₹ 1000 crore mark in November 2010. As a prudent organisation, right through 2010, the Company focused on building brand loyalty; sales development and productivities; service quality enhancement; profitability; strong working relationships with group companies and driving a motivated people force.

The Company offers secure and reliable delivery of consignments to over 25,646 locations in India and to over 220 countries and territories worldwide through its group company – DHL Express. Today, the company is the dominant leader in the domestic air express industry and commands a 40.1%<sup>2</sup> market share. In the 'ground' segment, the company garnered a market share of 8.5%<sup>2</sup>.

Since its inception, Blue Dart, has been investing in building an infrastructure that remains unmatched in the country – an extensive reach across a complex and vast Indian geography and beyond, a fleet of four Boeing 757s and three Boeing 737s freighters offering a revenue payload of over 370 tonnes per night, a flotilla of over 5,351 vehicles, 309 facilities including 56 domestic warehouses and 12 express hubs and over 6000 committed and trained Blue Darters driven by a unified passion of delivering service excellence and value.

In 2010, Blue Dart carried over 870 Lacs domestic shipments and over 7 Lacs international shipments weighing over 338,000 tonnes.

Blue Dart's information technology infrastructure has been setting the pace to meet and exceed customer and stakeholder expectation. Technology plays a key role to supplement the already long list of innovations to deliver maximum stakeholder value. The year 2010 has seen a major change in information technology infrastructure with upgrades and new technologies being inducted.

Sources : 1 – RK Swamy BBDO Guide to Urban Markets  
2 – AT Kearney – 2009 TMS

## MANAGEMENT DISCUSSION AND ANALYSIS

The company posted ₹ 9,437 Lacs profit after tax for the year ended December 31, 2010, compared to ₹ 6,070 Lacs profit after tax for the year ended December 31, 2009. Income from Operations for the year ended December 31, 2010 was ₹ 114,741 Lacs, compared to ₹ 90,523 Lacs for the year ended December 31, 2009.

### Products

Blue Dart has a range of products and services that can be customised to address individual requirements. Blue Dart's core business is domestic door-to-door and integrated (air and ground) express distribution. Each product has been developed with a customer centric approach. A combination of the right product mix and price have helped Blue Dart build a strong brand loyalty over the years. The products are ably supported by cutting-edge technologies.

Some of our Product Solutions are Domestic Priority 1030, Domestic Priority, Dart Apex 1200, Dart Apex, Dart Surfaceline, while our Packaging Solutions like Express Pallet: Domestic - Air and Ground, Smart Box - Air and Ground provide customers convenient, economical, packaging units. These products add value to the company's core products and lend support to its existing supply-chain competencies. Our Cargo Solutions like Airport to Airport, Interline and Charters meet specific needs. Blue Dart provides Student Solutions like Student Express, University Baggage and Festive Solutions like Rakhi Express.

Blue Dart has recently added new products like TCL (Temperature Controlled Logistics), Dart Surfaceline Plus and Point to Point (P2P). Value Added Services like DOD (Demand Draft on Delivery), FOD (Freight on Demand), FOV (Freight on Value) - Insurance Arrangement, COD (Cash on Delivery) provide customer value and ease of shipping. Blue Dart also offers International Services like DHL Document Express (DOX), DHL Worldwide Package Express (WPX) and packaging solutions, a one-stop shipping process for reliable, time-definite, door to door delivery of international documents and packages. The service offers access to 220 countries and territories worldwide and the extensive, quality network of Blue Dart and DHL. DHL Import Express is a unique single-window importing service that takes care of all importing needs by offering door-to-door convenience. Duties & Taxes Paid (DTP), Express Pallet, Economy Select (ESI), Shipper Interest Insurance (SII), Express Easy Student and Road Express, a unique Intra-SAARC surface product to facilitate trade between the SAARC nations are some of the other international solutions.

### A Customer Centric Brand

In its endeavour to retain the market leadership and enhance its reach, Blue Dart continues to introduce new products and services.

The Temperature Controlled Logistics product enables the company to offer solutions to meet the specific sector needs of the pharmaceutical and clinical research organisations across the country. On the packaging front, Blue Dart introduced the Domestic Express Pallet on both air and ground.

As a customer centric brand, Blue Dart will continue to focus on reach expansion, transit time improvements, small town (Tier-II and III) activation and strengthening channels. The strategy is in place to gun aggressively for more market share and dominance through sector focus and new growth engines (SME) etc.

The Blue Dart and DHL brands have complemented each other, 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 390+ ONE-RETAIL stores which today remain unparalleled in terms of presence across the country. The FIRST CHOICE and NPS (Net Promoter Score) 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 loyalty and strengthen 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. In 2010, Blue Dart achieved the highest Share-of-Voice in the media. These initiatives ensured that Blue Dart was visible in top-notch events and mediums.

### A responsible Corporate Citizen

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, a 6-month course, continues to impact young lives from the marginalized segment of our society. Blue Dart participated in various efforts to put environmental concerns in the spotlight through events like Earth Day, Volunteer Day, Power Saver-Initiative, Go-Green drives, etc.

Customers perceive Blue Dart-DHL as the strongest and leading brand in their respective categories. This is also validated by our 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 plenty for the express industry in India as the current logistics spend in India is 13%<sup>3</sup> of the GDP compared to a notably lesser percentage in more developed economies. Organised players like Blue Dart which score highly on the efficiency front, thus have huge potential.

Technology-based infrastructure, and integrated air and surface solutions in the domestic market will enable Blue Dart to tap its potential. Considering that huge investments are required to set up a pan-India network, economies of scale play a very important role. Organised players like Blue Dart offer superior service to clients in comparison to their unorganised counterparts as they provide online tracking of shipments etc. This has enabled the company to garner a larger share of the express industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

Air express remains the preferred option for reliability, speed and security, and this augurs well with our business model. 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 organised market. The growth in Dart Surfaceline has 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 a passionate and dedicated people-force. With strong infrastructure in place, the business is only expected to grow. Blue Dart is committed to improving its dominance through focused customer acquisitions and enhanced customer loyalty 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 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

The Indian economy is expected to grow between 8.5% to 9.0%<sup>4</sup> in the current fiscal and it expected to settle to growth rates which were seen before the slowdown. India's GDP grew by 7.4%<sup>4</sup> in the last fiscal year.

Infrastructural improvements in terms of better support systems for transport via air, road, rail and even ports will facilitate the express logistic industry's contribution to Indian businesses. As cargo infrastructure at airports is being developed, albeit at a slow pace, movements by air will account for a large share of the inter-modal transport of express cargo. The use of technology will continue to be a critical success factor and key differentiator. The need for a single-window solution provider will gain in importance as customer look to further streamline their logistics processes.

As large businesses look at outsourcing their logistics needs to focus on their core business, logistics express players will gain more momentum and importance. This augurs well for the industry.

### Risks and Concerns

#### Macro Economic Headwinds

The global GDP is already back to pre-recession levels and is likely to grow further while global trade has also recovered and would continue to do. During 2010, the emerging economies, which represent one-third of the global GDP, accounted for more than two-thirds of its growth and the same is likely to be repeated in 2011.

A relatively sluggish recovery in the Western economies alongside solid and sustainable growth in the East is anticipated. This shift in the balance of economic and financial power looks set to continue, driven by better fundamentals, policy actions and increasing confidence.

Domestic demand will remain the key economic variable. India is set to experience strong domestic demand driven by private consumption and infrastructure spending. The challenge is to curb inflation through policy tightening without impacting growth adversely. We expect to see further progress in two key areas: infrastructure and regulatory.

India is expected to clock 8.5% - 9.0% GDP growth in 2010-11, up from 7.4% clocked in 2009-10. This is a vast improvement from the 6.7%<sup>4</sup> GDP growth logged in 2008-09.

While the near-term challenges for the world economy remain, the belief is that it is on an upward path.

### Government Policy

The proposed changes in government policies could have an impact on business operations and service quality, while also increasing more compliance points for the company.

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 ten lac 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 decision to temporarily withdraw the Cabinet Note for the Bill.

The implementation of the proposed uniform Goods and Services Tax (GST) regime is likely to be effective from April 2012, which may see a shift of trend in the movement of goods. The GST is likely to be a consumption based taxation and with both the centre and states empowered to levy GST.

### Competition

An increasing number of players have entered the express industry and this number is expected to rise.

Expectedly, consolidation activity in the sector has risen over the last few months alongside a market revival. Companies have realized that scale is key and a significant differentiator. Large and scalable logistics services companies in India with well-managed services and distribution networks may work towards becoming attractive targets for companies looking at growing in India through the inorganic route.

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 concurrent 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 form 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 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 the ISO 9001 certification since 1996 and was 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.

In 2010, towards strengthening the Employee Proposition, the company had taken some key initiatives in areas of Employee Benefit and Family Welfare, Employee Recognition and Growth Opportunities. Effective 25th December 2010, via the Family Floater MediClaim Policy for employees, their dependents (spouse and maximum the first two dependent children, upto the age of 21 years) have been also covered under the MediClaim policy, the company also increased the Night Shift Allowance and Uniform Allowance for the staff. The company constantly endeavours to recognize and reward exemplary services. Towards this effort over 690 Blue Darters were awarded the Super Darter (49) and Bravo Blue Darter (634) while 7 Blue Darters have been nominated for the Employee of the Year Award. During the year, the company also improved the gift amount for the Bravo Blue Darter. The personal aspirations of the people were met and recognized through promotions for high performers.

In the 2010 Employee Satisfaction Survey (ESS), 98.25% of eligible employees participated in our annual survey. The company's overall mean satisfaction score increased from 4.54 to 4.55. 'Pride for Working for Blue Dart' remains the highest scoring parameter with a mean score of 4.80 followed by 'Job Secure with good performance' with a mean score of 4.75 while 'Blue Dart does a good job for customers' and 'The Quality of product and services by BDE is first class' score 4.72 each. The dimension on Employee Engagement scored an overall mean score of 4.57. These approval ratings are a testimony of the strong 'People First' policies of the company.

It is therefore not a coincidence that in 2010, Blue Dart won the prestigious recognition of being ONE OF INDIA'S BEST PLACES TO WORK.

The Team Briefing sessions by the Managing Director with the Senior Management Team were held periodically, updating them on Company / business performance, progress on new initiatives and strategies for the future. This important initiative allows managers across the country to align all employees with organisational strategy.

In the area of Training and Development – the Company continues its focus on training and development of people through internal and external management development programmes and other regular trainings on various mandatory programs like Counter Handling, Delivering Smiles, Package Handling, Security Awareness Training, Dangerous Goods Regulation and various other product and process trainings. In addition to the existing programs, three new initiatives were launched this year: A two day training programme on 'Whistle While You Lead', was organized for all Customer Service Supervisors and Team Leaders for strengthening CS leadership. A training program on 'Let's Get Perfect' was organized for the Operations Supervisors to provide them supervisory inputs.



Training on 'Active Frontline Leadership' was organized for all Junior Managers in Operations. The workshop covered integral aspects of Leadership, Teamwork and Motivating Employees.

Training on Managerial effectiveness was organized for all Managers in Delhi Operations. The workshop covered integral aspects of Operational Excellence, Time Management, Enhanced Team Leaders.

New Customer Service recruits have undertaken training on "You Can Make The Difference". It was a 2 day Behavioural Training program focusing on understanding the changing expectations of the customers and building skills to meet them.

Workshop on collaborative Business Simulation was done for the Senior Management group.

Various functional / technical trainings are provided to the job incumbents for skill enhancement and to help them perform their role better and more effectively.

Blue Dart is committed to implementing People Soft, the integrated HRMS (PRIDE – People Related Information system for Development and Empowerment) online module. As part of PRIDE implementation all HR processes such as Recruitment, Work Force Administration, Training, Compensation & Budgeting, Employee Self Service and Manager Self Service are mapped through an online system. Through this new system, Blue Dart has implemented online performance management system for the executive personnel with a comprehensive competency framework. The Appraisals for the year 2010 for all executive personnel were done online through this system.

**Culture Building** – As part of the Culture Building initiatives, the company follows a policy called "People First", as we strongly believe that a healthy and content workforce is the key to an organizations success. People initiatives are regularly undertaken to generate positive energy, bonding amongst employees and family members. Some of the activities celebrated are Valentine's Day Special, Holi celebrations, Women's Day special, Cricket Match, Shuttle competition, Volley ball Tournament, Dandiya Night, Diya Painting Competition, Independence Day and Republic Day celebration, Christmas Celebrations, Children's painting competition etc.

The company will continue to invest in people and remain a Employer of Choice.

### Awards and Recognitions

Blue Dart won several awards validating its Brand Equity and Leadership, Human Resource Philosophy, Operational Efficiency and Corporate Governance. Some of the awards and recognitions are: the Customer and Brand Loyalty Award in the Logistics Sector at the 3<sup>rd</sup> Loyalty Awards; IMM Eminent Organization Award for Excellence for the Year 2010 at the 37<sup>th</sup> World Marketing Congress; Reader's Digest

Most Trusted Brand Gold Award, 5 years in a row; Superband Award, 5 years in a row; Brand Leadership Award at the CMO Asia Awards for Excellence in Branding and Marketing; Customer Validated "Star Brand" 2010-2011; Customer Validated "Power Brand" 2010-2011; Blue Dart was conferred with "Master Brand 2010" at the World Brand Congress; Brand Leadership Award at the Global Awards for Brand Excellence, World Brand Congress; Blue Dart honored with the 6<sup>th</sup> BSE Social and Corporate Governance Award 2010, for the Best CSR Practice held at Bombay Stock Exchange; AIMA-IOCL Award for Best Motivational Practice in Services; 22<sup>nd</sup> CFBP Jamnalal Bajaj Fair Business Practices Award - 2010 in the category of Service Enterprises (Medium); Best Logistics Service Provider for the Pharma Segment in the Frost and Sullivan 2010 Awards for Excellence in Logistics; Good Corporate Citizen Award 2009-2010 (Medium Corporate Category) organised by the Bombay Chamber of Commerce and Industry, Best Express Provider of the Year-Domestic, for the second year in a row at the 4<sup>th</sup> Express, Logistics and Supply Chain Awards 2010; One of India's Best Companies to Work For 2010 in a study by Economic Times and Great Place to Work® Institute, India; 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; Award for Best HR Strategy In Line With Business at the Asia's Best Employer Brand Awards, Singapore; Award for Innovative Retention Strategy at the Asia's Best Employer Brand Awards, Singapore; ELSC CEO of the Year Award for Anil Khanna, Managing Director at the 4<sup>th</sup> Express, Logistics and Supply Chain Awards 2010; Anil Khanna was conferred the prestigious "The Achiever and Leadership Award for Excellence in Brand Building" at the 1<sup>st</sup> Achiever and Leaders Awards; Anil Khanna was honored with "CEO with HR Orientation Award" at the Global HR Excellence Awards 2010 and at the Asia's Best Employer Brand Award, Singapore; Most Powerful HR Professionals in India for Barttanu Kumar Das, Head - HR at the Global HR Excellence Awards organised by ASIA PACIFIC HRM CONGRESS 2010; Brand Leadership Award and Best CMO of the Year Award for Ketan Kulkarni, Head - Marketing, Corporate Communication and Sustainability at the CMO Asia Awards for Excellence in Branding and Marketing; Young Achiever Award for Subrato Roy, Senior Manager - Marketing, at the Global Awards for Brand Excellence, World Brand Congress.

### Cautionary Statement

*The statement forming part of this Report may contain certain forward looking remarks within the meaning of applicable Securities Law and 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, 2010 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, February 1, 2011

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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 1, 2011

## 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 December 31, 2010, 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 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 December 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2010 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, 2010;
    - (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  
Firm Registration Number: 007568S  
Chartered Accountants

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

Place: Mumbai  
Date : February 1, 2011

## 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, 2010)

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 an unsecured loan (on conversion of capital advances) to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balances of such loan aggregates to ₹ 1,124,457,580.
- b) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
- c) The Company to whom loan has been granted, as referred to in (a) above, has been regular in the payment of interest as stipulated. In respect of the aforesaid loan, the principal amount is repayable over seven years with the first two years as moratorium.
- d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
- e) 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, fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control 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 Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of 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 the 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 as applicable with the appropriate authorities. 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 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 December 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.



## 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, 2010)

- |     |   |     |   |
|-----|---|-----|---|
| 11. | According to the records of the Company examined by us and the information and explanation 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.  | 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 a short-term basis which have been used for long-term investment.  |
| 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.  | 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.   |
| 13. | The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.  | 19. | The Company has not issued any debentures during the year.  |
| 14. | In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.  | 20. | The Company has not raised any money by public issues during the year.  |
| 15. | In our opinion and According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by its associate company, Blue Dart Aviation Limited, from banks and financial institutions during the year, considering the service agreement between the two companies, is not prejudicial to the interest of the Company. | 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 (Company's funds and funds collected on behalf of third parties) 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 or have been recovered / are in the process of being recovered from the said employees / ex-employees. |
| 16. | The Company has not obtained any term loans during the year.  |     |   |

Place: Mumbai  
Date : February 1, 2011

For Price Waterhouse  
Firm Registration Number: 007568S  
Chartered Accountants

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

## BALANCE SHEET AS AT DECEMBER 31, 2010

	Schedule No.	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	237,628	237,628
Reserves and Surplus	2	5,176,479	4,260,464
		5,414,107	4,498,092
<b>Deferred Tax Liabilities (Net)</b>			
[Refer Notes 1(k) and 6 - Schedule 16]			
Deferred Tax Liabilities		215,987	214,920
Less: Deferred Tax Assets		34,335	29,328
		181,652	185,592
<b>TOTAL</b>		<b>5,595,759</b>	<b>4,683,684</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block		3,254,366	3,003,632
Less: Depreciation / Amortisation		1,423,381	1,286,954
Net Block	3	1,830,985	1,716,678
Capital Work in Progress (including capital advances)		267,215	170,757
		2,098,200	1,887,435
<b>Loan to Blue Dart Aviation Limited</b>		1,124,458	-
[Refer Note 14 - Schedule 16]			
<b>Investments</b>	4	959,842	1,047,164
<b>Current Assets, Loans and Advances</b>			
Inventories	5	21,746	20,038
Sundry Debtors	6	1,532,855	1,259,350
Cash and Bank Balances	7	347,262	254,663
Loans and Advances	8	839,803	1,294,917
		2,741,666	2,828,968
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	9	1,214,473	981,649
Provisions	10	113,934	98,234
		1,328,407	1,079,883
<b>Net Current Assets</b>		1,413,259	1,749,085
<b>TOTAL</b>		<b>5,595,759</b>	<b>4,683,684</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 Price Waterhouse**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Roger Crook**  
Director

Place: Mumbai  
Dated: February 1, 2011

**Anil Khanna**  
Managing Director

**Clyde Cooper**  
Director

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

**Malcolm Monteiro**  
Director

**Suresh G. Sheth**  
Director

**Tushar Gunderia**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Schedule No.	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>INCOME</b>			
Service Charges [Refer Note 1(h) - Schedule 16]		11,474,121	9,052,307
Other Income	11	53,165	75,952
		<b>11,527,286</b>	<b>9,128,259</b>
<b>EXPENDITURE</b>			
Freight, Handling and Servicing Costs	12	7,483,584	5,856,297
Employee Costs	13	1,488,917	1,347,598
Other Costs	14	959,892	811,050
		<b>9,932,393</b>	<b>8,014,945</b>
<b>Profit Before Interest, Depreciation and Taxation</b>		<b>1,594,893</b>	<b>1,113,314</b>
Interest Expense	15	140	5,522
Depreciation / Amortisation	3	192,166	177,550
		<b>192,306</b>	<b>183,072</b>
<b>Profit Before Taxation</b>		<b>1,402,587</b>	<b>930,242</b>
Provision for Taxation [Refer Notes 1(k), 6 and 12 - Schedule 16]			
Current Tax		464,143	312,500
Deferred Tax		(3,940)	7,089
Fringe Benefits Tax		-	1,653
Taxation in respect of earlier years		(1,300)	1,923
		<b>458,903</b>	<b>323,165</b>
<b>Profit After Taxation</b>		<b>943,684</b>	<b>607,077</b>
Balance brought forward from previous year		3,622,098	3,042,782
<b>Available for Appropriation</b>		<b>4,565,782</b>	<b>3,649,859</b>
Proposed Dividend		23,728	23,728
Tax on Proposed Dividend		3,941	4,033
<b>Balance carried forward to Balance Sheet</b>		<b>4,538,113</b>	<b>3,622,098</b>
<b>Earnings Per Share (Refer Note 5 - Schedule 16)</b>			
Basic and diluted Earnings Per Share (in ₹)		39.77	25.58
Nominal value per equity share (in ₹)		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**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

**Sharad Upasani**  
Chairman

**Roger Crook**  
Director

Place: Mumbai  
Dated: February 1, 2011

**Anil Khanna**  
Managing Director

**Clyde Cooper**  
Director

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

**Malcolm Monteiro**  
Director

**Suresh G. Sheth**  
Director

**Tushar Gunderia**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>A. Cash flows from Operating activities:</b>		
Profit before Taxation	1,402,587	930,242
<b>Adjustments for:</b>		
Depreciation / Amortisation	192,166	177,550
Interest expense	140	5,522
Interest income	(8,164)	(16,296)
Dividend from mutual funds	(33,160)	(33,044)
Loss / (Gain) on sale / scraping of fixed assets (Net)	5,706	(123)
Unrealised loss on account of Foreign exchange (Net)	206	203
Bad debts	8,951	13,351
Liabilities no longer required written back	(1,629)	(5,223)
Provision for leave encashment	12,248	(4,886)
Provision for gratuity	3,544	(30,497)
Provision for Directors' commission	9,300	9,000
<b>Operating profit before working capital changes</b>	<b>1,591,895</b>	<b>1,045,799</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) / Decrease in Inventories	(1,707)	1,862
(Increase) in Sundry Debtors	(282,661)	(91,578)
(Increase) in Loans and Advances [Refer Note 14 - Schedule 16]	(658,303)	(416,981)
Increase in Trade and Other Payables	195,845	158,396
<b>Cash generated from Operations</b>	<b>845,069</b>	<b>697,498</b>
Taxes paid (net of Tax Deducted at Source)	(472,493)	(300,239)
<b>Net cash from Operating activities</b>	<b>372,576</b>	<b>397,259</b>
<b>B. Cash flows from Investing activities:</b>		
Purchase of fixed assets	(309,244)	(168,267)
Changes in capital work in progress	(71,171)	(118,055)
Proceeds from sale of fixed assets	1,256	1,559
Interest received	6,775	14,030
Dividend from mutual funds	7,272	33,462
Proceeds from divestment of investments	60	-
Investments in mutual funds	(9,820,450)	(9,201,700)
Redemptions from mutual funds	9,933,600	8,852,500
<b>Net cash used in Investing activities</b>	<b>(251,902)</b>	<b>(586,471)</b>
<b>C. Cash flows from Financing activities:</b>		
Interest paid	(140)	(5,522)
Dividend paid	(23,902)	(23,990)
Dividend tax paid	(4,033)	(4,033)



## CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>Net cash used in Financing activities</b>	<b>(28,075)</b>	<b>(33,545)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>92,599</b>	<b>(222,757)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>254,663</b>	<b>477,420</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>347,262</b>	<b>254,663</b>
	<b>As at December 31,2010 in ₹ ('000)</b>	<b>As at December 31,2009 in ₹ ('000)</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash,cheques and remittances in transit	114,473	120,644
Balance with Scheduled Banks:		
on current accounts	222,733	128,937
on margin money accounts	150	150
on unpaid dividend accounts	1,069	1,243
Balance with non scheduled Bank:		
on current account	7,457	2,309
on deposit account	1,380	1,380
	<b>347,262</b>	<b>254,663</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) ₹ 1,404 ('000) [(Previous Year - ₹ 2,171 ('000))].
- Cash and cash equivalents includes ₹ 5,871 ('000) [(Previous year - ₹ 7,533 ('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**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Roger Crook**  
Director

Place: Mumbai  
Dated: February 1, 2011

**Anil Khanna**  
Managing Director

**Clyde Cooper**  
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:

#### SCHEDULE 1

#### SHARE CAPITAL

##### Authorised

40,000,000 equity shares of  
₹ 10 each

As at  
December  
31, 2010  
in ₹ ('000)

As at  
December  
31, 2009  
in ₹ ('000)

400,000 400,000

##### Issued and Subscribed

23,727,934 equity shares of  
₹ 10 each fully paid-up

237,280 237,280

Add: Forfeited Shares

348 348

**Total**

**237,628 237,628**

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

19,227,887 (Previous Year 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 4,538,113 3,622,098

**Total**

**5,176,479 4,260,464**

#### SCHEDULE 3

#### FIXED ASSETS

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

in ₹ ('000)

DESCRIPTION OF ASSETS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2010	Additions	Deductions / Adjustments	As at December 31, 2010	As at January 1, 2010	For the Year	Deductions / Adjustments	As at December 31, 2010	As at December 31, 2010	As at December 31, 2009
<b>Intangible Assets:</b>										
Goodwill [Refer Note (a) below]	30,000	-	-	30,000	28,130	1,500	-	29,630	370	1,870
Computer Software	150,066	86,717	200	236,583	89,609	20,200	200	109,609	126,974	60,457
<b>Tangible Assets:</b>										
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	174,814	21,918	1,723	195,009	29,525	3,471	144	32,852	162,157	145,289
Office Equipment	118,653	22,954	8,646	132,961	38,159	10,096	7,988	40,267	92,694	80,494
Electrical Equipment	267,917	29,823	9,574	288,166	90,077	19,996	8,285	101,788	186,378	177,840
Computers	419,982	103,697	20,119	503,560	268,299	53,840	19,921	302,218	201,342	151,683
Furniture and Fittings	389,198	30,621	19,494	400,325	121,772	26,514	16,567	131,719	268,606	267,426
Vehicles	40,781	7,292	2,945	45,128	26,569	2,923	2,634	26,858	18,270	14,212
Aircraft Engines	123,697	-	-	123,697	119,037	4,660	-	123,697	-	4,660
Aircraft	527,245	-	-	527,245	201,178	35,589	-	236,767	290,478	326,067
Aircraft Components and Overhaul	205,170	-	-	205,170	163,801	4,827	-	168,628	36,542	41,369
D-Check on Aircraft [Refer Note (b) below]	114,598	-	-	114,598	101,598	6,022	-	107,620	6,978	13,000
Ground Handling Equipment	45,228	10,413	-	55,641	9,200	2,528	-	11,728	43,913	36,028
<b>Total</b>	<b>3,003,632</b>	<b>313,435</b>	<b>62,701</b>	<b>3,254,366</b>	<b>1,286,954</b>	<b>192,166</b>	<b>55,739</b>	<b>1,423,381</b>	<b>1,830,985</b>	<b>1,716,678</b>
Previous Year	2,856,223	163,807	16,398	3,003,632	1,124,366	177,550	14,962	1,286,954	1,716,678	

### Notes:

a) The balance period over which goodwill will be amortised is three months.

b) D-Check on Aircraft represents costs incurred towards heavy maintenance and mandatory checks carried out on Aircraft exclusively operated for the Company.

c) Deductions / Adjustments includes reclassification from one category to another category of asset.

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)		As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
<b>SCHEDULE 4</b>			16,324,919 units (Previous Year 11,895,184) of Birla Sunlife Savings Fund Institutional Plan - Daily Dividend Reinvestment (190,406,191 units purchased, 537,868 units cumulated 186,514,324 units sold during the Year)	163,360	119,033
<b>INVESTMENTS</b>			14,751,481 units (Previous Year 18,348,404) of HDFC Cash Management Fund Treasury Advantage Plan Wholesale- Daily Dividend Reinvestment (107,080,332 units purchased, 482,555 units cumulated and 111,159,810 units sold during the Year)	147,980	184,062
(Long Term, Unquoted, At Cost) [Refer Note 1(e) - Schedule 16]			830,846 units (Previous Year NIL) of ICICI Prudential Liquid Plan-Super Institutional Daily Dividend Reinvestment Plan (47,716,122 units purchased, 27,924 units cumulated and 46,913,200 units sold during the Year)	83,103	-
<b>Trade</b>			NIL units (Previous Year NIL) of ICICI Prudential Floating rate Plan D-Daily Dividend Reinvestment Plan (17,016,958 Opening units , 34,883,266 units purchased, 271,236 units cumulated and 52,171,460 units sold during the previous year)	-	-
11,760,000 (Previous Year - 11,760,000) equity shares of ₹ 10 each in Blue Dart Aviation Limited	183,081	183,081	NIL units (Previous Year NIL) of Kotak Flexi Debt institutional-Daily Dividend Plan (10,983,097 Opening Units, NIL Units purchased, 39,696 units cumulated and 11,022,793 units sold during the previous year)	-	-
110,000 (Previous Year - 110,000) equity shares of ₹ 10 each in Concorde Air Logistics Limited	14,600	14,600			
NIL (Previous Year - 1,000) equity shares of ₹ 50 each in Thane Janta Sahakari Bank Limited	-	50			
NIL (Previous Year - 1,000) equity shares of ₹ 10 each in Saraswat Co-operative Bank Limited	-	10			
<b>Non - Trade</b>					
<u>Others (Current)</u>					
Units in Mutual Funds					
186,514 units (Previous Year 226,007) of UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment (1,692,118 units purchased, 6,524 units cumulated and 1,738,135 units sold during the Year)	186,554	226,056			
1,713,378 units (Previous Year 3,029,008) of ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment Plan (29,077,673 units purchased, 71,745 units cumulated and 30,465,048 units sold during the Year)	181,164	320,272			

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)		As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
NIL units (Previous Year NIL) of HDFC Cash Management Fund - Savings Plan- Daily Dividend Reinvestment option (133,809,202 units purchased, 156,517 units cumulated and 133,965,719 units sold during the Year)	-	-	<b>SCHEDULE 6</b>		
			<b>SUNDRY DEBTORS</b>		
			(Unsecured, considered good)		
			Other debts		
			[Refer Note 8(d)(i) - Schedule 16]	1,532,855	1,259,350
			<b>Total</b>	<b>1,532,855</b>	<b>1,259,350</b>
NIL units (Previous Year NIL) of UTI Liquid Cash Plan Institutional Daily Income Option Reinvestment (1,995,257 units purchased, 1,924 units cumulated and 1,997,181 units sold during the Year)	-	-	<b>SCHEDULE 7</b>		
			<b>CASH AND BANK BALANCES</b>		
			Cash, cheques on hand and remittances in transit	114,473	120,644
			Balance with scheduled banks:		
			on current accounts	222,733	128,937
			on margin money accounts	150	150
			on unpaid dividend accounts	1,069	1,243
NIL units (Previous Year NIL) of Birla Cash Plus Institutional Premium - Daily Dividend - Reinvestment (308,491,529 units purchased, 237,404 units cumulated and 308,728,933 units sold during the Year)	-	-	Balance with non-scheduled bank: (Municipal Co-operative Bank)		
			on current account	7,457	2,309
			on deposit account	1,380	1,380
<b>Total</b>	<b>959,842</b>	<b>1,047,164</b>	{Maximum amount outstanding during the Year in current account ₹ 18,852 ('000) [Previous Year - ₹ 11,548 ('000)] and in deposit account ₹ 1,380 ('000) [Previous Year - ₹ 1,380 ('000)]}		
<b>SCHEDULE 5</b>			<b>Total</b>	<b>347,262</b>	<b>254,663</b>
<b>INVENTORIES</b>					
[Refer Note 1(f)-Schedule 16]					
Packing and Stationery					
Consumables	14,038	12,098			
Spares	7,708	7,940			
<b>Total</b>	<b>21,746</b>	<b>20,038</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 ₹ 3,272 ('000) [Previous Year ₹ 4,760 ('000)] held in trust on behalf of others.



## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('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) with Blue Dart Aviation Limited [Refer Note 14 - Schedule 16]	-	565,795
Advances recoverable in cash or in kind or for value to be received:		
Prepaid expenses	44,404	32,393
Deposits	290,547	262,327
Advance tax [Net of Provision for Taxation ₹ 1,464,150 ('000) [Previous Year ₹ 999,724 ('000)] and Provision for Fringe Benefit Tax ₹ NIL [Previous Year ₹ 42,170 ('000)]	61,174	50,120
Other advances	228,678	169,282
<b>Total</b>	<b>839,803</b>	<b>1,294,917</b>

### SCHEDULE 9

#### LIABILITIES

Sundry Creditors:

a) Micro, Small and Medium  
Enterprises [Refer Note 11 -  
Schedule 16]

6,455      4,617

b) Others [Refer Note 8(d)(iii) -  
Schedule 16]

959,065      779,940

Unclaimed dividend \*

1,069      1,243

Other Liabilities

247,884      195,849

**Total**

**1,214,473      981,649**

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

### SCHEDULE 10

#### PROVISIONS

Provision for Leave Encashment [Refer Notes 1(g) and 2 - Schedule 16]	77,132	64,884
Provision for Gratuity [Refer Notes 1(g) and 2 - Schedule 16]	9,133	5,589
Proposed Dividend	23,728	23,728
Tax payable on Proposed Dividend	3,941	4,033
<b>Total</b>	<b>113,934</b>	<b>98,234</b>

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

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>SCHEDULE 11</b>		
<b>OTHER INCOME</b>		
Dividend from Mutual Funds (from non-trade investments)	33,160	33,044
Interest on Loan to Blue Dart Aviation Limited {Tax deducted at source ₹ 852 ('000) [Previous Year - ₹ NIL ('000)]}	4,258	-
Interest on Inter-Corporate Deposit to Blue Dart Aviation Limited {Tax deducted at source ₹ 517 ('000) [Previous Year - ₹ 2,171 ('000)]}	2,587	9,893
Interest on deposits with banks and others {Tax deducted at source ₹ 35 ('000) [Previous Year - ₹ NIL ('000)]}	1,319	6,403
Liability no longer required, written back	1,629	5,223
Gain on sale / scrapping of fixed assets (Net)	-	123
Miscellaneous income	10,212	21,266
<b>Total</b>	<b>53,165</b>	<b>75,952</b>

## SCHEDULES

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

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)		Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>SCHEDULE 12</b>					
<b>FREIGHT, HANDLING AND SERVICING COSTS</b>					
Aircraft charter costs	3,842,519	3,110,632	Travelling and conveyance	16,311	9,247
Domestic network operating costs	2,119,258	1,536,482	Insurance	15,328	13,432
International servicing charges	684,178	600,717	Sales promotion and advertising	14,793	10,280
Domestic excess baggage	452,666	309,517	Lease rentals [Refer Notes 1(j) and 9 (b) - Schedule 16]	12,507	11,275
Handling and clearing charges	241,837	173,130	Bad debts	8,951	13,351
Printing, stationery and consumables	143,126	125,819	Loss on sale / scrapping of fixed assets (Net)	5,706	-
<b>Total</b>	<b>7,483,584</b>	<b>5,856,297</b>	Miscellaneous expenses	2,699	2,201
			Loss on account of Foreign exchange fluctuation (Net) [Refer Note 1(i) - Schedule 16]	1,193	1,504
<b>SCHEDULE 13</b>			<b>Total</b>	<b>959,892</b>	<b>811,050</b>
<b>EMPLOYEE COSTS</b>					
[Refer Notes 1(g), 2, 10(a) and 10(b) - Schedule 16]			<b>SCHEDULE 15</b>		
Salaries, Bonus and Leave Encashment[Refer Notes 1(j) and 9 (b) - Schedule 16]	1,326,804	1,237,353	<b>INTEREST EXPENSE</b>		
Contribution to provident and other funds	113,615	77,129	On Bank Overdraft	140	218
Staff welfare expenses	48,498	33,116	Others	-	5,304
<b>Total</b>	<b>1,488,917</b>	<b>1,347,598</b>	<b>Total</b>	<b>140</b>	<b>5,522</b>
<b>SCHEDULE 14</b>			<b>SCHEDULE 16</b>		
<b>OTHER COSTS</b>			<b>Notes to Accounts</b>		
Rent [Refer Notes 1(j), 9 (a) and 9 (b) - Schedule 16]	429,606	361,011	<b>1. Significant Accounting Policies</b>		
Electricity	87,204	75,877	<b>(a) Basis of preparation of Financial Statements</b>		
Office expenses	85,541	66,641	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.		
Security expenses	75,048	58,338	<b>(b) Fixed Assets and Depreciation / Amortisation</b>		
Repairs and maintenance - others	67,018	51,825	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.		
Communication expenses	63,040	66,763			
Legal and professional charges [Refer Note 10(c) - Schedule 16]	44,770	45,178			
Rates and taxes	30,177	24,127			

## SCHEDULES

D-Check on Aircraft represents costs incurred towards heavy maintenance and mandatory checks carried out on Aircraft exclusively operated for the Company.

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 ₹ 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 which are valued at cost (arrived at using First-in First-out basis) and net realisable value which ever is lower. Cost of Spares is calculated at purchase price and expenditure directly attributable to the acquisition of such inventories for bringing it to its present location using the specific identification method.

### (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.

## SCHEDULES

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 an independent actuary. The actuarial valuation method used by the 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, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
- Employers' Contribution to Provident Fund	28,326	24,500
- Employers' Contribution to Superannuation Fund	5,194	6,606
- Employers' Contribution to Employee's State Insurance	20,401	15,194
- Employers' Contribution to Employee's Pension Scheme 1995	27,968	25,333

### 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, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Discount Rate (per annum)	8.50%	8.50%
Rate of increase in Compensation levels	7.25%	7.25%
Rate of Return on Plan Assets	7.75%	7.75%
Expected Average remaining working lives of employees (years)	22	20

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

Present Value of Obligation at the beginning of the year	176,225	173,156
Interest Cost	14,539	13,852
Past Service Cost	Nil	Nil
Current Service Cost	16,444	17,495
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(3,522)	(7,898)

Acturial (gain) / loss on obligations	8,374	(20,380)
Present Value of Obligation as at Year end	212,060	176,225

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

Fair Value of Plan Assets at the beginning of the year	171,987	137,070
Expected Return on Plan Assets	13,329	9,614
Acturial Gains and (Loss) on Plan Assets	(1,009)	1,850
Contributions	22,142	30,000
Benefits Paid	(3,522)	(7,898)
Fair Value of Plan Assets at Year end	202,927	170,636

Note: The difference in Fair value of Plan Assets as on December 31, 2009 and January 1, 2010 is on account of benefits paid as submitted to the Actuary and audited figures as at December 31, 2009.

#### 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	212,060	176,225
Fair Value of Plan Assets as at the end of the year	202,927	170,636
Funded Status	(9,133)	(5,589)
Present Value of unfunded Obligation as at the Year end	(9,133)	(5,589)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(9,133)	(5,589)

## SCHEDULES

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

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
Present Value of Obligation at the end of the year	(212,060)	(176,225)	8,374	(8,575)
Fair Value of Plan Assets at Year end	202,927	170,636	1,009	(1,850)
Liability recognised in the Balance Sheet	(9,133)	(5,589)		

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

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
Current Service Cost	16,444	17,495
Past Service Cost	Nil	Nil
Interest Cost	14,539	13,852
Expected Return on Plan Assets	(13,329)	(9,614)
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net actuarial (gain) / loss recognised in the Year	9,383	(22,230)
Total Expenses / (Gain) recognised in the Profit and Loss Account	27,037	(497)

### F) Experience Adjustments

Defined Benefit Obligation	212,060	176,225
Plan Assets	202,927	171,987
Deficit / (Surplus)	(9,133)	(4,238)

### G) Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at December 31, 2010 is 100%

The Plan Assets are administered by Life Insurance Corporation of India ("LIC") as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance and Regulatory Development Authority regulations.

### H) Expected gratuity contribution for the next year is aggregating ₹ 19,717 ('000) [Previous Year ₹ 16,767 ('000)].

### III Other Long-term Employee Benefits

The liabilities for Leave Encashment and Compensated Absences as at year end were ₹ 69,048 ('000) [Previous Year ₹ 58,988 ('000)] and ₹ 8,084 ('000) [Previous Year ₹ 5,896 ('000)] respectively.

### 3. Capital Commitments

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	158,926	156,604

### 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	24,663	23,652

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

## SCHEDULES

### 5. Earnings Per Share

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
(a) Profit after Taxation (₹ '000)	943,684	607,077
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In ₹)	39.77	25.58
(d) Nominal value of shares outstanding (In ₹)	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, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
<b>(a) Liabilities</b>		
Depreciation / Amortisation	215,987	214,920
<b>Total</b>	<b>215,987</b>	<b>214,920</b>
<b>(b) Assets</b>		
Provision for leave encashment	24,293	20,695
Provision for gratuity	3,034	1,900
Provision for bonus	7,008	6,733
<b>Total</b>	<b>34,335</b>	<b>29,328</b>
<b>Net Deferred Tax Liabilities</b>	<b>181,652</b>	<b>185,592</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 within India 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) (i) Enterprises where control exists:

Deutsche Post AG, Germany	- Ultimate Holding Company
DHL Express (Singapore) Pte. Limited, Singapore	- Holding Company
Concorde Air Logistics Limited, India	- Wholly Owned Subsidiary Company
DHL Express (India) Private Limited, India	- Fellow Subsidiary Company
DHL Lemuir Logistics Private Limited, India	- Fellow Subsidiary Company
Skyline Air Logistics Limited, India	- Fellow Subsidiary Company
Blue Dart Aviation Limited, India	- Associate Company

#### (ii) Key Management Personnel:

Anil Khanna	- Managing Director
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#### (b) Related party relationships where transactions have taken place during the year:

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

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

##### (ii) Key Management Personnel

Anil Khanna	- Managing Director
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## SCHEDULES

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)		Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>(c) Transactions with related parties during the year:</b>			Interest on Inter-Corporate Deposit	(2,587)	(9,893)
(i) <u>With Holding/Subsidiary/Fellow Subsidiaries/Associate Company</u>			Domestic service charges income	(6,069)	(3,673)
<b>DHL Express (Singapore) Pte. Limited</b>			(ii) <u>With Key Management Personnel</u>		
Dividend paid	19,228	19,228	Remuneration - Anil Khanna	18,202	17,409
<b>Concorde Air Logistics Limited</b>				18,202	17,409
Reimbursements towards air freight	282,455	202,319		<b>As at December 31, 2010 in ₹ ('000)</b>	<b>As at December 31, 2009 in ₹ ('000)</b>
<b>DHL Express (India) Private Limited</b>			<b>(d) Related party balances as at the year end:</b>		
International servicing cost	684,178	600,717	(i) Receivable/(Payable) from/to Subsidiary/Fellow Subsidiaries/Associate company		
Domestic service charges income	(371,258)	(258,692)	Concorde Air Logistics Limited	(13,400)	(21,761)
Reimbursements of expenses	4,143	3,497	DHL Express (India) Private Limited (Net)	(113,657)	(98,437)
<b>DHL Lemuir Logistics Private Limited</b>			DHL Lemuir Logistics Private Limited	68,202	66,609
Domestic service charges income	(293,911)	(163,404)	Blue Dart Aviation Limited	1,339,458	780,795
Deposit received / (paid)	535	(629)	(ii) Corporate guarantees given on behalf of Blue Dart Aviation Limited	1,660,000	1,660,000
<b>Blue Dart Aviation Limited</b>			(iii) Payable to Key Management Personnel Anil Khanna	7,300	7,000
Aircraft charter costs	3,842,287	3,110,371			
Capital Advances granted	567,563	441,725	<b>9. Commitments under lease agreements</b>		
Capital Advances settled	(8,900)	(50,714)	(a) The Company has entered into various non-cancellable operating lease agreements for official / residential premises for a period of two to five years and commitments as at December 31, 2010 are as under:		
Capital Advances converted to Loan	1,124,458	-			
Inter Corporate Deposit granted	151,121	201,780			
Inter Corporate Deposit settled	(151,121)	(201,780)			
Interest income on Loan	(4,258)	-			



## SCHEDULES

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Upto One Year	28,990	25,040
One to Five Years	36,241	65,231
Above Five Years	-	-

- (b) Company has entered into various cancellable leasing arrangements for motor cars, office equipments and for official / residential premises. The lease rentals for motor cars of ₹ 21,636 ('000) [Previous year ₹ 17,315 ('000)] has been included under the head "Employee Costs - Salaries, Bonus and Leave Encashment" under Schedule 13 forming part of the Profit and Loss Account. Lease rentals for office equipments of ₹ 12,507 ('000) [Previous year ₹ 11,275 ('000)] has been included under the head "Other Costs - Lease Rentals" and lease rentals for official and residential premises of ₹ 404,566 ('000) [Previous year ₹ 342,450 ('000)] has been included under the head "Other Costs - Rent" under Schedule 14 forming part of the Profit and Loss Account.

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

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
<b>(a) Managerial remuneration:</b>		
Salary	8,426	7,260
Commission [Refer (b) below]	9,300	9,000
Contribution to Provident Fund	643	598
Contribution to Superannuation Fund	187	747
Leave Encashment paid	277	540
Perquisites	1,369	1,264
Directors' sitting fees	640	600
	20,842	20,009

Provision for Leave Encashment / Compensated Absences and Gratuity, which are based on actuarial valuations done on an overall company basis, are excluded above.

- (b) Computation of 'net profit' in accordance with Sections 198 and 349 of the Act and commission payable to the directors (including Managing Director)

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Profit before Tax	1,402,587	930,242
Add: Directors' remuneration [Refer (a) above]	20,842	20,009
Depreciation / Amortisation provided in the books of account	192,166	177,550
Loss on sale / scrapping of fixed assets (Net)	5,706	-
Directors' sitting fees	640	600
	1,621,941	1,128,401
Less: Depreciation under Section 350 of the Act	192,166	177,550
Gain on sale / scrapping of fixed assets (Net)	-	(123)
Net profit as per Sections 198 and 349 of the Act	1,429,776	950,974
Commission to Managing Director	7,300	7,000
Commission to Independent Directors at 1% of Net Profit per Director, restricted to ₹ 10 lacs per Independent Director.	2,000	2,000
	9,300	9,000

### (c) Legal and Professional Charges include Auditors' Remuneration as follows:

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
Audit Fees		
- Statutory Audit Fees	3,600	3,600
- Tax Audit Fees	700	700
Other Matters	1,850	1,850
	6,150	6,150

### (d) Earnings in foreign currency:

Service income	113,219	68,202
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### (e) Expenditure in foreign currency:

Foreign travel	1,110	26
Others	3,104	8,004
	4,214	8,030

## SCHEDULES

**(f) Remittance in foreign currency on account of dividends:**

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
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 2009	Jan- Dec 2008

Interest due and payable towards suppliers under MSMED Act for payments already made

As at  
December  
31, 2010  
in ₹ ('000)

As at  
December  
31, 2009  
in ₹ ('000)

-

-

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.

**11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at December 31, 2010. The disclosure pursuant to the said Act is as under:**

Principal amount due to suppliers under MSMED Act	6,455	4,617
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)	-	-

**12.** The Provision for taxation for the year has been computed on the basis of the results for the year ended December 31, 2010, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2011 relevant to the assessment year 2011-2012.

**13.** Information with regard to other matters specified in paragraphs 4C, 4D (a) and 4D(c) of Part II of Schedule VI of the Companies Act, 1956 is either Nil or not applicable to the Company for the year ended December 31, 2010.

**14.** During the year, the Company has granted an unsecured loan of ₹ 1,124,458 ('000) (on conversion of capital advances disclosed under 'Loans and Advances') to Blue Dart Aviation Limited to meet its financial requirements towards infrastructure expansion for its dedicated air cargo services under the Aircraft, Crew, Maintenance, Insurance ('ACMI') Agreement.

**15.** 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**

Firm Registration Number: 007568S

Chartered Accountants

**Lalit Punjabi**

Partner

Membership No. F- 48102

Place: Mumbai

Dated: February 1, 2011

For and on behalf of the Board of Directors

**Sharad Upasani**

Chairman

**Anil Khanna**

Managing Director

**Malcolm Monteiro**

Director

**Roger Crook**

Director

**Clyde Cooper**

Director

**Suresh G. Sheth**

Director

**Yogesh Dhingra**

Finance Director &  
Chief Operating Officer

**Tushar Gunderia**

Company Secretary

## 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 ₹ Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

#### Sources of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability(Net)

#### Application of Funds

Net Fixed Assets

Investments

Loan to Associate

Net Current Assets

Accumulated Losses

Misc. Expenditure

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

Turnover \*

Total Expenditure\*\*

#### \* Including Other Income

+ - Profit/Loss before tax  
☒ ☐

+ - Earning Per Share in ₹  
☒ ☐

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

+ - Profit/Loss after tax  
☒ ☐

+ - Dividend rate %.  
☒ ☐

## 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)

--	--	--	--	--	--	--	--	--	--

Product Description

D	O	M	E	S	T	I	C		P	R	I	O	R	I	T	Y				
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	--	--	--

I	N	T	E	R	N	A	T	I	O	N	A	L		S	E	R	V	I	C	E	S
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D	A	R	T		A	P	E	X												
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For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Roger Crook**  
Director

**Clyde Cooper**  
Director

**Suresh G. Sheth**  
Director

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

**Tushar Gunderia**  
Company Secretary

Place: Mumbai  
Dated: February 1, 2011

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

Name of the Subsidiary Company	:	Concorde Air Logistics Limited
Holding Company's Interest	:	110,000 Equity Shares of ₹10 each fully paid up
Extent Holding	:	100%
The "Financial Year" of the Subsidiary Company ended on	:	December 31, 2010
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 (₹ In thousand)	:	4,617
For the previous financial years (₹ In thousand)	:	5,269

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For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Anil Khanna**  
Managing Director

**Malcolm Monteiro**  
Director

**Roger Crook**  
Director

**Clyde Cooper**  
Director

**Suresh G. Sheth**  
Director

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

**Tushar Gunderia**  
Company Secretary

Place: Mumbai  
Dated: February 1, 2011



## **BOARD OF DIRECTORS**

### **CONCORDE AIR LOGISTICS LIMITED**

#### **BOARD OF DIRECTORS**

Vaidhyanathan Iyer

Tushar Gunderia

D. Basappa

#### **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 Seventh Annual Report of your Company for the year ended December 31, 2010.

### FINANCIAL RESULTS

	(₹ in Lacs)	
	For the year ended December 31, 2010	For the year ended December 31, 2009
<b>Revenues:</b>		
Services	151.87	154.31
Commission	96.45	76.57
Other Income	9.20	12.06
Less : Operating Expenses	193.04	171.72
Operating Profit (EBIDTA)	64.48	71.22
Less : Depreciation / Amortisation	18.31	18.53
Earnings before Tax	46.17	52.69
Less : Provision for income tax (including FBT)	17.37	21.73
Earnings after tax	28.80	30.96

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

During the year, Mr. Mirza Baig, tendered his resignation as a Director with effect from April 12, 2010. 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.

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### AUDITORS

It is proposed to appoint M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E), as Auditors of the Company in place of the retiring Auditors, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 007568S). The retiring auditors have expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company after the conclusion of the ensuing Annual General Meeting.

Your Company has received necessary certificate from M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E), confirming that their appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Company has received a Special Notice under the provisions of Section 225 read with Section 190 of the Companies Act, 1956, for the

## DIRECTORS' REPORT

appointment of M/s. Price Waterhouse, Chartered Accountants, (Firm Registration no. 301112E) as the Statutory Auditors of the Company.

The Board of Directors recommends appointment of M/s. Price Waterhouse (Firm Registration No. 301112E) as the Statutory Auditors of the Company subject to necessary approval from the Shareholders of the Company.

The Board of Directors would like to thank M/s.Price Waterhouse, (Firm Registration No. 007568S), the outgoing Auditors, for their services rendered to the Company during their long association as the Statutory Auditors.

### FIXED DEPOSIT

The Company has not accepted any deposits within the meaning of the provisions of Section 58A and 58AA 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, 2010, which has been attached as an Annexure to this 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	:	₹ 149.69 lacs (previous Year ₹ 85.01 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,  
February 1, 2011

# AUDITORS' REPORT

To the Members of

## CONCORDE AIR LOGISTICS LIMITED

1. We have audited the attached Balance Sheet of Concorde Air Logistics Limited (the "Company") as at December 31, 2010, 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 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 December 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2010 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, 2010;
    - (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  
Firm Registration Number: 007568S  
Chartered Accountants

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

Place: Mumbai,  
Date: February 1, 2011

## 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, 2010]**

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) According to the information and explanations given to us, no part of fixed assets has been disposed of by the Company during the year. Hence, clause 1(c) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 ("the Order") are not applicable to the Company for the current 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 Companies Act, 1956, of India ("the Act"). Accordingly, clauses (iii)(b) to (iii)(d) of Paragraph 4 of the Order are not applicable to the Company for the current year.  
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, 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, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of 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 the 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, 2010 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 explanation 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. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
15. The Company has not obtained any term loans.



## 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, 2010]**

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 debentures during the year.
19. The Company has not raised any money by public issues 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.

Place: Mumbai,  
Date: February 1, 2011

For Price Waterhouse  
Firm Registration Number: 007568S  
Chartered Accountants

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

## COMPLIANCE CERTIFICATE

CIN : U60230MH2004PTC146141

Authorised Capital : ₹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 ('the Company') as required to be maintained under the Companies Act, 1956, ('the Act') and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> December, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and the 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 a Public Limited Company, comments are not required.
4. The Board of Directors duly met 4 (Four) times on 28.01.2010, 12.04.2010, 26.07.2010 and 25.10.2010 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, 2009 was held on 12<sup>th</sup> April, 2010 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 contract in violation of 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 there under.

## COMPLIANCE CERTIFICATE

- |   |   |
|---|---|
| <p>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.</p> <p>20. The Company has not bought back any shares during the financial year under review.</p> <p>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.</p> <p>22. There were no transactions necessitating the Company to keep in abeyance any corporate benefits of the members pending registration of transfer of shares.</p> <p>23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year under review.</p> <p>24. The Company has not borrowed any money exceeding limit provided under provisions of Section 293 (1) (d) of the Act, during the financial year ending 31<sup>st</sup> December, 2010.</p> <p>25. The Company has not made any loans or advances or investments or given guarantees or provided securities to other bodies corporate attracting the 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.</p> | <p>26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the financial year under review.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>30. The Company has not altered any provisions of its Articles of Association during the financial year under review.</p> <p>31. As explained to us, there was no prosecution initiated against the Company or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment was imposed on the Company during the financial year under review.</p> <p>32. As explained to us, the Company has not received any money as security from its employees during the financial year under review.</p> <p>33. The provisions of Section 418 of the Act do not apply to the Company.</p> |
|---|---|

Place: Mumbai,  
Date: February 1, 2011

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

# 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)

Place: Mumbai,  
Date: February 1, 2011

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

## COMPLIANCE CERTIFICATE

### Annexure B

Sr. No.	Form No.	Section	Purpose	Date of Filing & SRN
1.	Form 66 (Compliance Cert) Dated: 31.12.2009	383A	As required under Companies (Compliance Certificate) Rules, 2001.	P47681077 10.05.2010
2.	Form 23AC / Form 23ACA (Annual Accounts) Dated: 31.12.2009	210	As per requirement of the Act	P47690219 10.05.2010
3.	Form 20B (Annual Return) Dated: 12.04.2010	159	As per requirement of the Act	P47825831 20.05.2010
4.	Form 32 Dated: 12.04.2010	303(2)	Resignation of Mr. Mirza Baig as Director	A83896753 28.04.2010

Place: Mumbai,  
Date: February 1, 2011

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



# CONCORDE AIR LOGISTICS LIMITED

## BALANCE SHEET AS AT DECEMBER 31, 2010

	Schedule No.	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	1,100	1,100
Reserves and Surplus	2	45,390	42,510
<b>TOTAL</b>		<b>46,490</b>	<b>43,610</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	3		
Gross Block		20,838	20,811
Less: Depreciation / Amortisation		14,533	12,702
Net Block		6,305	8,109
<b>Investments</b>	4	18,803	15,180
<b>Deferred Tax Assets (Net)</b>			
[Refer notes 1(g) and 5 - Schedule 14]			
Deferred Tax Assets		617	518
Less : Deferred Tax Liabilities		227	277
		390	241
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	5	13,400	21,800
Cash and Bank Balances	6	6,458	5,216
Loans and Advances	7	19,646	14,038
		39,504	41,054
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	8	16,653	19,449
Provisions	9	1,859	1,525
		18,512	20,974
Net Current Assets		20,992	20,080
<b>TOTAL</b>		<b>46,490</b>	<b>43,610</b>
<b>Notes to Accounts</b>	14		

Schedules 1 to 9 and 14 referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

**For Price Waterhouse**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

**V. N. Iyer**  
Director

**Tushar Gunderia**  
Director

**D. Basappa**  
Director

Place: Mumbai  
Dated: February 1, 2011

Place: Mumbai  
Dated: February 1, 2011

# CONCORDE AIR LOGISTICS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Schedule No.	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>INCOME</b>			
Service Charges [Refer Note 1 (d)(i) - Schedule 14 ]		15,187	15,431
Commission [Refer Note 1 (d)(ii) - Schedule 14 ]		9,645	7,657
Other Income	10	920	1,206
		<b>25,752</b>	<b>24,294</b>
<b>EXPENDITURE</b>			
Freight, Handling and Servicing Costs	11	4,000	3,075
Employee Costs	12	12,348	11,661
Other Costs	13	2,956	2,436
		<b>19,304</b>	<b>17,172</b>
<b>Profit Before Depreciation and Taxation</b>		<b>6,448</b>	<b>7,122</b>
Depreciation / Amortisation		1,831	1,853
<b>Profit Before Taxation</b>		<b>4,617</b>	<b>5,269</b>
<b>Provision for Taxation</b> [Refer Notes 1(g) and 5 - Schedule 14]			
Current Tax		1,886	2,013
Provision for earlier year		-	222
Deferred Tax		(149)	(87)
Fringe Benefits Tax		-	25
		<b>1,737</b>	<b>2,173</b>
<b>Profit After Taxation</b>		<b>2,880</b>	<b>3,096</b>
Balance brought forward from previous year		29,010	25,914
<b>Balance carried forward to Balance Sheet</b>		<b>31,890</b>	<b>29,010</b>
<b>Earnings Per Share</b> (Refer Note 4 - Schedule 14)			
Basic and Diluted Earnings Per Share (in ₹)		26.18	28.15
Nominal value per equity share (in ₹)		10	10
<b>Notes to Accounts</b>	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**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

For and on behalf of the Board of Directors

**V. N. Iyer**  
Director

**D. Basappa**  
Director

Place: Mumbai  
Dated: February 1, 2011

**Tushar Gunderia**  
Director

# CONCORDE AIR LOGISTICS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>A. Cash flows from Operating activities:</b>		
Profit before Taxation	4,617	5,269
<b>Adjustments for:</b>		
Depreciation / Amortisation	1,831	1,853
Interest Income	(27)	(12)
Dividend Income	(893)	(1,194)
Provision for Gratuity	264	157
Provision for Leave Encashment	70	66
<b>Operating profit before working capital changes</b>	<b>5,862</b>	<b>6,139</b>
<b>Adjustments for changes in working capital :</b>		
Decrease / (Increase) in Sundry Debtors	8,400	(21,666)
Decrease / (Increase) in Other Receivables	234	(1,009)
(Decrease) / Increase in Trade and Other Payables	(2,796)	7,400
<b>Cash generated from Operations</b>	<b>11,700</b>	<b>(9,136)</b>
Taxes paid (Net)	(7,724)	(6,275)
<b>Net cash from/(used in) Operating activities</b>	<b>3,976</b>	<b>(15,411)</b>
<b>B. Cash flows from Investing activities:</b>		
Purchase of Fixed Assets	(27)	-
Interest Received	23	-
Dividend Received	893	1,064
Investments in Mutual funds	(51,166)	(15,135)
Redemptions from Mutual funds	47,593	25,140
Investments in National Saving Certificates	(50)	-
<b>Net cash from/(used in) Investing activities</b>	<b>(2,734)</b>	<b>11,069</b>
<b>C. Cash flows from Financing activities:</b>		
<b>Net cash from Financing activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>1,242</b>	<b>(4,342)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,216</b>	<b>9,558</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>6,458</b>	<b>5,216</b>
	<b>As at December 31, 2010 in ₹('000)</b>	<b>As at December 31, 2009 in ₹('000)</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	46	54
Balance with Scheduled Banks		
on Current Accounts	6,172	5,078
on Deposit Accounts	-	24
on Margin Money Accounts	240	60
	<b>6,458</b>	<b>5,216</b>

**Notes :**

1. The above Cash Flow Statement has been prepared under the "indirect method" set out in Accounting Standard - 3 on Cash Flow Statements notified under section 211(3c) of the Companies Act, 1956 of India.
2. Cash flows in brackets indicate cash outgo.
3. Cash and cash equivalents includes ₹ 240 ('000) [(previous year - ₹ 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 Price Waterhouse**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

For and on behalf of the Board of Directors

**V. N. Iyer**  
Director

**D. Basappa**  
Director

**Tushar Gunderia**  
Director

Place: Mumbai  
Dated: February 1, 2011

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)		As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('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 ₹10 each	2,000	2,000	Profit and Loss Account	31,890	29,010
<u>Issued and Subscribed</u>			<b>Total</b>	<b>45,390</b>	<b>42,510</b>
110,000 equity shares of ₹ 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 ₹ ('000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2010	Additions	Deductions / Adjustments	As at December 31, 2010	As at January 1, 2010	For the Year	Deductions / Adjustments	As at December 31, 2010	As at December 31, 2010	As at December 31, 2009
<b>Intangible Assets:</b>										
Goodwill [Refer Note below]	14,900	-	-	14,900	8,449	1,490	-	9,939	4,961	6,451
Computer Software	33	-	-	33	22	4	-	26	7	11
<b>Tangible Assets:</b>										
Buildings	2,022	-	-	2,022	2,018	-	-	2,018	4	4
Office Equipment	272	-	-	272	258	2	-	260	12	14
Electrical Equipment	571	-	-	571	302	46	-	348	223	269
Computers	672	27	-	699	367	80	-	447	252	305
Furniture and Fittings	496	-	-	496	487	-	-	487	9	9
Vehicles	1,845	-	-	1,845	799	209	-	1,008	837	1,046
<b>TOTAL</b>	<b>20,811</b>	<b>27</b>	<b>-</b>	<b>20,838</b>	<b>12,702</b>	<b>1,831</b>	<b>-</b>	<b>14,533</b>	<b>6,305</b>	<b>8,109</b>
Previous Year	20,770	41	-	20,811	10,849	1,853	-	12,702	8,109	

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, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
<b>SCHEDULE 4</b>		
<b>INVESTMENTS</b>		
(Long Term, Unquoted, At cost) [Refer Note 1 (c) - Schedule 14]		
<b>Non - Trade</b>		
<u>In Government Securities</u>		
National Saving Certificates	100	50
(6 year NSCs - VIII issue) (Refer note below)		
<u>Others (Current) (Lower of cost and market value)</u>		
Units in Mutual Funds		
176,886 (Previous Year - 143,093)		
Units of ICICI Prudential	18,703	15,130
Flexible Income - Plan Premium Daily Dividend Reinvest Dividend ( 477,488 units purchased, 6,424 units cumulated and 450,119 units sold during the year)		
<b>Total</b>	<b>18,803</b>	<b>15,180</b>
<b>Note:</b>		
National saving certificates are deposited as security with the Customs Authorities.		
<b>SCHEDULE 5</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	13,400	21,800
<b>Total</b>	<b>13,400</b>	<b>21,800</b>
<b>SCHEDULE 6</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	46	54
Balance with scheduled banks :		
on Current Accounts	6,172	5,078
on Deposit Accounts	-	24
on Margin Money Accounts	240	60
<b>Total</b>	<b>6,458</b>	<b>5,216</b>

### Note:

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

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('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	252	214
Other Deposits	940	895
Advance Tax (Net of Provision)	18,397	12,559
Other Advances	57	370
<b>Total</b>	<b>19,646</b>	<b>14,038</b>
<b>SCHEDULE 8</b>		
<b>Liabilities</b>		
Sundry Creditors :		
(a) Micro and Small Enterprises*	-	-
(b) Others	15,756	18,841
(* Determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors)		
Other Liabilities	897	608
<b>Total</b>	<b>16,653</b>	<b>19,449</b>
<b>SCHEDULE 9</b>		
<b>PROVISIONS</b>		
(Refer Note 1(e) Schedule 14)		
Provision for Leave Encashment	388	318
Provision for Gratuity	1,471	1,207
<b>Total</b>	<b>1,859</b>	<b>1,525</b>



## SCHEDULES

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

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>SCHEDULE 10</b>		
<b>OTHER INCOME</b>		
Interest income	27	12
Dividend income	893	1,194
<b>Total</b>	<b>920</b>	<b>1,206</b>
<b>SCHEDULE 11</b>		
<b>FREIGHT, HANDLING AND SERVICING COSTS</b>		
Handling and clearing charges	2,857	2,102
Domestic network operating costs	997	839
Printing, stationery and consumables	146	134
<b>Total</b>	<b>4,000</b>	<b>3,075</b>
<b>SCHEDULE 12</b>		
<b>EMPLOYEE COSTS</b>		
[Refer Note 1 (e) and 2- Schedule 14]		
Salaries, wages, bonus and leave encashment	11,414	10,923
Contribution to provident and other funds	856	625
Staff welfare expenses	78	113
<b>Total</b>	<b>12,348</b>	<b>11,661</b>
<b>SCHEDULE 13</b>		
<b>OTHER COSTS</b>		
Legal and professional charges [Refer Note 6(a)- Schedule 14]	1,619	1,245
Office expenses	190	136
Electricity	170	184
Communication expenses	299	261
Rates and taxes	90	41
Repairs and maintenance - others	136	85
Travelling and conveyance	336	286
Insurance	116	92
Interest-Others	-	106
<b>Total</b>	<b>2,956</b>	<b>2,436</b>

### 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 Companies Act, 1956, except in respect of the following assets where such rates are higher than the prescribed schedule XIV rates, so as to ensure that such assets are written off over their estimated useful lives :

Description of Assets	Useful Life (in years)
Office Equipment	15
Electrical Equipment	15

Assets individually costing less than ₹ 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 Companies Act, 1956, as prescribed for computers.

Goodwill represents the excess of the value of the erstwhile partnership business as a whole over its net asset value as at the date of registration and is stated at cost less accumulated amortisation. Goodwill is amortised using the straight line method over a period of 10 years.

##### (c) Investments

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

##### (d) Service Charges

(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 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:

## SCHEDULES

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 namely 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 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 Plan**

The Company has a Defined Benefit plan namely Gratuity and Leave Encashment 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.

(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.

### (f) Foreign Currency Transactions

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

### (g) Taxes on Income

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

Deferred tax is recognised, subject to prudence, on timing differences, being the difference between taxable income and 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, 2010 In ₹ ('000)	Year ended December 31, 2009 In ₹ ('000)
- Employers' Contribution to Provident Fund*	241	225
- Employers' Contribution to Employee's State Insurance*	70	42
- Employers' Contribution to Employee's Pension Scheme 1995*	163	158

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

### II Defined Benefit Plan

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

## SCHEDULES

	As at December 31, 2010	As at December 31, 2009		As at December 31, 2010 (in ₹ '000)	As at December 31, 2009 (in ₹ '000)
<b>Gratuity:</b>					
Discount Rate (per annum)	8.25%	8.25%	Net actuarial (gain) / loss recognised in the Year	108	(54)
Rate of increase in Compensation levels	6.75%	6.75%	Total Expenses recognised in the Profit and Loss Account***	335	157
Rate of Return on Plan Assets	Nil	Nil			
Expected Average remaining working lives of employees (years)	18	15			

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

### III Other Long-term Employee Benefits

The liabilities for Leave Encashment as at the year is ₹ 388 ('000) [ Previous Year ₹ 318 ('000)].

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

	As at December 31, 2010 (in ₹ '000)	As at December 31, 2009 (in ₹ '000)
Present Value of Obligation at the beginning of the year	1,207	1,050
Interest Cost	100	84
Past Service Cost	Nil	Nil
Current Service Cost	127	127
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(71)	Nil
Actuarial (gain) / loss on obligations	108	(54)
Present Value of Obligation as at Year end.	1,471	1,207

#### 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, 2010	Year ended December 31, 2009
(a) Profit After Taxation for the year (₹'000)	2,880	3,096
(b) Weighted average number of shares (Nos.)	110,000	110,000
(c) Basic and Diluted Earnings Per Share (₹)	26.18	28.15
(d) Nominal value of equity (₹)	10.00	10.00

#### B) Amount recognised in the Balance Sheet

Present Value of Obligation at the end of the year	(1,471)	(1,207)
Fair Value of Plan Assets as at the end of the year	Nil	Nil
Unfunded Liability recognised in the Balance Sheet**	(1,471)	(1,207)

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

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

Current Service Cost	127	127
Past Service Cost	Nil	Nil
Interest Cost	100	84
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil

#### 5. Deferred Tax Balances:

The components of deferred tax assets and liabilities arising on account of timing differences between taxable income and accounting.

	As at December 31, 2010 (in ₹ '000)	As at December 31, 2009 (in ₹ '000)
<b>(a) Assets</b>		
Provision for Leave Encashment	99	108
Provision for Gratuity	518	410
<b>Total</b>	<b>617</b>	<b>518</b>
<b>(b) Liabilities</b>		
Depreciation / Amortisation	227	277
<b>Total</b>	<b>227</b>	<b>277</b>
<b>Net Deferred Tax Assets</b>	<b>390</b>	<b>241</b>

## SCHEDULES

### 6 Supplementary data as required under Schedule VI to the Companies Act, 1956

	Year ended December 31, 2010 In ₹ ('000)	Year ended December 31, 2009 In ₹ ('000)
<b>(a) Legal and Professional Charges</b>		
include Auditors' Remuneration as follows :		
Audit Fees		
- Statutory Audit Fees	200	200
- Tax Audit Fees	100	100
Reimbursement of Expenses	3	6
	303	306
<b>(b) Expenditure in foreign currency</b>		
Freight charges	14,960	8,488
IATA fees and examination fees	9	13
	14,969	8,501

### 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) Blue Dart Aviation Limited Enterprise over which Blue Dart Express Limited is able to exercise significant influence.

	Year ended December 31, 2010 In ₹ ('000)	Year ended December 31, 2009 In ₹ ('000)
<b>(c) Transactions with related parties during the period:</b>		
<b>(i) With Holding Company</b>		
<b>Blue Dart Express Limited</b>		
Recoveries towards air freight, etc.	282,455	202,319
<b>(ii) With Enterprises over which Blue Dart Express Limited is able to exercise significant influence.</b>		
<b>Blue Dart Aviation Limited</b>		
Reimbursement of expenses	27,168	18,448
Agency charges incurred for customs clearing	3,660	3,834
<b>(d) Related party balances at the year end :</b>		
Receivable from Holding Company		
<b>Blue Dart Express Limited</b>	13,400	21,761

### 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, 2010, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2011 relevant to the assessment year 2011-2012.

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

Signatures to Schedules 1 to 14, forming part of Balance Sheet and Profit and Loss Account.

**For Price Waterhouse**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

For and on behalf of the Board of Directors

**V. N. Iyer** Director  
**Tushar Gunderia** Director  
**D. Basappa** Director

Place: Mumbai  
Dated: February 1, 2011

## SCHEDULES

Schedule forming part of the Accounts

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

#### I. Registration Details

Registration No.

State Code

Balance Sheet Date

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

##### Sources of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability (Net)

##### Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

Deferred Tax Asset (Net)

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

Turnover \*

Total Expenditure\*\*

##### \* Including Other Income

+ - Profit/Loss before tax  
☒ ☐

+ - Earning Per Share in ₹  
☒ ☐

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

+ - Profit/Loss after tax  
☒ ☐

+ - Dividend rate %  
☒ ☐



## 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

Place: Mumbai  
Dated: February 1, 2011

**D. Basappa**  
Director

## 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; hereinafter referred to as the "Group" (refer Note 10 on Schedule 16 to the attached consolidated financial statements) as at December 31, 2010, the related Consolidated Profit and Loss Account and the 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 free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements, notified under sub-section (3C) of Section 211 of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached 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 state of affairs of the Group as at December 31, 2010;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse  
Firm Registration Number: 007568S  
Chartered Accountants

Place: Mumbai  
Date : February 1, 2011

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

# BLUE DART EXPRESS LIMITED (CONSOLIDATED)

## BALANCE SHEET AS AT DECEMBER 31, 2010

	Schedule No.	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	237,628	237,628
Reserves and Surplus	2	5,212,923	4,293,576
		5,450,551	4,531,204
<b>Deferred Tax Liabilities (Net)</b>			
[Refer Notes 1(k) and 6 - Schedule 16]			
Deferred Tax Liabilities		216,214	215,197
Less: Deferred Tax Assets		34,952	29,846
		181,262	185,351
<b>TOTAL</b>		<b>5,631,813</b>	<b>4,716,555</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block		3,275,204	3,024,443
Less: Depreciation / Amortisation		1,437,914	1,299,656
Net Block	3	1,837,290	1,724,787
Capital work in progress (including capital advances)		267,215	170,757
		2,104,505	1,895,544
<b>Loan to Blue Dart Aviation Limited</b>		1,124,458	-
[Refer Note 14 - Schedule 16]			
<b>Investments</b>	4	968,602	1,051,849
<b>Current Assets, Loans and Advances</b>			
Inventories	5	21,746	20,038
Sundry Debtors	6	1,532,855	1,259,389
Cash and Bank Balances	7	353,720	259,879
Loans and Advances	8	859,449	1,308,955
		2,767,770	2,848,261
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	9	1,217,729	979,340
Provisions	10	115,793	99,759
		1,333,522	1,079,099
<b>Net Current Assets</b>		1,434,248	1,769,162
<b>TOTAL</b>		<b>5,631,813</b>	<b>4,716,555</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**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

**Sharad Upasani**  
Chairman

**Roger Crook**  
Director

Place: Mumbai  
Dated: February 1, 2011

**Anil Khanna**  
Managing Director

**Clyde Cooper**  
Director

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

**Malcolm Monteiro**  
Director

**Suresh G. Sheth**  
Director

**Tushar Gunderia**  
Company Secretary

# BLUE DART EXPRESS LIMITED (CONSOLIDATED)

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Schedule No.	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>INCOME</b>			
Service Charges [Refer Note 1(h) (i)- Schedule 16]		11,489,308	9,067,738
Commission [Refer Note 1(h) (ii)- Schedule 16]		9,645	7,657
Other Income	11	54,085	77,158
		<b>11,553,038</b>	<b>9,152,553</b>
<b>EXPENDITURE</b>			
Freight, Handling and Servicing Costs	12	7,487,584	5,859,372
Employee Costs	13	1,501,265	1,359,259
Other Costs	14	962,848	813,486
		<b>9,951,697</b>	<b>8,032,117</b>
<b>Profit Before Interest, Depreciation and Taxation</b>		<b>1,601,341</b>	<b>1,120,436</b>
Interest Expense	15	140	5,522
Depreciation / Amortisation	3	<b>193,997</b>	<b>179,403</b>
<b>Profit Before Taxation</b>		<b>1,407,204</b>	<b>935,511</b>
Provision for Taxation [Refer Notes 1(k), 6 and 12 - Schedule 16]			
Current Tax		466,029	314,513
Deferred Tax		(4,089)	7,001
Fringe Benefits Tax		-	1,678
Taxation in respect of earlier years		(1,300)	2,145
		<b>460,640</b>	<b>325,337</b>
<b>Profit After Taxation, before Share of Associate's Profit</b>		<b>946,564</b>	<b>610,174</b>
Share of Associate's Profit		452	1,685
<b>Net Profit</b>		<b>947,016</b>	<b>611,859</b>
Balance brought forward from previous year		3,651,732	3,067,634
<b>Available for Appropriation</b>		<b>4,598,748</b>	<b>3,679,493</b>
Proposed dividend		23,728	23,728
Tax on Proposed Dividend		3,941	4,033
<b>Balance carried forward to the Balance Sheet</b>		<b>4,571,079</b>	<b>3,651,732</b>
<b>Earnings Per Share</b> [Refer Note 5 -Schedule 16]			
Basic and diluted Earnings Per Share (in ₹ )		39.91	25.79
Nominal value per equity share (in ₹ )		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**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

**Sharad Upasani**  
Chairman

**Roger Crook**  
Director

Place: Mumbai  
Dated: February 1, 2011

**Anil Khanna**  
Managing Director

**Clyde Cooper**  
Director

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

**Malcolm Monteiro**  
Director

**Suresh G. Sheth**  
Director

**Tushar Gunderia**  
Company Secretary

**BLUE DART EXPRESS LIMITED (CONSOLIDATED)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010**

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>A. Cash flow from Operating activities:</b>		
Profit before Taxation	1,407,204	935,511
<b>Adjustments for:</b>		
Depreciation / Amortisation	193,997	179,403
Interest expense	140	5,522
Interest income	(8,191)	(16,308)
Dividend from mutual funds	(34,053)	(34,238)
Loss / (Gain) on sale / scraping of fixed assets (Net)	5,706	(123)
Bad debts	8,951	13,351
Unrealised loss on account of Foreign exchange (Net)	206	203
Liabilities no longer required written back	(1,629)	(5,223)
Provision for leave encashment	12,318	(4,820)
Provision for gratuity	3,808	(30,340)
Provision for Directors' commission / professional fees	9,300	9,000
<b>Operating profit before working capital changes</b>	<b>1,597,757</b>	<b>1,051,938</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) / Decrease in Inventories	(1,708)	1,862
(Increase) in Sundry Debtors	(282,623)	(117,361)
(Increase) in Loans and Advances [Refer Note 14 - Schedule 16]	(658,070)	(417,996)
Increase in Trade and other payables	201,411	169,913
<b>Cash generated from Operations</b>	<b>856,767</b>	<b>688,356</b>
Taxes paid (net of Tax Deducted at Source)	(480,218)	(306,514)
<b>Net cash from Operating activities</b>	<b>376,549</b>	<b>381,842</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of fixed assets	(309,271)	(168,308)
Changes in capital work in progress	(71,168)	(118,014)
Proceeds from sale of fixed assets	1,256	1,559
Interest received	6,798	14,036
Dividend received from mutual funds	7,592	34,526
Purchase of National saving certificates	(100)	-
Maturity proceeds of National saving certificates	50	-
Proceeds from divestment of investments	60	-
Investment in mutual funds	(9,851,450)	(9,296,200)
Redemption from mutual funds	9,961,600	8,957,005
<b>Net cash used in Investing activities</b>	<b>(254,633)</b>	<b>(575,396)</b>
<b>C. Cash flow from Financing activities:</b>		
Interest paid	(140)	(5,522)
Dividend paid	(23,902)	(23,990)
Dividend tax paid	(4,033)	(4,033)



# BLUE DART EXPRESS LIMITED (CONSOLIDATED)

## CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>Net cash used in Financing activities</b>	<b>(28,075)</b>	<b>(33,545)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>93,841</b>	<b>(227,099)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>259,879</b>	<b>486,978</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>353,720</b>	<b>259,879</b>
	<b>As at December 31, 2010 in ₹ ('000)</b>	<b>As at December 31, 2009 in ₹ ('000)</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash, cheques on hand and remittances in transit	114,519	120,698
Balance with Scheduled Banks:		
on current accounts	228,905	134,015
on deposit accounts	-	24
on margin money accounts	390	210
on unpaid dividend accounts	1,069	1,243
Balance with non-scheduled Bank:		
on current account	7,457	2,309
on deposit account	1,380	1,380
	<b>353,720</b>	<b>259,879</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) ₹ 1,404 ('000) [(Previous Year - ₹ 2,171 ('000))]
- Cash and cash equivalents includes ₹ 6,111 ('000) [(Previous year - ₹ 7,593 ('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**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Roger Crook**  
Director

Place: Mumbai  
Dated: February 1, 2011

**Anil Khanna**  
Managing Director

**Clyde Cooper**  
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

#### SCHEDULE 1

##### SHARE CAPITAL

###### Authorised

40,000,000 Equity Shares Capital of ₹ 10 each

As at  
December  
31, 2010  
in ₹ ('000)

As at  
December  
31, 2009  
in ₹ ('000)

400,000 400,000

###### Issued and Subscribed

23,727,934 equity shares of ₹ 10 each fully paid up

237,280 237,280

Add : Forfeited Shares

348 348

###### Total

237,628 237,628

#### Notes:

Of the above, 11,863,967 (Previous Year 11,863,967) shares were allotted

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

19,227,887 (Previous Year 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

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Securities Premium	394,057	394,057
General Reserve	247,787	247,787
Profit and Loss Account	4,571,079	3,651,732
<b>Total</b>	<b>5,212,923</b>	<b>4,293,576</b>

#### SCHEDULE 3

##### FIXED ASSETS

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

in ₹ ('000)

DESCRIPTION OF ASSETS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2010	Additions	Deductions / Adjustments	As at December 31, 2010	As at January 1, 2010	For the Year	Deductions / Adjustments	As at December 31, 2010	As at December 31, 2010	As at December 31, 2009
<b>Intangible Assets:</b>										
Goodwill [Refer note (a) below]	44,900	-	-	44,900	36,579	2,990	-	39,569	5,331	8,321
Computer Software	150,099	86,717	200	236,616	89,631	20,204	200	109,635	126,981	60,468
<b>Tangible Assets:</b>										
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	176,836	21,918	1,723	197,031	31,542	3,471	144	34,869	162,162	145,294
Office Equipment	118,925	22,954	8,646	133,233	38,417	10,098	7,988	40,527	92,706	80,508
Electrical Equipment	268,488	29,823	9,574	288,737	90,380	20,042	8,285	102,137	186,600	178,108
Computers	420,654	103,724	20,119	504,259	268,665	53,920	19,921	302,664	201,595	151,989
Furniture and Fittings	389,694	30,621	19,494	400,821	122,259	26,514	16,567	132,206	268,615	267,435
Vehicles	42,626	7,292	2,945	46,973	27,369	3,132	2,634	27,867	19,106	15,257
Aircraft Engines	123,697	-	-	123,697	119,037	4,660	-	123,697	-	4,660
Aircraft	527,245	-	-	527,245	201,178	35,589	-	236,767	290,478	326,067
Aircraft Components and Overhaul	205,170	-	-	205,170	163,801	4,827	-	168,628	36,542	41,369
D-check cost on Aircraft [Refer note (b) below]	114,598	-	-	114,598	101,598	6,022	-	107,620	6,978	13,000
Ground Handling Equipment	45,228	10,413	-	55,641	9,200	2,528	-	11,728	43,913	36,028
<b>Total</b>	<b>3,024,443</b>	<b>313,462</b>	<b>62,701</b>	<b>3,275,204</b>	<b>1,299,656</b>	<b>193,997</b>	<b>55,739</b>	<b>1,437,914</b>	<b>1,837,290</b>	<b>1,724,787</b>
Previous Year	2,876,993	163,848	16,398	3,024,443	1,135,216	179,403	14,963	1,299,656	1,724,787	

#### Notes:

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

Blue Dart Express Limited - ₹ 370 ('000) - Three months.

Concorde Air Logistics Limited - ₹ 4,961 ('000) - Three years and three months.

b) D-Check on Aircraft represents costs incurred towards heavy maintenance and mandatory checks carried out on Aircraft exclusively operated for the Company.

c) Deductions / Adjustments includes reclassification from one category to another category of asset.

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)		As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
<b>SCHEDULE 4</b>			186,514 units (Previous Year		
<b>INVESTMENTS</b>			226,007) of UTI Treasury Advantage		
(Long Term, Unquoted, At Cost)			Fund - Institutional plan - Daily		
[Refer Note 1(e)-Schedule 16]			Dividend Reinvestment (1,692,118		
			units purchased, 6,524 units		
			cumulated and 1,738,135 units		
			sold during the Year)	186,554	226,056
<b>Trade</b>					
11,760,000 (Previous Year -			16,324,919 units (Previous Year		
11,760,000) equity shares of			11,895,184) of Birla Sunlife Savings		
₹10 each in Blue Dart Aviation			Fund Institutional plan - Daily		
Limited - Associate Company	183,081	183,081	Dividend Reinvestment (190,406,191		
			units purchased, 537,868 units		
Add: Group's share of Profit	4,557	4,105	cumulated 186,514,324 units sold		
			during the Year)	163,360	119,033
Net Investments	187,638	187,186			
			14,751,481 units (Previous Year		
NIL (Previous Year - 1,000) equity			18,348,404) of HDFC Cash		
shares of ₹ 50 each in Thane Janta	-	50	Management Fund Treasury		
Sahakari Bank Limited			Advantage Plan Wholesale- Daily		
			Dividend Reinvestment (107,080,332		
NIL (Previous Year - 1,000) equity			units purchased, 482,555 units		
shares of ₹ 10 each in Saraswat	-	10	cumulated and 111,159,810 units		
Co-operative Bank Limited			sold during the Year)	147,980	184,062
<b>Non - Trade</b>					
In Government Securities			830,846 units (Previous Year NIL)		
			of ICICI Prudential Liquid Plan-		
National Savings Certificates	100	50	Super Institutional Daily Dividend		
(6 Year NSCs - VIII issue)			reinvestment plan (48,238,740 units		
(Refer Note below)			purchased, 30,061 units cumulated		
Note: National Saving Certificates			and 47,437,955 units sold		
are given as security to the			during the Year)	83,103	-
Custom Authorities.					
<u>Others (Current)</u>					
Units in Mutual Funds			NIL units (Previous Year NIL) of		
			ICICI Prudential Floating rate Plan		
1,890,264 units (Previous Year			D-Daily Dividend Reinvestment Plan		
3,172,101) of ICICI Prudential			(17,016,958 Opening units ,		
Flexible Income Plan Premium -			34,883,266 units purchased, 271,236		
Daily Dividend Reinvestment Plan			units cumulated and 52,171,460		
(29,555,161 units purchased, 78,169			units sold during the previous year)	-	-
units cumulated and 30,915,167					
units sold during the Year)	199,867	335,402	NIL units (Previous Year NIL) of		
			Kotak Flexi Debt institutional-Daily		
			Dividend Plan (10,983,097 Opening		
			Units, NIL Units purchased, 39,696		
			units cumulated and 11,022,793		
			units sold during the previous year)	-	-

## SCHEDULES

### Schedules forming part of the Balance Sheet

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
NIL units (Previous Year NIL) of HDFC Cash Management Fund - Savings Plan- Daily dividend Reinvestment option (133,809,202 units purchased, 156,517 units cumulated and 133,965,719 units sold during the Year)	-	-
NIL units (Previous Year NIL) of Birla Cash Plus Institutional Premium - Daily dividend - Reinvestment (308,491,529 units purchased, 237,404 units cumulated and 308,728,933 units sold during the Year)	-	-
<b>Total</b>	<b>968,602</b>	<b>1,051,849</b>

#### SCHEDULE 5

##### INVENTORIES

[Refer Note 1(f) - Schedule 16]

Packing and Stationery Consumables	14,038	12,098
Spares	7,708	7,940
<b>Total</b>	<b>21,746</b>	<b>20,038</b>

#### SCHEDULE 6

##### SUNDRY DEBTORS

(Unsecured, considered good)

Other debts [Refer Note 8(d) (i) - Schedule 16]	1,532,855	1,259,389
<b>Total</b>	<b>1,532,855</b>	<b>1,259,389</b>

#### SCHEDULE 7

##### CASH AND BANK BALANCES

Cash, cheques on hand and remittances in transit	114,519	120,698
Balance with scheduled banks:		
on current accounts	228,905	134,015
on deposit accounts	-	24
on margin money accounts	390	210

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
on unpaid dividend accounts	1,069	1,243
Balance with non-scheduled bank: (Municipal Co-operative Bank)		
on current account	7,457	2,309
on deposit account	1,380	1,380
{Maximum amount outstanding during the Year in current account ₹ 18,852 ('000) [Previous Year - ₹ 11,548 ('000)] and in deposit account ₹ 1,380 ('000) [Previous Year - ₹ 1,380 ('000)]}		
<b>Total</b>	<b>353,720</b>	<b>259,879</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 ₹ 3,272 ('000) [Previous Year ₹ 4,760 ('000)] held in trust on behalf of others.

### Schedules forming part of the Balance Sheet

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('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
Advances recoverable in cash or in kind or for value to be received:		
Prepaid expenses	44,656	32,607
Deposits	291,487	262,422

## SCHEDULES

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

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)		Year ended December 31, 2010 In ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
Advance tax [Net of Provision for Taxation ₹ 1,485,499 ('000) [Previous Year ₹ 1,019,188 ('000)] and Provision for Fringe Benefit Tax ₹ NIL [Previous Year ₹ 42,425 ('000)]	79,572	62,679	<b>SCHEDULE 11</b>		
Other Advances	228,734	170,452	<b>OTHER INCOME</b>		
<b>Total</b>	<b>859,449</b>	<b>1,308,955</b>	Dividend from Mutual Funds (from non-trade investments)	34,053	34,238
<b>SCHEDULE 9</b>			Interest on Loan to Blue Dart Aviation Limited {Tax deducted at source ₹ 852 ('000) [Previous Year - ₹ NIL ('000)]}	4,258	-
<b>LIABILITIES</b>			Interest on Inter-Corporate Deposit to Blue Dart Aviation Limited {Tax deducted at source ₹ 517 ('000) [Previous Year - ₹ 2,171 ('000)]}	2,587	9,893
Sundry Creditors:			Interest on deposits with banks and others {Tax deducted at source ₹ 35 ('000) [Previous Year - ₹ NIL ('000)]}	1,346	6,415
a) Micro, Small and Medium Enterprises [Refer Note 11 - Schedule 16]	6,455	4,617	Liability no longer required, written back	1,629	5,223
b) Others [Refer Note 8(d)(iii) - Schedule 16]	961,424	758,790	Gain on sale / scrapping of fixed assets (Net)	-	123
Unclaimed dividend *	1,069	1,243	Miscellaneous income	10,212	21,266
Other liabilities	248,781	214,690	<b>Total</b>	<b>54,085</b>	<b>77,158</b>
<b>Total</b>	<b>1,217,729</b>	<b>979,340</b>	<b>SCHEDULE 12</b>		
*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			<b>FREIGHT, HANDLING AND SERVICING COSTS</b>		
<b>SCHEDULE 10</b>			Aircraft Charter costs	3,842,519	3,110,632
<b>PROVISIONS</b>			Domestic network operating costs	2,120,255	1,537,321
Provision for Gratuity [Refer Note 1(g) and 2 - Schedule 16]	10,604	6,796	International servicing charges	684,178	600,717
Provision for Leave Encashment [Refer Note 1(g) and 2 - Schedule 16]	77,520	65,202	Domestic excess baggage	452,666	309,517
Proposed Dividend	23,728	23,728	Handling and clearing charges	244,694	175,232
Tax payable on Proposed Dividend	3,941	4,033	Printing, stationery and consumables	143,272	125,953
<b>Total</b>	<b>115,793</b>	<b>99,759</b>	<b>Total</b>	<b>7,487,584</b>	<b>5,859,372</b>

## SCHEDULES

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

	Year ended December 31, 2010 In ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>SCHEDULE 13</b>		
<b>EMPLOYEE COSTS</b>		
[Refer Notes 1(g), 2, 8(C)(ii) - Schedule 16]		
Salaries, Bonus and Leave Encashment [Refer Notes 1(j) and 9 (b) - Schedule 16]	1,338,218	1,248,276
Contribution to Provident and other Funds	114,471	77,754
Staff welfare expenses	48,576	33,229
<b>Total</b>	<b>1,501,265</b>	<b>1,359,259</b>
<b>SCHEDULE 14</b>		
<b>OTHER COSTS</b>		
Rent [Refer Notes 1(j), 9 (a) and 9 (b) - Schedule 16]	429,606	361,011
Electricity charges	87,374	76,061
Office expenses	85,731	66,777
Security Expenses	75,048	58,338
Repairs and maintenance - others	67,154	51,910
Communication expenses	63,339	67,024
Legal and Professional charges	46,389	46,423
Rates and taxes	30,267	24,168
Travelling and conveyance	16,647	9,533
Insurance	15,444	13,524
Sales promotion and advertising	14,793	10,280
Lease rentals [Refer Notes 1(j) and 9 (b) - Schedule 16]	12,507	11,275
Bad debts	8,951	13,351
Loss on sale / scrapping of fixed assets (net)	5,706	-
Miscellaneous expenses	2,699	2,307
Loss on account of Foreign exchange fluctuation (Net) [Refer Note 1(i) - Schedule 16]	1,193	1,504
<b>Total</b>	<b>962,848</b>	<b>813,486</b>

	Year ended December 31, 2010 In ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
<b>SCHEDULE 15</b>		
<b>INTEREST EXPENSE</b>		
On Bank Overdraft	140	218
Others	-	5,304
<b>Total</b>	<b>140</b>	<b>5,522</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.

D-Check on Aircraft represents costs incurred towards heavy maintenance and mandatory checks carried out on Aircraft exclusively operated for the Company.

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 ₹ 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 10 to 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 which are valued at cost (arrived at using First-in First-out basis) and net realisable value which ever is lower. Cost of Spares is calculated at purchase price and expenditure directly attributable to the acquisition of such inventories for bringing it to its present location using the specific identification method.

### (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 an independent actuary. The actuarial valuation method used by the 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

- Employers' Contribution to Employee's State Insurance
- 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, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
- Employers' Contribution to Provident Fund	28,567	24,725
- Employers' Contribution to Superannuation Fund	5,194	6,606
- Employers' Contribution to Employee's State Insurance	20,471	15,236
- Employers' Contribution to Employee's Pension Scheme 1995	28,131	25,491

### 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, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Discount Rate (per annum)	8.5% / 8.25%	8.5% / 8.25%
Rate of increase in Compensation levels	7.25% / 6.75%	7.25% / 6.75%
Rate of Return on Plan Assets	7.75%	7.75%
Expected Average remaining working lives of employees (years)	22 / 18	20 / 15

## SCHEDULES

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

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Present Value of Obligation at the beginning of the year	177,432	174,206
Interest Cost	14,639	13,936
Past Service Cost	Nil	Nil
Current Service Cost	16,571	17,622
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(3,593)	(7,898)
Actuarial (gain) / loss on obligations	8,482	(20,434)
Present Value of Obligation as at Year end.	213,531	177,432

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

Fair Value of Plan Assets at the beginning of the year	171,987	137,070
Expected Return on Plan Assets	13,329	9,614
Actuarial Gains and (Loss) on Plan Assets	(1,009)	1,850
Contributions	22,142	30,000
Benefits Paid	(3,522)	(7,898)
Fair Value of Plan Assets at Year end	202,927	170,636

**Note:** The difference in Fair value of Plan Assets as on December 31, 2009 and January 1, 2010 is on account of benefits paid as submitted to the Actuary and audited figures as at December 31, 2009.

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

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Present Value of funded obligation as at the year end	212,060	176,225
Fair Value of Plan Assets as at the end of the year	202,927	170,636
Funded Status	(10,604)	(6,796)

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Present Value of unfunded Obligation as at the Year end	(10,604)	(6,796)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(10,604)	(6,796)

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

Present Value of Obligation at the end of the year	(213,531)	(177,432)
Fair Value of Plan Assets at Year end	202,927	170,636
Liability recognised in the Balance Sheet	(10,604)	(6,796)

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

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
Current Service Cost	16,571	17,622
Past Service Cost	Nil	Nil
Interest Cost	14,639	13,936
Expected Return on Plan Assets	(13,329)	(9,614)
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net actuarial (gain) / loss recognised in the Year	9,491	(22,284)
Total Expenses / (Gain) recognised in the Profit and Loss Account	27,372	(340)

### F) Experience Adjustments

Defined Benefit Obligation	212,060	176,225
Plan Assets	202,927	171,987
Deficit / (Surplus)	(9,133)	(4,238)
Experience Adjustment on plan liabilities (gain) / loss	8,374	(8,575)
Experience Adjustment on plan assets (gain) / loss	1,009	(1,850)

## SCHEDULES

### G) Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at December 31, 2010 is 100%

The Plan Assets are administered by Life Insurance Corporation of India ("LIC") as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance and Regulatory Development Authority regulations.

### H) Expected gratuity contribution for the next year is aggregating ₹ 19,717 ('000) [Previous Year ₹ 16,767 ('000)].

### III Other Long-term Employee Benefits

The liabilities for Leave Encashment and Compensated Absences as at year end were ₹ 69,436 ('000) [Previous Year ₹ 59,306 ('000)] and ₹ 8,084 ('000) [Previous Year ₹ 5,896 ('000)] respectively.

### 3. Capital Commitments

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {Includes proportionate share of an associate of ₹ 21,128 ('000) [ Previous Year - ₹ 142,554 ('000)]}	180,054	299,158

### 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	105,486	83,312

{Includes proportionate share of an associate of ₹ 80,583 ('000)  
[ Previous Year - ₹ 59,420 ('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, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
(a) Profit after taxation (₹ '000)	947,016	611,859
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In ₹)	39.91	25.79
(d) Nominal value of shares outstanding (In ₹)	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, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
(a) Liabilities		
Depreciation / Amortisation	216,214	215,197
<b>Total</b>	<b>216,214</b>	<b>215,197</b>
(b) Assets		
Provision for Leave Encashment	24,392	20,803
Provision for Bonus	7,008	6,733
Provision for Gratuity	3,552	2,310
<b>Total</b>	<b>34,952</b>	<b>29,846</b>
<b>Net Deferred Tax Liabilities</b>	<b>181,262</b>	<b>185,351</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 within India and is managed as one entity, for its various service offerings and is governed by a similar set of risks and returns.

## SCHEDULES

### 8. Related party disclosures

#### (A) (i) Enterprises where control exists:

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

#### (ii) Key Management Personnel

Anil Khanna	- Managing Director of Blue Dart Express Limited
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#### (B) Related party relationships where transactions have taken place during the year:

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

DHL Express (Singapore) Pte. Limited, Singapore	- Holding Company
DHL Express (India) Private Limited, India	- Fellow Subsidiary Company
DHL Lemuir Logistics Private Limited, India	- Fellow Subsidiary Company
Blue Dart Aviation Limited, India	- Associate Company

##### (ii) Key Management Personnel

Anil Khanna	- Managing Director of Blue Dart Express Limited
Clyde C. Cooper	- Director
Malcolm Monteiro	- Director
Christopher Ong	- Director

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

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
(i) <u>With Holding/Fellow Subsidiaries/Associate Company</u>		
<b>DHL Express (Singapore) Pte. Limited</b>		
Dividend paid	19,228	19,228
<b>DHL Express India Private Limited</b>		
International Servicing Cost	684,178	600,717
Domestic Service charges income	(371,258)	(258,692)
Reimbursements of expenses	4,143	3,497
<b>DHL Lemuir Logistics Private Limited</b>		
Domestic service charges income	(293,911)	(163,404)
Deposit received / (paid)	535	(629)
<b>Blue Dart Aviation Limited</b>		
Aircraft charter cost	3,842,287	3,110,371
Capital Advances granted	567,563	441,725
Capital Advances settled	(8,900)	(50,714)
Capital Advances converted to Loan	1,124,458	-

## SCHEDULES

	Year ended December 31, 2010 in ₹ ('000)	Year ended December 31, 2009 in ₹ ('000)
Inter Corporate Deposit granted	151,121	201,780
Inter Corporate Deposit settled	(151,121)	(201,780)
Interest income on Loan	(4,258)	-
Interest on Inter- Corporate deposit	(2,587)	(9,893)
Reimbursements towards air freight, etc	27,168	18,448
Domestic Service charges income	(6,069)	(3,673)
Recoveries towards Agency charges	3,660	3,834
(ii) With Key Management Personnel		
<b>Managerial remuneration</b>		
Salary	8,426	7,260
Commission	9,300	9,000
Contribution to Provident fund	643	598
Contribution to Superannuation Fund	187	747
Leave Encashment paid	277	540
Perquisites	1,369	1,264
Directors' sitting fees	640	600
	20,842	20,009
<u>Incurred for:</u>		
Remuneration - Anil Khanna	18,202	17,409
	18,202	17,409

Provision for Leave Encashment / compensated absences and Gratuity, which are based on actuarial valuations done on an overall company basis, are excluded above.

### (D) Related party balances at the year end:

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
(i) Receivable / (payable) from / to Fellow subsidiary / Associate Company		
DHL Express India Private Limited (Net)	(113,657)	(98,437)
DHL Lemuir Logistics Private Limited	68,202	66,609
Blue Dart Aviation Limited	1,339,458	780,795
(ii) Corporate Guarantee given on behalf of Blue Dart Aviation Limited (as at year end)	1,660,000	1,660,000
(iii) Payable to Key Management Personnel:		
Anil Khanna	7,300	7,000

### 9. Commitments under lease agreements

(a) The Company has entered into various non-cancellable operating lease agreements for official / residential premises for a period of two to five years and commitments as at December 31, 2010 are as under:

Upto One Year	28,990	25,040
One to Five Years	36,241	65,231
Above Five Years	-	-

(b) Company has entered into various cancellable leasing arrangements for motor cars, office equipments and for official / residential premises. The lease rentals for motor cars of ₹ 21,636 ('000) [Previous year ₹ 17,315 ('000)] has been included under the head "Employee Costs - Salaries, Bonus and Leave Encashment" under Schedule 13 forming part of the Profit and Loss Account. Lease rentals for office equipments of ₹ 12,507 ('000) [Previous year ₹ 11,275 ('000)] has been included under the head "Other Costs - Lease Rentals" and lease rentals for official and residential premises of ₹ 404,566 ('000) [Previous year ₹ 342,450 ('000)] has been included under the head "Other Costs - Rent" under Schedule 14 forming part of the Profit and Loss Account.

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 (36) of Section 211 of the Companies Act, 1956 ("The Act") and the relevant provisions of the Act.



## SCHEDULES

- (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, 2010	% voting power held as at December 31, 2009
Concorde Air Logistics Limited (with effect from May 11, 2004)	India	100%	100%

- (b) Investment in Associate

Blue Dart Aviation Limited (with effect from March 11, 2005)	India	49%	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 December 31, 2010. The disclosure pursuant to the said Act is as under:

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
Principal amount due to suppliers under MSMED Act, 2006	6,455	4,617
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)	-	-

	As at December 31, 2010 in ₹ ('000)	As at December 31, 2009 in ₹ ('000)
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, 2010, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2011 relevant to the assessment year 2011-2012.
13. Information with regard to other matters specified in paragraphs 4C, 4D (a) and 4D (c) of Part II of Schedule VI of the Companies Act, 1956 is either Nil or not applicable to the Company for the year ended December 31, 2010.
14. During the year, the Company has granted an unsecured loan of ₹ 1,124,458 ('000) (on conversion of capital advances disclosed under 'Loans and Advances') to Blue Dart Aviation Limited to meet its financial requirements towards infrastructure expansion for its dedicated air cargo services under the Aircraft, Crew, Maintenance, Insurance ('ACMI') Agreement.
15. 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**  
Firm Registration Number: 007568S  
Chartered Accountants  
**Lalit Punjabi**  
Partner  
Membership No. F- 48102

Place: Mumbai  
Dated: February 1, 2011

For and on behalf of the Board of Directors

**Sharad Upasani**  
Chairman

**Roger Crook**  
Director

Place: Mumbai  
Dated: February 1, 2011

**Anil Khanna**  
Managing Director

**Clyde Cooper**  
Director

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

**Malcolm Monteiro**  
Director

**Suresh G. Sheth**  
Director

**Tushar Gunderia**  
Company Secretary

[illegible]

# Fact Sheet



Description	:	South Asia's premier and integrated air express package distribution company.
Began Operations	:	November 1983
Headquarters	:	Mumbai, India
Revenues (Jan - Dec 2010)	:	₹ 114,741 Lacs
Destinations Services	:	Domestic - over 25,646 locations International - More than 220 countries and territories worldwide through sales alliance with DHL.
Air Support	:	Three Boeing 737-200 and Four Boeing 757-200 freighters
Ground Support	:	Over 5,351 vehicles
Number of shipments handled (in lacs) (Jan-Dec 2010)	:	Domestic – Over 870 International – Over 7
Tonnage handled (Jan-Dec 2010)	:	Over 338,000
People Force	:	Over 6,000
Website	:	<a href="http://www.bluedart.com">www.bluedart.com</a>



**Corporate Office**

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

Tel: 2839 6444 Fax: 2824 4131

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



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