

NOTICE

NOTICE is hereby given that Twenty First Annual General Meeting of the Company will be held on Tuesday, April 24, 2012 at 3.30 p.m. at Victoria Suite, 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, 2011 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, 2011.
3. To appoint a Director in place of Mr. Clyde Cooper who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Suresh Sheth who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Jerry Hsu who has been appointed as an Additional Director of the Company with effect from June 30, 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."

7. a) To consider and, if thought fit, to pass with or without modification(s), the following resolutions as an **Ordinary Resolutions**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956 and read with Schedule XIII of the said Act (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in terms of the recommendation of the Compensation Committee and as approved by Board of Directors, approval of Members of the Company be and is hereby accorded to the re-appointment of Mr. Anil Khanna as Managing Director of the Company for a period of three (3) years commencing from February 21, 2012 and on the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. Anil Khanna, Managing Director, the draft whereof is placed before this meeting and for the purpose of identification, is initialed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and 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 herein above, where, during the term of employment of the Managing Director, if in any financial year, the Company has no profits or its profits are inadequate, unless otherwise

approved by any Statutory Authority, as may be required, the remuneration payable to the Managing Director including Salary, perquisites and any other allowances shall be governed and be subject to the conditions and ceiling provided 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 or desirable steps for the aforesaid purpose and matters incidental thereto."

7. b) To consider and, if thought fit, to pass with or without modification(s), the following resolutions as an **Ordinary Resolutions**:

"RESOLVED THAT in partial modification of earlier Resolutions stated above in item no. 7 (a) for the re-appointment of Mr. Anil Khanna, Managing Director of the Company 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 in terms of 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, 2012 to March 31, 2013, as set out in the Agreement to be entered into between the Company and Mr. Anil Khanna, Managing Director, the draft whereof is placed before this meeting and for the purpose of identification, initialed by the Chairman, which Agreement is hereby specifically sanctioned with the liberty to the Board of Directors to alter and 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 herein above, where, during the term of employment of the Managing Director, if in any financial year, the Company has no profits or its profits are inadequate, unless otherwise approved by any Statutory Authority, as may be required, the remuneration payable to the Managing Director including Salary, perquisites and any other allowances shall be governed and be subject to the conditions and ceiling provided 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."

Mumbai,
January 31, 2012

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

By Order of the Board
sd/-
Tushar Gunderia
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. 6 and 7 (a) & 7 (b) above and relevant details in respect of item nos. 3, 4 and 6 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 17, 2012 to April 24, 2012 (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 16, 2012 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 16, 2012. Transfer Documents received after April 16, 2012 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, 2002-2003 and 2003-2004 to "The Investors 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 2004-2005 till the period ended December 31, 2010, are requested to write to the Company's Registrar and Share Transfer Agent 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 Registrar and Transfer Agent 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.

REGISTRAR & SHARE TRANSFER AGENT:

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

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

Mr. Clyde Cooper is one of the founding members of Blue Dart. Mr. Cooper was instrumental in drawing the vision that differentiated Blue Dart from other companies and set it on the path of definitive success. He charted the turnaround strategy of the Company in the year 1997 and transformed Blue Dart into a consistently profitable Company within two years, propelling Blue Dart into a dominant leadership position in the Express Industry in the South Asian - Region. Mr. Cooper has over 31 years of experience in the Air Cargo, Aviation and Express Industry, and has been instrumental in leading several initiatives in the express industry in India viz; the concept of 'On Board Couriers', setting up the logistics for the Hub-and-Spoke system and launching India's first and, till date, only express airline.

Mr. Clyde Cooper is an Economics graduate from Mumbai University.

Directorship in other Companies

1. Blue Dart Aviation Ltd.

Mr. Clyde Cooper, Director, is not a member of any other committees, as contemplated under clause 49 of the Listing Agreement, other than a member of Audit Committee and Remuneration Committee of Blue Dart Aviation Ltd. and does not hold any shares in the Company.

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

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

Mr. Suresh Sheth is a Commerce graduate from Sydenham College of Commerce and Economics and a Fellow Chartered Accountant (FCA) and has been a Member of the Institute of Chartered Accountants of India (ICAI) for the past 41 years. Mr. Suresh Sheth is a partner in M/s. Sheth & Company, a firm of Chartered Accountants. His area of specialisation include Audit, Taxation and Financial Consultancy. Mr. Sheth has travelled worldwide extensively in his professional capacity. He has been associated with Blue Dart since inception and has also been associated with various charitable institutions.

Directorship in other Companies

1. Antron (India) Pvt. Ltd.
2. Antelec Ltd.

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

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

PROFILE OF MR. JERRY HSU
(Pursuant to Clause 49 of the Listing Agreement)

Mr. Jerry Hsu is CEO, DHL Express Asia Pacific and a member of the DHL Express Global Management Board. Based in Hong Kong, he is responsible for China, Japan, Korea, Hong Kong, Taiwan, South East Asia, India and South Asia, Oceania and other markets and territories in the region.

In his former role as President of DHL Express Greater China, Mr. Jerry Hsu has supported in guiding DHL's Greater China Area to strong double-digit growth and consistent generation of more than US\$1.5 billion sales turnover over the last few years. He was instrumental in developing DHL Express market leadership position in the Area's key markets of Hong Kong and Taiwan, as well as China, the company's fastest-growing markets. Under Mr. Hsu's leadership, more than US\$1.3 billion has been invested in the Greater China Area.

Mr. Jerry Hsu joined DHL Express in January 2001 as an Area Director responsible for Newly Industrialized Economies (NIE), which included Hong Kong, Singapore, South Korea and Taiwan. In September 2002, he was appointed Regional Director responsible for Greater China, Korea Peninsula and Mongolia before being named President for the Greater China Area.

Prior to joining DHL Express, Mr. Jerry Hsu held various senior positions at U.S.-based DaimlerChrysler Corporation including Vice Chairman of Beijing Jeep Corporation, Vice President of Sales and Marketing Asia Pacific and General Manager of Japan, Taiwan and China subsidiaries.

Mr. Jerry Hsu graduated from the National Chengchi University in Taiwan, and holds a Master's degree in International Economics and Politics from the University of Detroit Mercy.

Directorship of other Companies;

1. DHL Express (Hong Kong) Limited
2. DHL Express (Macau) Limited
3. DHL - Sinotrans International Air Courier Limited
4. Sinotrans Limited

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

Mr. Hsu 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. 6 and 7 (a) & (b) of the accompanying Notice dated January 31, 2012.

Item No.6

Mr. Jerry Hsu was appointed by the Board of Directors of the Company as an Additional Director with effect from June 30, 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. Jerry Hsu as a candidate for the office of Director of the Company.

None of the Directors of the Company except Mr. Jerry Hsu 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. 7 (a)

Subject to necessary approval by the Members in the General Meeting, the Board of Directors of the Company in its Meeting held on January 31, 2012, re-appointed Mr. Anil Khanna as Managing Director of the Company for a further period of three years with effect from February 21, 2012 to February 20, 2015.

Mr. Anil Khanna is a graduate from St. Stephen's College, Delhi and holds an MBA degree in Marketing and Finance from UBS, Chandigarh. Mr. Khanna has 32 years of experience in various industries and has been with Blue Dart for over 20 years.

Mr. Anil Khanna took over as Managing Director of Blue Dart Express Ltd. in the year 2007 and since then has led the organisation successfully with clear strategic vision, focus on customers and inclusive execution of customer centric value propositions, thereby consolidating Blue Dart's leadership position in the market place.

Under his leadership, Blue Dart has increased its market share in Air and Ground Express and has broadened its strategic focus from being an air express company since inception to being a company that straddles customer offerings across time definite, priority, deferred as well as focus on industry specific solutions in air and ground express segments. Mr. Khanna also possesses varied experience in the paints and varnishes, consumer durables, auto components and construction chemical industries.

The Board of Directors of the Company has subject to provisions of Sections 198, 269, 309, and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, appointed Mr. Anil Khanna as Managing Director for a period of three years with effect from February 21, 2012, on the remuneration terms and broad terms and conditions detailed hereunder.

TERMS AND CONDITIONS OF APPOINTMENT OF MR.ANIL KHANNA AS THE MANAGING DIRECTOR

(From February 21, 2012 to March 31, 2012)

Basic Salary	-	₹ 5.71 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;

- (i) Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (iii) 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.
- (iv) Encashment of an unavailed leave at the end of each year.
- (v) Re-imbursement of telephone expenses at residence for official purpose.
- (vi) A chauffeur driven vehicle.
- (vii) Coverage under 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 shall be entitled to incentive payment based on achievement of profitability levels for the year ended December 31, 2011, upto a maximum of ₹ 73 lacs, as may be decided by the Board of Directors from time to time.
- (xi) Increment for each year shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and members of the Company at 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.

In terms of Article 154 of the Articles of Association of the Companies Act, 1956, Mr. Anil Khanna shall not be subject to retirement by rotation during his tenure as Managing Director.

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 any Statutory Authority, the remuneration shall be paid as per the conditions and monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.

A copy of the draft 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 7 (a) of the accompanying Notice is being placed before the members in the Annual General Meeting.

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

The Directors recommend the resolution for approval of members.

Item No. 7 (b)

Subject to necessary approval by the Members in the General Meeting and on recommendation of the Compensation Committee in its Meeting held on January 31, 2012, the Board of Directors on January 31, 2012 revised the remuneration terms of Mr. Anil Khanna as Managing Director for the period April 1, 2012 to March 31, 2013 as under:

Basic	-	₹ 7.06 lacs per month
House Rent Allowance	-	₹ 0.825 lacs per month
Special Allowance	-	₹ 2.09 lacs per month
Sr. Manager Allowance	-	₹ 0.856 lacs per month

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

- (i) Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (iii) Encashment of an unavailed leave at the end of each year.
- (iv) Re-imbursement of telephone expenses at residence for official purpose.
- (v) A chauffeur driven vehicle.
- (vi) Coverage under Company's Group Insurance Cover.
- (vii) Fees of club, subject to a maximum of one club. This will not include admission and life membership fees.
- (viii) Subscription and Annual fees for the Corporate Credit Card.
- (ix) The Managing Director shall be entitled to incentive payment based on achievement of profitability levels for the year ended December 31, 2012, upto a maximum of ₹ 73 lacs, as may be decided by the Board of Directors from time to time.
- (x) Increment for each year shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and members of the Company at the General Meeting of members.
- (xi) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of ₹ 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 any Statutory Authority, the remuneration shall be paid as per the conditions and monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.

A copy of the draft 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 7 (b) of the accompanying Notice is being placed before the members in the Annual General Meeting.

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

The Directors recommend the resolution for approval of members.

Mumbai
January 31, 2012

By Order of the Board
sd/-
Tushar Gunderia
Company Secretary

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



BLUE DART EXPRESS LIMITED

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

ATTENDANCE SLIP

I certify that I am a member/proxy for the member of the Company. I hereby record my presence at the 21st Annual General Meeting of the Company at Victoria Suite, Hotel Hilton Mumbai International Airport, Sahar Airport Road, Andheri (E), Mumbai - 400 099 on Tuesday, 24th April, 2012 at 3.30 p.m.

Ledger Folio No. _____ No. of Shares _____

DP ID No. _____ Client ID No. _____

Name _____ Signature _____



BLUE DART EXPRESS LIMITED

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

PROXY FORM

I / We _____ of _____ in the district of _____ being a member(s) of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my / our proxy to attend and vote for me / us and on my / our behalf at the 21st Annual General Meeting of the Company to be held on Tuesday, 24th April, 2012 and at any adjournment thereof.

Ledger Folio No. _____ No. of Shares held _____

DP ID No. _____ Client ID No. _____

Signed this _____ day of _____ 2012.

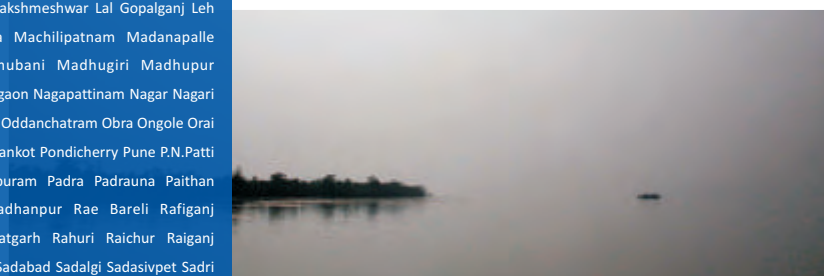
Affix
15 paise
Revenue
Stamp

Signature

Notes:

1. This form duly completed should be deposited at the Registered Office of the Company at Mumbai not later than 48 hours before the time of the meeting.
2. The Company reserves its right to ask for identification of the proxy.
3. A Proxy cannot speak at the meeting and cannot vote on a show of hands.

Twenty-First Annual Report 2011



Abhayapuri Achabbal Achalpur Achhnera Adalaj Adari Adilabad Adityana
Adityapatna Agartala Agra Ahmedabad Babiylal Baddi Bade Bacheli Badaun
Badepalle Badharghat Bagaha Bahadurgarh Bahadurganj Baharampur
Bengaluru Bhopal Chandigarh Coorg Chennai Coimbatore Cambay
Chaibasa Chakeri Chakradharpur Chalisgaon Chamba Champa Champawat
Champhai Chamrajnagar Darjeeling Dabra Dadri Dahod Dalhousie Dalkhola
Dalli-Rajhara Dalsinghsarai Daltonganj Daman and Diu Damoh Ellenabad
Eluru Erattupetta Erode Etah Etawah Faizabad Falna Faridabad Faridkot
Farooqnagar Farrukhabad Fatehabadm Fatehgarh Fatehpur Chaurasi
Gadag Gadchiroli Gadwal Ganaur Gandhidham Gandhinagar Gangtok
Ganjam Garhwa Gauripur Gurgaon Haflong Hailakandi Hajipur Haldia
Haldwani Haibat Hamirpur Hans Haridwar Howrah Hyderabad Hanuman
Junction Ichalkaranji Ichchapuram Idar Imphal Indore Indranagar
Irinjalakuda Islampur Itanagar Itarsi Jabalpur Jagadhri Jagatsinghpur
Jagdalpur Jagdispur Jaggaiahpet Jagraon Jagtial Jaipur Jammu Jamnagar
Jais Kadapa Kadi Kadi Kadirur Kagaznagar Kailaras Kailasahar Kaithal
Kakching Kakinada Kanpur Kolkata Lachhmangarh Ladnu Ladwa Lahar
Laharpur Lakheri Lakhimpur Lakhisarai Lakshmeshwar Lal Gopalganj Leh
Lucknow Mumbai Nindaura Macherla Machilipatnam Madanapalle
Maddur Madgaon Madhepura Madhubani Madhugiri Madhupur
Madhyamgram Nabha Nadbai Nadiad Nagaon Nagapattinam Nagar Nagari
Nagarkurnool Nagaur New Delhi O' Valley Oddanchatram Obra Ongole Orai
Osmanabad Ottappalam Ozar Panaji Pathankot Pondicherry Pune P.N.Patti
Pachora Pachore Pacode Padmanabhapuram Padra Padrauna Paithan
Pakaur, Palacole Rabkavi Banhatti Radhanpur Rae Bareilly Rafiganj
Raghogarh-Vijaypur Raghunathpur Rahatgarh Rahuri Raichur Raiganj
Rameshwaram Ranchi Shimla Sabalgarh Sadabad Sadalgi Sadasivpet Sadri
Sadulshahar Safidon Safipur Sagar Thiruvananthapuram Tadepalligudem
Tadpatri Taki Talaja Talcher Talegaon Dabhade Talikota Taliparamba Talode
Talwara Uchgaon Udaipur Udaipurwati Udgir Udhagamandalam
Udhampur Udumalaipettai Udipi Ujhani Ujjain adakara, Vadakkuvalliyur
Vadalur Vadgaon Kasba Vadipatti Vadnagar Vadodara Valajapur Vaikom
Valparai Wadgaon Road Wadhwan Wadi Wai Wanaparthy Wani Wankaner
Wara Seoni Warangal Wardha Yadgir Yamunanagar Yanam Yavatmal Yawal
Yellandu Yemmiganur Yerraguntla Yevla Zahirabad Zaidpur Zamania Zira
Zirakpur Zunheboto

How Expertise, Value, Innovation and Leadership go places in Blue Dart Country



BLUE DART

How expertise,
value,
innovation
and leadership
go places in
Blue Dart Country



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CONCORDE AIR LOGISTICS LIMITED

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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.



BLUE DART

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

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



Jerry Hsu
Director



George Berczely
Alternate Director to
Jerry Hsu

Executive Management



Yogesh Dhingra
Finance Director &
Chief Operating Officer



Aneel Gambhir
Head - Internal Audit



Arun Nangpal
Head - Customer Service



Barttanu Kumar Das
Head - Human Resources



Tushar Gunderia
Company Secretary &
Head - Legal & 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



Dear Fellow Stakeholders,

The year gone by was one of those, where there was a sense of satisfaction that arises from surmounting a challenging external environment and emerging stronger.

Emerging Stronger

The economic scenario witnessed in 2011 can best be described as volatile. Against the backdrop of a global economic crisis, the Indian economy faced considerable inflationary pressure. This led to a rising interest rate scenario where borrowing costs escalated and economic growth got stifled.

However, given the sheer size of our domestic economy and relatively strong consumption patterns that now characterise it, GDP growth in the Indian economy remained ahead of that of most nations.

Hence, notwithstanding its slippage from the high expectations that our policy makers had at the start of the year, Indian economy remained ahead of the curve when benchmarked against most other economies.

On the global front, Euro-zone continues to pose a risk for developing nations while the US-Iran-Israel tensions loom ominously on account of the impact it could have on oil prices. We are no longer living in a uni-polar world, but one that is characterised by integrated economies and financial markets, with a lot of focus on developing nations.

Amidst all this uncertainty, the Indian logistics sector stands out as one that actually emerged stronger and it is undisputably, one of the most promising sectors of India's new economy. Though nascent and not as technologically-advanced as its Western counterparts, the sector is creating a huge buzz globally by virtue of its sheer size and immense potential for growth.

Performance Matters

It pleases me to inform you that your Company has performed reasonably well and further strengthened its market leadership position. Within the domestic air express industry, Blue Dart commands a 45.9%¹ market share and has seen a significant increase in both, volumes and value. In the 'ground' segment, the Company garnered a market share of 12.4%¹.

The Air Express segment has grown at 28% (contributing 64% to the total revenue pie) while the Ground services (contributing 19% to the total revenue pie) which we launched in 2007, has grown at 46% on a lower base. Notably, the launch of our ground services was a strategic move which we implemented to further bolster our air express services and tap the potential in Tier II and Tier III markets, and it has worked well for us. The incremental effect on our Air Services too is clearly discernible.

Your Company posted a ₹ 12,224 lacs profit after tax for the year ended December 31, 2011 compared to ₹ 9,437 lacs profit after tax for the year ended December 31, 2010. Income from operations for the year ended December 31, 2011 was ₹ 148,960 lacs, compared to ₹ 114,741 lacs for the year ended December 31, 2010. The Board of Directors of your Company has recommended a dividend of 20% for the year ended December 31, 2011.

Your Company plays a vital role in the logistics segment and the company offers secure and reliable delivery of consignments to over 35,902 locations in India and to over 220 countries and territories worldwide through its group company – DHL Express.

Blue Dart's infrastructure comprises a fleet of three Boeing 737 and four Boeing 757 freighters offering a revenue payload of over 370 tonnes per night, a flotilla of over 6,272 vehicles, 365 facilities including 56 domestic warehouses and 12 express hubs delivering excellence.

In 2011, Blue Dart carried over 988.5 lacs domestic shipments and over 8 lacs international shipments weighing over 423,000 tonnes.

Technological Orientation – Our Key Distinguisher

Demographically, India is the world's second largest market. The Indian economy has remained relatively strong and weathered a recession that impacted the world adversely. India's growth rate, however, has not reached its true potential. This is primarily because of numerous roadblocks, including the lack of infrastructure and essential services. Furthermore, the logistic industry is highly fragmented and hence there are no economies of scale benefits that can be made available to the end user.

Technology usage too is still very low in India. This restricts the scope of increasing efficiency and productivity. Your Company has been able to differentiate itself and has achieved scalability due to its focus on technology right from the early stages of its business. It is reflected in the way the Company moves its products, in a manner which is more cost-effective, more fuel-efficient and more environment friendly.

On Top of the Growth Curve

We are constantly striving to maintain and improve our infrastructure — expanding capacity when needed and investing in our fleet to ensure that we safely and efficiently meet long-term demand. These timely investments ensure that we adjust to the changing transportation and logistics landscape. We also continue to seek opportunities to manage risk and cost very effectively and keep them in line with business needs, while preparing to fulfill our customers' needs when the economy improves. Blue Dart has an extremely transparent fuel surcharge mechanism in place since December 2002 to neutralize the impact of the Aviation Turbine Fuel (ATF) costs.

Customer delight, as I perceive it, has been the purpose of our existence and this to my mind has made us profitable. Various initiatives like Customer Satisfaction Surveys have helped us exceed our customer's expectations. We regularly undertake suggestions on the basis of our First Choice program and we take our internal performance matrix very seriously. Timely departure of airlines, maintaining service quality levels, increasing Revenue per shipment and kilos per shipment are some of the qualities which are ingrained in every Blue Darter, and it continues to motivate us to remain ahead of competition and set industry benchmarks.

We strive to improve our touch point experience and have a structured mechanism in place to gather, process and analyse customer feedback. This is the raw material used by us to improve our existing services and develop new offerings. This has gone a long way and we believe that it will continue to do so in our endeavour to retain our market leadership position. It has hence been accorded highest importance in our strategic plan to remain ahead of the competition.

Growth Strategy

Our growth drivers are multi-dimensional but well defined. We will be focusing on existing customers to scale our existing relationship with select high potential

clients by offering them a lot more than what we have been traditionally offering them. This will not only lead to revenue enlargement, but also give us an army of loyal customers.

Detecting opportunities vertical wise has helped us device sector specific solutions and this has helped the overall growth strategy of the Company, to a great extent. Demand for streamlined supply chains from the auto, pharma, hi-tech and retail sectors is expected to drive growth for us. We perceive SME's as an emerging opportunity and efforts have been underway to tap this segment across industry verticals, aggressively.

In terms of new customers, tapping new geographies and segments continues to be our key focus area.

Launching new products has been our response to any opportunity sensed in a new geography and new industry verticals. This approach has borne fruit. It pleases me to inform you that we have successfully launched 25 new services since 2008. Some of our success stories in the Air Express segment include Time Definite Solutions (Domestic Priority 1030, Domestic Priority 1200, Dart Apex 1200) and Day Definite Solutions (Domestic Priority, Dart Apex, Dart Surfceline). Packaging Solutions include Express Pallet: Air and Ground, Smart Box – Air and Ground. The Company also offers Cargo Solutions like Airport to Airport, Interline and Charters besides offering Festive Solutions and discounted Student Solutions.

Solutions like Temperature Controlled Logistics (TCL), Dart Surfceline Plus, Point to Point (P2P) and a host of value added services like Demand Draft on Delivery (DOD), Freight on Demand (FOD), Freight on Value (FOV), Cash on Delivery (COD) etc. represent our tailor made services for specific industry requirements.

The Company's global presence is established through the DHL Document Express (DOX), DHL Worldwide Package Express (WPX) and a wide range of packaging solutions. The service offers access to 220 countries and territories worldwide and to the extensive, quality network of 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, Shipper Interest Insurance (SII) and University Express are some of the other offerings.

Corporate Governance

Good Corporate Governance has always been an integral part of the Company's business philosophy. Good governance cannot be mandated, it should flow from within the business organisation and be integrated with corporate culture. Your Company continues to deliver value to its stakeholders through its People Philosophy and Corporate Governance, based on distinctive customer service, business ethics, accountability and profitability.

Growing Responsibly

On the Corporate Social Responsibility (CSR) front, Blue Dart continued its efforts on three key pillars: GoTeach (Education), GoGreen (Environment) and GoHelp (Disaster Management). Under GoTeach, the award winning 'Blue Edge - Empowering Lives' program, a 6-month course, continues to impact young lives from the marginalised segment of our society. Till date the program has completed 9 batches in Mumbai with the 10th batch being underway. In April 2011, the program was extended to Chennai which saw the completion of the 1st batch. The 2nd batch began in October 2011 and is underway in full thrust.

The relationship with DHL and Teach For India continues to grow with the active participation of employees in this area of social work.

Blue Dart participated in various efforts to put environmental concerns in the spotlight through GoGreen events like Earth Day, Volunteer Day, Power Saver-Initiative, GoGreen drives, etc.

Blue Dart recently launched India's first end-to-end GoGreen Carbon Neutral Service. The GoGreen Carbon Neutral Service allows customers to neutralise their carbon footprint by paying a marginal offset charge over and above their shipping rates.

Recently, your Company was associated with the first Corporate Responsibility Day and presented the first Blue Dart Global Corporate Social Responsibility Awards. The awards recognised Corporate Social Responsibility (CSR) champions and organisations across various industries. The Honorable Union Minister of Corporate Affairs, Dr. M.Veerappa Moily was the Chief Guest at the event held in Mumbai. The first Corporate Responsibility Day in India was marked by two panel discussions - CSR: The Way Forward and Public-Private Partnership for a Greener Planet. Designed to foster discussion and awareness of corporate responsibility within the private sector, the panel discussions were well attended by about 120 participants from the corporate and NGO communities and resulted in a great exchange of ideas and insights in the CSR sphere.

Blue Dart itself has a very strong sustainability programme in place across platforms for which we have received accolades and we are sure that such recognitions will only help more corporations to strive harder for a better tomorrow.

Commitment to the Future

Value for money, premium, reach, reliability, timely delivery, employer of choice, provider of choice, investment of choice are some of the key words with which Blue Dart has been associated and identified with and going forward this will only be strengthened.

Externally, we believe that the Implementation of Goods and Services Tax (GST), integration of supply chain and an improvement in the infrastructure and road conditions will facilitate the effective functioning of the logistics industry.

With a solid commitment to our customers, the environment and the communities we serve, we are naturally positioned to be part of the solution for the challenges that will define the coming decades.

Recently, your Company was honoured with Air Cargo Carrier of the Year Award - Indian Supply Chain & Logistics Summit and Excellence Awards besides many other awards in the months of January and February, 2012.

Gratitude

I am particularly proud of the way our team has responded to serve customers during difficult times. I appreciate the dedication and hard work of our employees. I would like to also thank all our stakeholders for their continued confidence, support and trust. While the challenges in front of us remain substantial, we are confident that we will continue to provide long-term value to our shareholders.

Warm regards,

Mumbai
March 10, 2012

Sharad Upasani
Chairman

Financial Summary

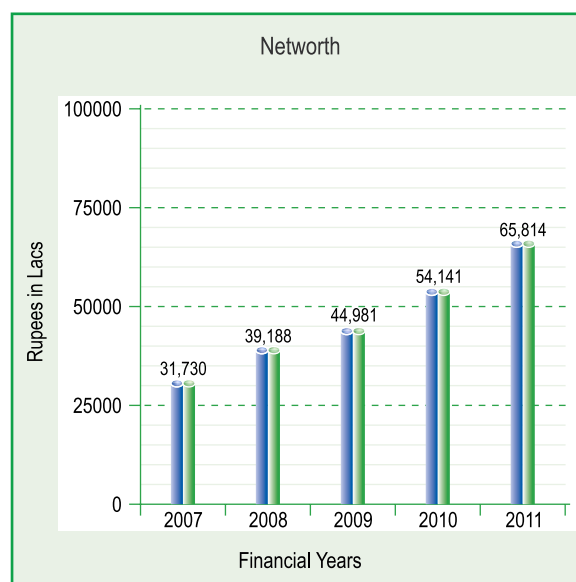
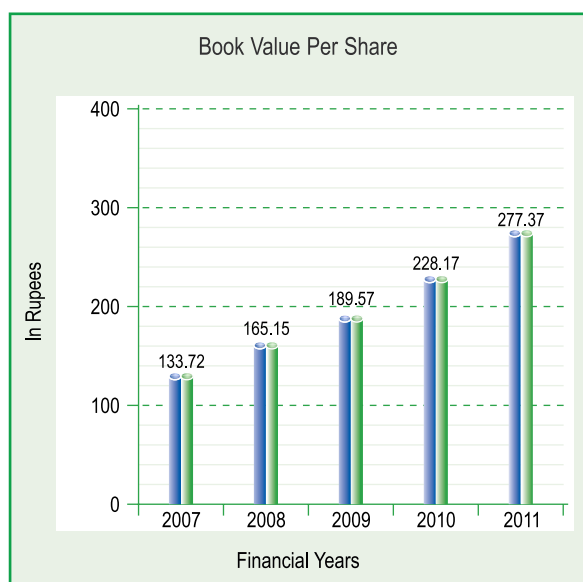
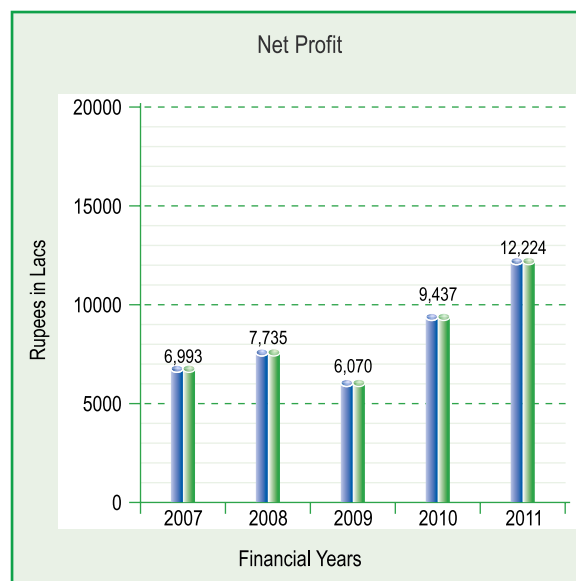
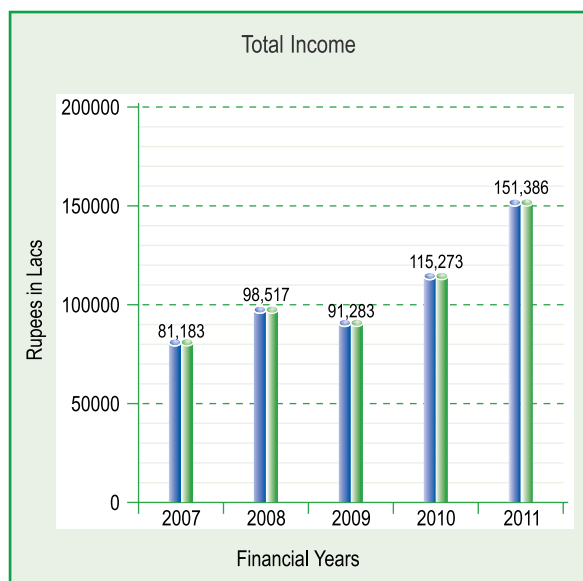
Financial Summary of the last five years

₹ in Lacs

Particulars	2007	2008	2009	2010	2011
Income from Operations	80,872	97,446	90,523	114,741	148,960
Other Income	311	1,071	760	532	2,426
Total Income	81,183	98,517	91,283	115,273	151,386
Total Expenditure	68,083	84,935	80,150	99,324	131,338
Operating Profit	13,100	13,582	11,133	15,949	20,048
Interest (Expense)	40	50	55	1	0
Gross Profit	13,060	13,532	11,078	15,948	20,048
Depreciation	2,403	1,657	1,776	1,922	2,160
Profit Before Tax	10,657	11,875	9,302	14,026	17,888
Taxation	3,664	4,140	3,232	4,589	5,664
Profit After Tax	6,993	7,735	6,070	9,437	12,224
Equity	2,376	2,376	2,376	2,376	2,376
Reserves	29,354	36,811	42,605	51,765	63,438
Gross Fixed Assets	25,692	28,562	30,036	32,544	39,326
Networth	31,730	39,188	44,981	54,141	65,814
Book Value (₹)	133.72	165.15	189.57	228.17	277.37
ROCE (in percentage)	37.13	33.63	22.24	28.30	29.83

Financial Summary

Five years review



Sustainability at Blue Dart

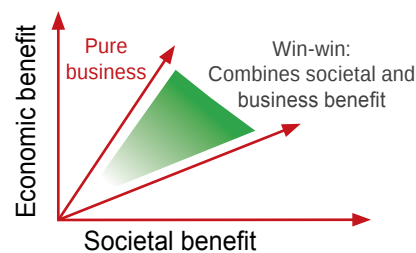
Sustainability (or Corporate Responsibility) is an integral part of DP DHL's Strategy 2015 which has been adopted by Blue Dart too. We take our responsibility to society, to the communities in which we operate, to our employees and to the environment seriously. We want to make a positive contribution to our world by using our knowledge and domestic / global presence in ways that benefit people and the environment.

As an Indian company with a global outlook, we endeavour to maintain a delicate balance between economic, environmental and social interests.

Under the motto "Living Responsibility", Blue Dart (along with DP DHL) focuses its corporate responsibility on protecting the environment (GoGreen), delivering help (GoHelp) and championing education (GoTeach). These are supported and complemented by regional

community initiatives, which demonstrate the voluntary commitment, special abilities and enthusiasm of over 7,792 employees from across Blue Dart Country.

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



**LIVING
RESPONSIBILITY**

GoGreen



GoHelp



GoTeach



Blue Dart's sustainability initiatives have been appreciated by its peers and have been the recipient of various awards some of which include: 'Best CSR

Practice' award (Overall) - Asia's Best CSR Practice Awards, 'Best in Corporate Social Responsibility Practice' - 5th INDY's Awards 2011.

GOGREEN Carbon Neutral Service

On December 13, 2011, Blue Dart and DHL announced India's first end-to-end GOGREEN Carbon Neutral Service across domestic and international markets. This new service, a GoGreen initiative is an extension of DP DHL's global environment protection program launched in 2008 and will provide customers in India with an environmentally responsible shipping option.

Powered by Blue Dart and DHL in India, the GOGREEN Carbon Neutral Service will allow our customers to neutralize their carbon footprint by paying a marginal offset charge over and above their shipping rates. The offset charge will be calculated on shipment / weight. Carbon emissions from customer shipments will be offset by reinvesting in environmental protection projects. A certificate, will be issued by Blue Dart to the customer annually that will mention the total amount of CO2 offset per customer.

This new GOGREEN Carbon Neutral Service will allow customers to be our co-stakeholders in ensuring a cleaner, safer, environment and do their bit towards ensuring a carbon neutral shipment. Since the launch of the environment protection program in 2008, we have seen a lot of interest evinced by customers who already have sustainability on their agenda. Through this roll-out in India, we will enable customers to be responsible social citizens. The GOGREEN Carbon Neutral Service will not only enable our customers to contribute to a greener future but will also help fund the climate protection projects and build healthier and productive communities.

The GOGREEN Carbon Neutral Service will be available across all of Blue Dart-DHL's Express Service Offerings, including Domestic Priority, Dart Apex, Dart Surface Line and International products such as documents, parcels, Express Easy and Import Express. It will also be available on customized solutions such as Temperature Controlled Logistics.

Blue Dart and DHL Express India are top performers in DHL's annual global Carbon Footprint Assessment register. In 2010, Blue Dart posted an improvement of 6.5 per cent year-on-year driven by stronger volumes, despite CO2 increasing by 18.5 per cent in 2010 versus 2009. DHL Express India achieved 6.0 per cent improvement in carbon efficiency despite total CO2 increasing by 13.6 per cent as the economy boomed. Despite increases in fuel consumption, carbon efficiencies were achieved by switching to cleaner fuels such as compressed natural gas (CNG) and liquefied petroleum gas (LPG).





Sustainability at Blue Dart

On September 16 & 17, 2011, Blue Dart & DHL celebrated the Global Volunteer Day 2011 (GVD). Over 8000 employees across India participated in various activities including blood donation, volunteering in old age/children's/destitute homes, organizing painting competitions for underprivileged children and sponsoring saplings as part of its global drive to give back to local communities and to inculcate a passion for volunteerism among employees. The sheer number of participants made this the largest ever GVD across the DP DHL world placing India in the second position (next only to Germany).

Highlights of GVD:

GoTeach

Painting competitions for over 2500 children in Mumbai, Delhi and Pune in association with Teach For India under the initiative titled "Redraw India". The activity saw participation from over 200 employees.

GoHelp

Life Saving: Blood Donation Drives in association with THINK Foundation organized in over 40 locations across India with donation from 2000 volunteers. The blood collected was distributed to various medical institutions like the Red Cross Society, blood banks and Government hospitals across India. This drive was also an effort to aid Thalassemic patients and helped to create awareness amongst volunteers on the importance of regular blood donation. Apart from this, over 100 employees also volunteered at local Old Age, Children's and Destitute Homes and donated clothes, linen, electrical appliances, edibles and other basic necessities along with sponsoring cataract operations for senior citizens.

GoGreen

A campaign titled "Sponsor a tree" was launched in association with Grow-Trees.com, official partner of the United Nations Environment Program's Billion Tree Campaign and WWF's Cities for Forests Campaign. Over 4500 employees from DHL and Blue Dart sponsored over 10,560 trees either in their name or to honour their family, friends and colleagues. The sponsored trees were to be planted in government and community lands.

The GVD provided the perfect platform for employees of Blue Dart, DHL Express, DHL Supply Chain and DHL Global Forwarding to connect with each other on non-business related activities. The camaraderie enjoyed by the participants and the awareness of the numbers of lives they have touched has formed a premise that will catapult the subsequent Sustainability activity of the group to greater heights. We are now eagerly looking forward to GVD 2012.

Global Volunteer Day 2011 (GVD)





Sustainability at Blue Dart

At Blue Dart and DHL, 'Living Responsibility' is the cornerstone that defines who we are and how we impact the communities we operate in. Our Sustainability pillars are firmly entrenched into the DNA of the organisational culture as well as our employees who never miss an opportunity to join hands for a good cause.

Within the GoTeach programme, our partnership with Teach For India (TFI) that kicked off in 2011 is a major initiative. Teach For India, part of Teach For All, a global network with 15 national partner organizations, aims to expand educational opportunity in different countries.

Teach For India is a nationwide movement of outstanding college graduates and young professionals who teach full time in low income schools for two years. The Fellowship enables them to become lifelong leaders advocating for educational equity.

Since the kick off in 2011, we have had a highly successful year enabling over 800 employees to volunteer in several activities that benefited more than 300 classrooms in the TFI schools in Mumbai, Pune and Delhi.

One of the large scale initiatives undertaken by our employees was the 'Stationery Donation Drive' conducted in May 2011 across the 4 BUs (Blue Dart, DHL Express, DHL Supply Chain and DHL Global Forwarding). The response was so overwhelming that not only did we run out of space to store all the 40 cartons of stationery but we also had employees volunteering to sort all the collected material. The stationery too was thoughtfully chosen to meet all the educational requirements of children which included pencils, erasers, sharpeners, colours, geometry sets, notebooks, pencil boxes and school bags to name a few. Apart from this, a whopping cash collection of ₹ 1,75,000/- helped in purchasing useful educational tools for the classrooms. This amount included a generous donation from Staples, our stationery suppliers, and Corporate Communication colleagues from Singapore. The segregated stationery bags were then handed over to the TFI Fellows, who in turn distributed them amongst the children, in their classes. This stationery was later used during the 'Redraw India' conducted by us during the Global Volunteer Day 2011.

While it is important to focus on the children and their educational welfare, it is also imperative to continuously motivate the Fellows and equip them with knowledge that will help them in their class. Continuing the endeavour to enrich the lives of both children and TFI Fellows, we organized a Leadership Development Programme (LDP)

from September 12-15, 2011 in association with the Tata Institute of Social Sciences (TISS), one of India's premier educational institutes and pioneers in the field of training and leadership development. The four-day program conducted in the precincts of TISS included segments on self-exploration and leadership skill development. The TFI Fellows learnt more about human behaviour and how to become a transformational leader in sync with ethics. They were also exposed to various management theories on team building and motivation, and interactive sessions had the Fellows questioning or reflecting on the way things can be improved at personal and organizational levels. During the Change Management session, Fellows got to know themselves better and focus on those parts of their personalities which will help them to be more adaptive. At the end of the programme, a valedictory session was held where Prof. S. Parshuraman, Director of TISS, awarded certificates to the Fellows for completing the programme successfully. Not only did the TFI Fellows gain an opportunity to be part of TISS, they also received open access to the TISS library thanks to Prof. Parshuraman who also expressed his interest to conduct more of such collaborations with TFI.

The last day of the LDP, September 15, 2011 culminated in a networking dinner for the TFI Fellows, TISS faculty as well as Blue Dart and DHL representatives. The dinner provided a good platform for our management to engage the Fellows in conversation on topics including fellowship challenges, post-fellowship career options and how corporations can do more to help TFI. This was followed by the Fellows who shared their experiences on being part of the LDP in terms of how the curriculum was designed to hone their leadership skills and help them communicate with their students more effectively. They also thanked the faculty for sharing their rich experience and knowledge with the Fellows apart from giving them an opportunity to 'relive' college life.

Apart from this, the group also donated laptops and desktops and organised InspirEd, a conference for educational leaders.

All in all 2011 saw us embark on the journey of fighting educational inequity in India and making education accessible to children.





Sustainability at Blue Dart

Blue Dart & DHL as socially responsible corporates inaugurated the first Corporate Responsibility Day and Global CSR Awards in India on 18 February 2012 at Mumbai. The awards recognized Corporate Social Responsibility (CSR) champions across various industries and were part of the first World CSR Day. The event was graced by the Chief Guest, Honorable Union Minister of Corporate Affairs, Dr. M. Veerappa Moily along with Dr. Bhaskar Chatterjee, Director General & CEO, Indian Institute of Corporate Affairs.

Corporate Responsibility (CR) Day

The 1st Corporate Responsibility Day in India was marked by two panel discussions - CSR: The Way Forward and Public-Private Partnership for a Greener Planet. Designed to foster discussion and awareness of corporate responsibility within the private sector, the panel discussions were well attended by about 120 participants from the corporate and NGO communities and resulted in a great exchange of ideas and insights in the CSR sphere.

Chaired by Dr. Bhaskar Chatterjee, Director General & CEO, Indian Institute of Corporate Affairs, the panel included Malcolm Monteiro, SVP & Area Director - South Asia, DHL Express and other esteemed corporate leaders like Elaine Cohen, Chief Executive Officer, Beyond Business Ltd., Louise van Rhyn, CEO & Founder, Symphonia for South Africa, Dr. Soroor Qarooni, Board Member, Bahrain Woman Association for Human Development and Director, Anti Child Abuse & Neglect Program "Be Free", Rajani Ramakrishnan, Senior Vice President, Group Internal Communications, Group Communications and Corporate Sustainability, HSBC Ltd., Michael Heng, President and CEO, Energycorp Global Pte Ltd, Sudhir K. Sinha, Country Head - CSR and R&R, Arcelor Mittal India Limited, Deepak Jolly, VP-Public Affairs & Communication, Coca-Cola India, Anirban Roy, Managing Director, SEED, Mohini Daljeet Singh, Chief Executive, Max India Foundation and Nilmini Jayasinghe, Project Lead, Joint Apparel Association Forum Sri Lanka (Garments Without Guilt).

Global CSR Awards

The Corporate Responsibility Day culminated with the Blue Dart Global CSR Awards in the evening which recognized contribution to society and environment from various public, private and social organizations from India and about 12 countries (such as Dubai, Singapore, South Africa and Sri Lanka). Well known companies from diverse industries such as FMCG, Automobile, Telecom, Energy and Banking to name a few gathered awards and certificates across categories such as Best Corporate Social Responsibility Practices, Support and Improvement in Quality of Education, Diversity and Human Resource, Concern for Health, Poverty Alleviation, Accounting for Climate Change, Carbon Footprint Accounting, Community Development, Regulation of Corporate Social and Environmental Behaviour, Social Entrepreneurship.

The Blue Dart Global CSR Award jury included Dr. Bhaskar Chatterjee, Director General & CEO, Indian Institute of Corporate Affairs; Prof. Indra Parikh, President, Foundation for Liberal And Management Education, India's Iconic HR Leader; Dr. T.V. Rao, Chairman - T.V. Rao Learning Systems Pvt. Ltd; Mr. Harish Mehta, Chairman & MD - Onward Technologies Ltd.; Emeritus Chairman - World HRD Congress & Founder Member - NASSCOM; Mr. Phil Knight, Global Chairman - Employer Branding awards; Prof. Tom Hilton, Global Chairman - Asia Pacific HRM congress; Dr. Prasad Medury, Partner, Amrop India Consultants Ltd.; Mr. Sanjay Muthal, Managing Director, NuGrid Consulting Pvt. Ltd. and Ms. Nina E. Woodard, President & Chief "N" Sights Officer, Nina E. Woodard & Associates, a division of NDPendence, Inc.

The Corporate Responsibility Day and Global CSR Awards were a befitting tribute to the great work being done by all the corporate towards our communities and environment.

C R Day and Global CSR Awards





Sustainability at Blue Dart

India, an emerging superpower is currently in the throes of an educational crisis with 30% of its citizens being illiterate. India spends only 3.3% of its GDP on education, compared to an average 5.8% in developed countries. Education is not deemed of as the highest priority among the poor as compared to other basic necessities like food, clothing, shelter, drinking water and sanitation. Of the 1.21 billion population of India, about 41.6% citizens are below the poverty line. Lack of education forms one of the biggest contributors to poverty. This imbalance results in a vicious circle – poverty cannot be eradicated unless people get educated and education cannot be afforded due to poverty.

As Eleanor Roosevelt said, “all of life is a constant education”. Blue Dart has always believed that education is the stepping stone to success and has encouraged learning amongst its employees to help them rise through the ranks. Taking this a step ahead and in order to empower the communities around us, Blue Dart in line with DP DHL’s ‘Living Responsibility’ programme started the Blue Edge: Empowering Lives initiative under its GoTeach sustainability pillar.

Blue Edge: Empowering Lives

In 2008, Blue Dart in association with Oasis India (NGO) started an initiative called ‘Blue Edge: Empowering Lives’ in Mumbai, which is aimed at enriching the lives of young adults from difficult environments, who have not been able to complete their education. This life-transforming programme has helped in impacting young adults from the underprivileged sections of society. The programme aims to reach out to minimum of 50 students per batch. We also ensure that every batch has a healthy mix of girls and boys even though we are aware that most of the girls will not be allowed to work and instead be married off. However; as Mahatma Gandhi said, “If you educate a woman, you educate a family.” We too strongly believe that women are catalysts of change and if we empower them with knowledge and basic skills, they will work towards transforming their families.

The success of the Blue Edge: Empowering Lives programme ensured that it was nominated as a Lighthouse Project under GoTeach from AP EEMEA. The programme also received funding of 50000 euros from DHL as a token of appreciation for the good work conducted in the field of education and also to further this programme to another city in India. This fund was used to set up the Blue Edge School in Chennai (which has 0.8 million slum people i.e. nearly 18% of the population staying in slum areas). The Chennai operations began in April 2011 with 54 students and celebrated its first Graduation Day in October 2011.

The Blue Edge: Empowering Lives programme has completed 9 batches in Mumbai and 1 batch in Chennai impacting 471 young adults till date.

The programme ensures that the underprivileged section of the society is not deprived of education as a building block to their ability to earn and support their future and families and contribute positively to the community. It is a matter of great pride that more than 40% of the students who have graduated from this programme have been placed in successful and reputed organizations in sectors like Telecom, Retail, FMCG etc.

The programme has also received several accolades some of which include: ‘Community Development – Blue Edge: Empowering Lives’ - CSR Awards 2011 - Subir Raha Centre for Corporate Governance, ‘Outstanding contribution to the cause of education’ for effective Corporate Social Responsibility efforts through Blue Edge: Empowering Lives Program - Global HR Excellence Awards 2010-2011.

Testimonials from Students:

- “I had lot of problems at home due to which I was unable to complete my studies. However, the Blue Edge programme has been a good foundation for me to build on. I now look forward to completing my college and take up a job to support my family” said C. Samundeeswari, a Blue Edge student.
- “Since my father left us, the responsibility of the entire family was entrusted to me. I had completed my HSC and was looking for a job. I had planned to work and study at the same time and luckily I came to know about Blue Edge: Empowering Lives. It was a great opportunity to learn spoken English and computer as free courses. I attended job interviews and now I have joined a Company as a SIM Verification Executive. I would like to thank Blue Dart and Oasis who helped shape my future” said Logesh S., a Blue Edge student.

Blue Edge: Empowering Lives





Sustainability at Blue Dart

Under the motto “Living Responsibility”, Blue Dart (along with DP DHL) focuses its corporate responsibility on protecting the environment (GoGreen), delivering help (GoHelp) and championing education (GoTeach). These are supported and complemented by regional community initiatives, which demonstrate the voluntary commitment, special abilities and enthusiasm of over 7,792 employees from across Blue Dart Country.

Some Other Initiatives are as under:

GoGreen

Blue Dart and DHL constantly endeavor to create awareness amongst their employees to protect environment by using the available natural resources judiciously. In keeping with this, we celebrated the Earth Hour (in March), Earth Day (in April) and World Environment Day 2011 (in June).

Blue Dart ranked 2nd amongst all DHL Express countries as Blue Darters pledged to support the Earth Hour by educating their near and dear ones to switch off lights when not required.

Earth Day was observed through various articles in the Daily News on environment, the perils of misusing our natural resources and ways to conserve the same.

The World Environment Day 2011 (WED) was celebrated for an entire week with initiatives like ‘No Printing’, ‘Carpooling / using Public Transport’, ‘Registering Pledge on the DP DHL site’ and ‘Wear Green’. Apart from this, we ran a contest inviting employees to ‘share environmental friendly suggestions’. The contest received a huge response and it was very heartening to see the various activities that Blue Darters were following in their day-to-day lives like carrying cloth bags to market, printing only when required, travelling by public transport and planting trees in their buildings to name a few. A jury comprising 3 of our senior management went through all the suggestions and awarded 6 best ones.

Apart from celebrating these global days, in 2011, Blue Dart also introduced the Pedal Power: Bi-cycle initiative at Chennai, Bangalore, Ahmedabad, Mumbai, Delhi and Kolkata. With around 237 bicycles on field, this initiative aimed to help reduce CO2 emissions.

Blue Dart has always practised energy conservation at its workplace with the Power Saver: Lights Off initiative where all offices across Blue Dart Country switch off lights for

15minutes daily. Since June 2011, post the success of WED 2011, our Managing Director, Mr. Anil Khanna announced that additionally all the Blue Dart offices across India should switch off lights for an hour from 1-2pm on the last Saturday of every month. Blue Darters too were encouraged to switch off lights at their residence from 8.30-9.30pm on the same days.

All in all, these initiatives allowed Blue Darters to be eco-warriors by ‘making a difference, enabling the future’.

GoHelp

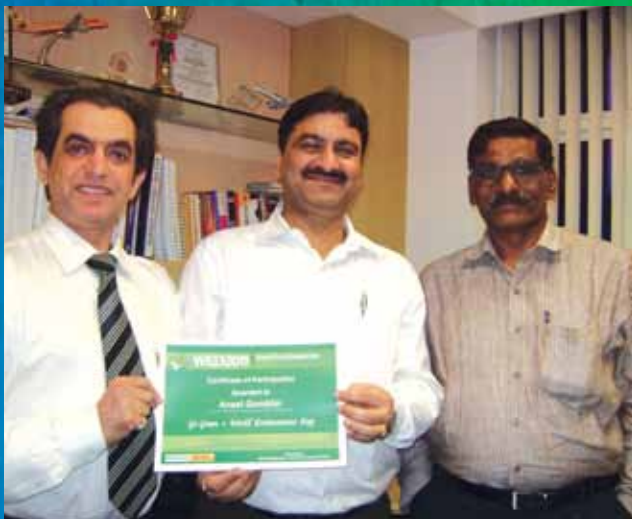
Saving Lives - Blood Donation Drives

To commemorate the National Safety Week, Blue Dart & DHL jointly organized the Life Saver: Blood Donation Drives at Mumbai and Kolkata in March 2011. Organised in association with THINK Foundation, the drive saw over 100 employees donate blood in a bid to help children suffering from Thalassemia.

Fund Raising Activity

Blue Dart supported various NGOs to help raise funds through sale of their handmade products. One of them was Dhonk (that worked towards rehabilitation of the tiger poacher community in Ranthambore) and the other was Srujna (that empowered underprivileged women and girls rescued from trafficking). Both these activities received a warm response from Blue Dart and DHL employees which helped boost the morale of the beneficiaries and made them believe that they too could make a difference to their communities. Our employees were also happy to support such initiatives as it gave them an opportunity to reach out to different communities and enrich their lives.

Some Other Initiatives



Awards & Accolades

Brand / Customer Service / Retail / Loyalty

- 'Reader's Digest Most Trusted Brand' Gold Award (6 years in a row)
- 'SUPERBRAND Status 2011' (6 years in a row)
- 'STARBRAND Status 2011' (twice in a row)
- 'POWERBRANDS 2011' (twice in a row)
- 'Brand Excellence Award in Logistics Sector' - Star News Brand Excellence Awards 2011
- 'Brand Excellence in Service/Hospitality Industry' - Global Awards for Brand Excellence 2011
- 'Best Service Excellence Award – Domestic' - Asian Leadership Awards
- 'Best Marketing Strategy Award' - Asian Leadership Awards
- 'Best Air Express Provider of the Year – Domestic' - 5th Express, Logistic & Supply Chain Conclave
- 'Innovative Logistics Company of the Year' - 5th Express, Logistic & Supply Chain Conclave for Blue Dart - DHL
- Tata Motors award for 'Best Service Provider' (Vehicle off Road) category
- Frost & Sullivan award for the 'Best Logistics Service Provider in the Pharmaceutical Sector'
- Customer & Brand Loyalty Awards in the 'Logistic Sector – Express' - 4th Loyalty Awards
- 'Retail Leadership Award' for Blue Dart – DHL RETAIL initiative - Asia Retail Congress 2011 – Awards for Retail Excellence
- 'Best Loyalty programme' award - Blue Points - CMO Asia Awards
- 'Organization that offers the best returns to consumers' - 6th Social & Corporate Governance Awards 2010

Human Resources

- Ranked as one of the 'Best companies to Work for in India 2011' - Great Place to Work Institute, India
- 'Organization With Innovative HR Practices' - Asia Pacific HRM Congress
- 'Best HR Practices Award in Rewards & Recognition Strategies' - Shine.com HR Leadership Awards
- 'Best Employee of the Year (Rank 13th)' - 5th Employer Branding Awards 2010-2011
- 'Best HR Practices in line with Strategy' - 5th Employer Branding Awards 2010-2011

Sustainability

- 'Community Development – Blue Edge: Empowering Lives' - CSR Awards 2011 - Subir Raha Centre for Corporate Governance
- 'Best Environmental Excellence – Smart Truck' - CSR Awards 2011 - Subir Raha Centre for Corporate Governance
- 'Best CSR Practice' award (Overall) - Asia's Best CSR Practice Awards
- 'Best in Corporate Social Responsibility Practice' - 5th INDY's Awards 2011
- 'Best Community Development' programme award - Blue Edge: Empowering Lives - Asia's Best CSR Practice Awards
- 'Best Developing Sustainable Strategy' - Asia's Best CSR Practice Awards
- 'Outstanding Contribution to the Cause of Education' - Asia Pacific HRM Congress
- 'Best CSR Practice' - 6th Social and Corporate Governance Award 2010 (held at Bombay Stock Exchange)

Individual

- 'CSR Leadership Award – Anil Khanna, MD - CSR Awards 2011 - Subir Raha Centre for Corporate Governance
- 'Business Super Achievers Award – Anil Khanna, MD - Asian Leadership Awards
- 'CEO with HR Orientation' - Anil Khanna, MD - Asia Pacific HRM Congress
- 'CEO of the Year' award - Anil Khanna, MD - CMO Asia Awards
- 'CEO with HR Orientation' – Anil Khanna, MD - 6th Social & Corporate Governance Awards 2010
- Tulsi Mirchandaney, MD, Blue Dart Aviation Ltd. felicitated by the Government of India for her significant contribution to the growth of civil aviation in India
- CFO 100 'Recognition of Excellence' - Yogesh Dhingra, COO & Finance Director for his exceptional contribution to corporate finance
- 'Brand Leadership Award' for Ketan Kulkarni, VP & Head – Marketing Corporate Communication & Sustainability - CMO Asia Awards for Excellence in Branding and Marketing
- 'Award for Brand Leadership' - Ketan Kulkarni, VP & Head, Marketing Corporate Communications & Sustainability - Global Awards for Brand Excellence 2011





DIRECTORS' REPORT

To the Members,

Your Directors have great pleasure in presenting the Twenty First Annual Report of your Company for the year ended on December 31, 2011.

FINANCIAL RESULTS

Particulars	₹ in Lacs)	
	For the year ended December 31, 2011	For the year ended December 31, 2010
Revenues		
Service Charges	148,960	114,741
Other Income	2,426	532
Less : Operating Expenses	131,338	99,324
Operating Profit (EBIDTA)	20,048	15,949
Less : Interest Cost (Net)	0	1
Depreciation /Amortisation	2,160	1,922
Earnings before tax	17,888	14,026
Less : Provision for Income tax	5,664	4,589
Earnings after tax	12,224	9,437
Profit and Loss Account balance brought forward	45,381	36,221
Profit available for appropriation	57,605	45,658
Proposed Dividend	474	237
Tax on Proposed Dividend	77	40
Transfer to General Reserves	917	-
	56,137	45,381

REVIEW OF PERFORMANCE

While the Financial Years 2009-10 and 2010-11 reflected gradual positive signs of a recovery of the Indian economy from the lows of 2008-09, the fiscal year 2011-12 was marked by a lot of uncertainty and volatility.

Some of the economic factors that contributed to this volatility included higher inflation and interest rates, reduced liquidity, lower consumption, decline of the rupee against the dollar and an unabated increase in the commodity prices and other input costs. This, in turn, led to deferred investment plans and delay in execution of projects. However, recently,

there has been some moderation in the inflation and there is expectation of a pause and perhaps, even a reversal of rising interest rates.

Against the backdrop of this economic scenario, your Company performed reasonably well on all fronts by capitalizing on its strong brand equity, focused growth plans, customer loyalty and qualitative service offerings.

Your Company posted ₹ 12,224 lacs profit after tax for the year ended December 31, 2011 as compared to ₹ 9,437 lacs profit after tax for the year ended December 31, 2010. Income from operations for the year ended December 31, 2011 was ₹ 148,960 lacs as compared to ₹ 114,741 lacs for the year ended December 31, 2010.

With a dedicated air and ground network optimized by cutting-edge technology, your Company continues to be South Asia's number one air and integrated transportation, distribution and logistics Company. It also offers a wide range of innovative and simplified solutions. Blue Dart is a company with impeccable service records, driven by a motivated and passionate team, the testimony for which lies in the numerous awards that it has been bestowed with over the years. As a responsible corporate entity, your Company continues to pay close attention towards Environment and Social Responsibilities.

During the year, your Company introduced many new products and services; India's first and only GoGreen Carbon Neutral service, on all products and Time - Definite Domestic Priority product 1200 and Smart Truck.

A specialised Carbon Neutral service initiative, wherein the customers are provided with an environmentally responsible shipping option to neutralize the carbon emissions produced by transportation of shipments. Blue Dart GoGreen Carbon Neutral service would not only enable customers to contribute to a greener future, but, would also help build healthier and productive communities.

Domestic Priority 1200 is a guaranteed door-to-door time definite delivery of shipments by air the next possible business day by 12:00 hours, targeted at time-critical business-to-business needs. Smart Truck technology is an intelligent pick-up and delivery vehicle that combines a number of innovative technologies including a route planner.

Your Company's information technology infrastructure remains one of its key differentiators and enabler to values. Your Company was always in the forefront of technology and its technology innovations have played a key role in the Company's premium positioning and in bringing global standards to the Indian customers' doorstep.

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

Your Company is the dominant leader in the domestic air express industry and commands a 45.9%¹ market share. In the 'ground' segment, the company garnered a market share of 12.4%¹. In the air express as well as in the ground segment, market share is growing on a year on year basis.

Sources : 1- AT Kearney – Q3 2011 QMS

DIRECTORS' REPORT

Your Company continues to focus on reach expansion, transit time improvements, small towns (Tier-II and III) activation and strengthening channels to enhance market share. Your Company increased its reach from 25,646 locations to over 35,902 locations.

Your Company has been certified to the ISO 9001 standards since 1996 and has been successfully re-certified in September 2011 for 3 years to the new global ISO 9001-2008 standards for "design, management and operations of countrywide express transportation and distribution services within the Indian sub-continent and to international destinations serviced through multinational express companies."

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 2/- per equity share of ₹10/- each. Your Company would continue to aim at conserving and strengthening resources for future growth and expansion of the Company.

The dividend, once approved by the members at the ensuing Annual General Meeting, will be paid out of profits of the Company for the year and will sum up to a total of ₹ 551 lacs including dividend distribution tax as compared to ₹ 277 lacs in the previous year.

TRANSFER TO RESERVES

Your Company proposes to transfer ₹ 917 lacs to General Reserves. An amount of ₹ 56,137 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 secure and reliable delivery of consignments to over 35,902 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 territories and offers an entire spectrum of distribution services including air express, freight forwarding supply chain solutions and customs clearance.

Your Company continues to drive First Choice and NPA initiatives.

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

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

Your Company, has an unmatched infrastructure, extensive reach, a fleet of three Boeing 737 and four Boeing 757 freighters offering a revenue payload of over 370 tonnes per night, a flotilla of over 6,272 vehicles, 365 facilities including 56 domestic warehouses and 12 express hubs and over 7,792 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 988.5 lacs domestic shipments and over 8 lacs international shipments weighing over 423,000 tonnes.

FACILITIES / INFRASTRUCTURE

During the year, your Company added 53 new and additional facilities and 14 replacement facilities taking the total number of facilities to 365, with a total area of over 18.65 lacs sq.ft. across the country. During the year, your Company added warehouses at various locations viz; Pune, Baroda, Ahmedabad, South Delhi, Jalandhar, Lucknow etc. Your Company plans to strengthen and consolidate its existing infrastructure, air and ground fleet.

AVIATION SYSTEM

The Company's ACMI Contract with Blue Dart Aviation Limited, its Associate Company for dedicated air carriage capacity, continued its strong support in sustaining Blue Dart's leadership position through its unique aviation network with a fleet of 4 Boeing 757 and 3 Boeing 737-200 freighters, the only domestic freighter airline network in the Indian skies. During the year, your Company granted an unsecured loan of ₹ 8,943 lacs to Blue Dart Aviation Ltd. including loan of ₹ 2,755 lacs towards prepayment of loan taken from the Bank to meet its financial requirements in respect of infrastructure expansion for its dedicated air cargo services under an ACMI Agreement. The tenure of this loan does not exceed 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. The loan provided to Blue Dart Aviation Ltd. is in the best interest of the Company since Blue Dart Aviation Ltd. operates air cargo capacity dedicated for the Company through its network of scheduled night operations which is not available on any other commercial flights in the Country.

Blue Dart Aviation Ltd. posted excellent technical dispatch reliability (TDR) of 98.95% for B737 and 99.42% for B757 fleet, with an overall TDR of 99.26%. During the year, stringent organisational and financial audits of Blue Dart Aviation were undertaken by the regulator without any major observations.

Blue Dart Aviation Limited further strengthened its flight operations capability, achieving first CAT III operation of its B757-200 aircraft on December 23, 2011, to enable take off and landing in low visibility conditions. New high tech main deck loaders were introduced to bring about greater efficiency and reduce turnaround time of an aircraft. In Hyderabad, Blue Dart Aviation Limited re-located to larger, dedicated operations facility shared with Blue Dart Express for greater operational synergy.

DIRECTORS' REPORT

Blue Dart Aviation Ltd. continued its focus on "Go-Green" initiatives launched in the year 2009 to spread awareness amongst employees on 'Global Warming' and commenced implementation of Project "Golden Drops" to reduce aircraft fuel consumption through Auxiliary Power Unit (APU) monitoring and reduced usage and various other aircraft maintenance activities.

FINANCE

Your Company's financial position is robust and it 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.

The year under review was characterised by rising interest rates and tight liquidity conditions in the overall monetary system due to which interest rates hardened across maturities. During the year, timely positioning of the portfolio in shorter maturity assets viz; Liquid Mutual Funds and Bank Fixed Deposits enabled your Company to take advantage of rising interest rates and improving yields.

In a challenging global and domestic market scenario, your Company efficiently managed its working capital which is considered to be the best in the industry and within the benchmark laid down by the Global Parent Group.

The Company's Earnings Per Share increased by 29.54% during the year to ₹ 51.52 per share as compared to ₹ 39.77 per share for the previous year.

CREDIT RATING

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

1. ICRA "A1+" (ICRAA 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.
2. Fitch "A1+(ind)" (A 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 ICRA AA (ICRA 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 ICRA A1+ (ICRAA one plus) (short term rating) for the said limits. The rating indicates highest credit quality rating assigned by ICRA to short term instruments and carries lowest credit risk.

SUBSIDIARY AND ASSOCIATE COMPANY

The audited statements of accounts for the year ended December 31, 2011 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 emanates from both the 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 an unmatched domestic network, infrastructure and people. DHL is an acknowledged global leader with a strong and long-standing presence in India. Together, both present a powerful backbone to business and trade success for India and its trading partners.

In our efforts to constantly collaborate and optimize more with support from our group companies viz; DHL Express, DHL Supply Chain, DHL Global Forwarding, the India Steering Committee made significant progress in the past year to maximise synergies amongst cross business functional units with focus on improving infrastructure, service quality and cost efficiencies.

OUTLOOK FOR THE FUTURE

The US-Iran-Israel standoff poses a risk to the Indian economy in terms of rising crude oil prices. However, the Indian logistics industry has been growing steadily despite the economic turbulence and its growth momentum is expected to remain stable.

Your Company has, over the last 28 years, traversed every economic cycle and emerged as a benchmark for the logistics industry. Factors contributing to this success inter-alia included; early embracing of technology when many companies relied on manual processes, being the first logistic Company to introduce "Employee Satisfaction and Customer Satisfaction Surveys" in India which resulted into a motivated workforce and an ever increasing loyal customer base.

Over the years, your Company also set up India's largest and most successful Cargo Aviation Infrastructure and being re-certified to the ISO 9001-2008 standards.

DIRECTORS' REPORT

Over the last few years, demand for world-class logistics and warehousing facilities have grown tremendously on the back of a growing domestic consumption story. Resultantly, a whole new world of opportunities in distribution has opened up ranging from mobile phones and credit cards to pharmaceuticals and auto components.

Express Industry is a key enabler in facilitating trade and commerce. The opportunities are plenty for the express industry in India as the current logistics spend in India is close to 13%² of the GDP compared to a notably lesser percentage in more developed economies. The Indian logistics industry is poised for a significant leap forward in the years to come. The proposed introduction of common Goods and Services Tax (GST) would create favourable environment for the logistics industry.

In 2012, your Company's key focus areas would be to improve Market Share, enhance Service Quality, improve Loyalty through Customer Centricity, enhance Profitability and Motivate People.

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

Your Company anticipates promising growth in Tier-II and Tier – III markets and has taken suitable measures to remain ahead on the growth curve.

The other key drivers that would contribute growth in the logistics market include upcoming freight corridor project, building of logistics hubs and warehouses, port development, technology upgrades, investment by private players and also the impending industry status for the logistics sector.

With customers' need for flexibility and choice in mind, Blue Dart's future plans would continue to focus on reach expansion, transit time improvements, small towns (Tier-II and III) activation, servicing emerging industry verticals and strengthening channels.

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 7,792 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.

Lack of quality infrastructure has been an issue which has been impeding the seamless growth of the economy and the country through decades. The poor condition of roads and highways leads to higher operating costs, which in turn, often increases maintenance and poor turnaround time.

The Government has seriously undertaken infrastructure challenges and is drawing up 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.

Effective implementation of the above infrastructure initiatives is expected to benefit your Company.

Your Company is geared to face challenges of the Year 2012. Your Directors look forward to improved performance over the coming years.

AWARDS AND RECOGNITIONS

Our innumerable efforts in the pursuit of endless excellence were recognised throughout the year 2011 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 standard and won several brand leadership awards, Brand Excellence in Logistics' - CMO Asia Awards, Best Air Express Provider of the Year – Domestic' - 5th Express, Logistic & Supply Chain Conclave, 'Best HR Practices in line with Strategy' - 5th Employer Branding Awards 2010-2011 and a recognition as one of 'India's Best Companies to Work' for 2011; and 'Innovative Logistics Company of the Year' - 5th Express, Logistic & Supply Chain Conclave for Blue Dart - DHL.

During the year, Mr. Anil Khanna, Managing Director was conferred with the 'CEO with HR Orientation' award at the Asia Pacific HRM Congress and Mr. Yogesh Dhingra, COO & Finance Director, was conferred the CFO 100 'Recognition of Excellence' for his exceptional contribution to corporate finance.

Your Company was voted a Superbrand, sixth time in row and for the sixth consecutive year, your Company became recipient of the Reader's Digest Most Trusted Brand Gold Award. For the second time in a row, your Company was validated by Customers as "Star Brand" and "Power Brand".

DIRECTORS

During the year, 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. who was appointed as an Additional Director with effect from February 1, 2011 was appointed as a Director of the Company in the Annual General Meeting held on April 26, 2011. Mr. Crook, tendered his resignation as a Director with effect from June 30, 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. Consequently, Mr. Christopher Ong, an Alternate Director to Mr. Roger Crook, ceased to be a Director with effect from June 30, 2011 under the statutory provisions of the Companies Act, 1956.

Sources : 2 - McKinsey

DIRECTORS' REPORT

Mr. Jerry Hsu, CEO, DHL Express Asia Pacific and a member of the DHL Express Global Management Board and a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from June 30, 2011.

Mr. Jerry Hsu holds office up to the date of 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. Jerry Hsu 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. Jerry Hsu.

Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from July 1, 2011. Mr. Christopher Ong, tendered his resignation as an Alternate Director with effect from September 27, 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. George Berczely, Vice President – Business Planning and Performance Management for DHL Asia Pacific and a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from September 27, 2011.

In the Board Meeting of the Company held on January 31, 2012, the Board of Directors approved re-appointment of Mr. Anil Khanna as the Managing Director of the Company for a further period of three years with effect from February 21, 2012 to February 20, 2015, subject to the approval of the members of the Company.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Clyde Cooper and Mr. Suresh Sheth, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves 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) in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- (ii) 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) 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) Directors have prepared the annual accounts on a going concern basis.

LISTING ARRANGEMENT

The Company's Equity Shares are listed on The Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has paid its Annual Listing fees to the above stock exchanges for the Financial Year 2011- 2012.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance. Your Company believes that Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

Your Company adopts high standards of Corporate Governance in all areas of its functioning with strong emphasis on transparency, integrity and accountability. Your Company adheres to the requirements set out by the Securities and Exchange Board of India (SEBI) Corporate Governance practices and has implemented all the stipulations as prescribed.

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 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

DIRECTORS' REPORT

and maintaining internal controls for the financial reporting for the year ended December 31, 2011. The said certificate forms an integral part of the Annual Report.

FIXED DEPOSITS

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

AUDITORS

The Statutory Auditors, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration no. 301112E), retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received necessary certificate from them confirming that their re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

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

HUMAN RESOURCE DEVELOPMENT

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

Your Company's Human Resources Department (HRD) pays close attention on grooming and developing employees who are committed and motivated to do their best. During the year, several initiatives were undertaken by your Company's HRD for employees' development and welfare and in the areas of employee recognition and growth. The Company also initiated various measures to enhance 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 'Employee Satisfaction Survey', in which 'Pride in working for Blue Dart' remained the highest scoring dimension having a mean score of 4.84 (on a scale of 1 to 5). In the 2011 ESS survey, 99.17% eligible employees participated in our annual survey. The company's overall mean satisfaction score increased from 4.55 to 4.59.

'Pride in Working for Blue Dart' remains the highest scoring parameter with a mean score of 4.84 followed by 'Job Secured with good performance' with a mean score of 4.79 while 'Blue Dart doing a good job for customers' with a mean score of 4.78. These ratings are a testimony to the strong 'People First' policies of the Company.

In the year 2011, Blue Dart won the prestigious recognition of being "One of India's best Companies to work for" consecutively for the second time in row.

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

As part of the Culture Building initiatives, the Company follows a policy called "People First" as Company strongly believes that healthy and content workforce is the key to any organisation success. The Company undertook initiatives to have fun at work place and to generate positive energy amongst its employees. Few of the activities undertaken during the year were viz; Holi celebration, Women's Day Special, Dandiya Night, Chess Tournaments, Cricket Match, Friendship Day, Independence & Republic Day Celebrations, Diya painting Competition, Fun and Games for Kids, Diwali Celebration and Christmas Celebration. Blue Dart's anniversary is celebrated all across the country with high spirit and fervor.

In addition to cultural Celebrations, your Company also undertook various Work-Life-Balance initiatives to help its employees strike a balance between their personal lives and work lives. Few of the Initiatives organised at the Head Office were;

Stress Talk: To help the employees cope with stress which has become an integral part of our daily life, a talk on Stress Management was organised through Seven Hills Hospital. This program was very well appreciated and the feedback received from the employees on the Stress Session was overwhelming.

A health talk on Yoga was organised for the employees.

To recognise good work done by the employees, 850 employees were awarded Bravo Blue Darter Awards and 58 employees were awarded Super Darter Awards.

Your Company would continue to invest in its people and remain an 'Employer of Choice' and would focus on retaining and attracting 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.

DIRECTORS' REPORT

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 (CSR)

Your Company as a socially responsible corporate has undertaken numerous steps to give back to the society in whatever small way it can. The following were the activities undertaken by your Company:

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 which 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 (GoTeach)
- Environment (GoGreen)
- Disaster Management Response (GoHelp)

The 'Blue Edge – Empowering Lives' programme, a 6–months course, continues to benefit young lives from the marginalised segment of our society. Blue Edge programme completed its 9th batch in Mumbai and its 10th batch is underway. In April 2011, the programme was extended to Chennai and completed its 1st batch. The 2nd batch began in October 2011 and is progressing well.

Blue Dart undertook various initiatives to put environmental concerns in the spotlight through its GoGreen events viz; Earth Day, Volunteer Day, Power Saver-Initiative, GoGreen drives, etc.

Blue Dart (along with DHL Express, DHL Supply Chain and DHL Global Forwarding) also supported empowerment of women and communities by helping generate funds through stall activities in the office premises under GoHelp. During the year, your Company along with other Business

Units celebrated the 'Global Volunteer Day' in September 2011 with participation of more than 8,000 employees across all Business Units in India in activities which ranged from blood donation drives (in 40 centres), sponsoring trees (more than 10,560 trees sponsored), drawing competitions (for more than 2500 children in 3 cities) and donating edibles, electrical appliances, linen and other necessities to various old age / children's homes.

ACKNOWLEDGEMENT

The Board of Directors wishes to express its sincere appreciation and take this opportunity to thank all its 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 an exemplary contribution of employees at all levels and acknowledge 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

Malcolm Monteiro
Director

Clyde Cooper
Director

Anil Khanna
Managing Director

Jerry Hsu
Director

Suresh Sheth
Director

Mumbai,
January 31, 2012

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 & Outgo :

Earnings in Foreign Currency

Earnings in foreign currency during the year were ₹ 1,783 (lacs) [previous year: ₹ 1,132 (lacs)]

Expenditure in Foreign Currency

Expenditure in foreign currency during the year was ₹ 173 (lacs) [previous year: ₹ 42 (lacs)]

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. Corporate governance provides visionary leadership and clairvoyance for all round development and enrichment of all stakeholders whose interests have converged into the corporate edifice. The essence of good corporate governance is to ensure trustworthy relations between the corporation and its stakeholders. Therefore, good governance involves a lot more than just compliance. Good corporate governance is a culture and a climate of Consistency, Responsibility, Accountability, Fairness, Transparency and Effectiveness that is promoted throughout the business organisation. Good governance cannot be mandated, it should flow from within the business organisation and should be integrated with corporate culture. This not only helps make the world better and more sustainable, but it also reflects good business sense.

The basic philosophy of Corporate Governance at Blue Dart is to achieve business excellence and to create and enhance value for its Shareholders, Customers, Employees and Business Associates and thereby make a significant contribution to the economy.

The Board of Directors of the Company continues to lay great emphasis on the broad principles of Corporate Governance. The Board of Directors has a basic responsibility to ensure sustainable improvement in corporate valuations by providing strategic guidance and oversight regarding management decisions. The quality of their decision is critically dependent on the quality of information they have. Establishing a culture that sets the right tone at the top is critical for establishing the 'trust' for a corporation with all its stakeholders.

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.

2. Board of Directors

During the year, Mr. Roger Crook, Chief Executive Officer (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 and appointed as Director of the Company in the Annual General Meeting held on April 26, 2011. Mr. Crook, resigned as a Director with effect from June 30, 2011. Consequently, Mr. Christopher Ong, an Alternate Director to Mr. Roger Crook, ceased to be a Director with effect from June 30, 2011 under the statutory provisions of the Companies Act, 1956.

Mr. Jerry Hsu, CEO, DHL Express Asia Pacific and a member of the DHL Express Global Management Board and a nominee Director of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from June 30, 2011.

Mr. Hsu is also responsible for China, Japan, Korea, Hong Kong, Taiwan, South East Asia, India and South Asia, Oceania and other markets and territories in the region.

In his former role as the President of DHL Express Greater China, Mr. Jerry Hsu supported in guiding DHL's Greater China Area to strong double-digit growth and consistent generation of more than US\$1.5 billion sales turnover over the last few years. He was instrumental in developing DHL Express market leadership position in the Area's key markets of Hong Kong and Taiwan, as well as China, the company's fastest-growing markets. Under Mr. Hsu's leadership, more than US\$1.3 billion has been invested in the Greater China Area.

Mr. Jerry Hsu joined DHL Express in January 2001 as an Area Director responsible for Newly Industrialized Economies (NIE), which included Hong Kong, Singapore, South Korea and Taiwan. In September 2002, he was appointed Regional Director responsible for Greater China, Korean Peninsula and Mongolia before being named President for the Greater China Area. Prior to joining DHL Express, Mr. Jerry Hsu held various senior positions at U.S.-based DaimlerChrysler Corporation including Vice Chairman of Beijing Jeep Corporation, Vice President of Sales and Marketing Asia Pacific and General Manager of Japan, Taiwan and China subsidiaries.

Mr. Jerry Hsu graduated from the National Chengchi University in Taiwan, and holds a Master's degree in International Economics and Politics from the University of Detroit Mercy.

Mr. Jerry Hsu, Director, is not a member of any other committees, as contemplated under clause 49 of the Listing Agreement and does not hold any shares in the Company.

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

Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from July 1, 2011. Mr. Christopher Ong, tendered his resignation as an Alternate Director with effect from September 27, 2011.

Mr. George Berczely, a nominee Director of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from September 27, 2011.

Mr. George Berczely is currently Vice President - Business Planning and Performance Management for DHL Asia Pacific. He is responsible for Mergers and Acquisitions, Partnerships and Planning and Performance Management.

Prior to joining Deutsche Post DHL in 2004, Mr. Berczely spent about 5 years with McKinsey & Company, Inc., as a strategy consultant specialised in the Logistics sector. He then joined Deutsche Post DHL as Director, Corporate Strategy, where he

REPORT ON CORPORATE GOVERNANCE

was responsible for strategy and M&A projects. He then moved to DHL Express in 2007 to lead a project to increase operational efficiency, and took on a role as CFO for Network Operations & Aviation, Asia Pacific and Emerging Markets, in 2009.

Mr. Berczely is a British and Austrian citizen, who has lived and worked in South America, Europe and Asia. He holds an MBA from INSEAD and speaks six languages.

In the Board Meeting of the Company held on January 31, 2012, the Board of Directors approved re-appointment of Mr. Anil Khanna as Managing Director of the Company for a further period of three years with effect from February 21, 2012 to February 20, 2015, subject to approval of the members of the Company.

Mr. Anil Khanna is a graduate from the St. Stephen's College, Delhi and holds an MBA degree in Marketing and Finance from UBS, Chandigarh. Mr. Khanna has 32 years of experience in various industries and has been with Blue Dart for over 20 years.

Mr. Anil Khanna took over as the Managing Director in 2007 and since then has led the organisation successfully with clear strategic vision, focus on customers and inclusive execution of customer centric value propositions, thereby consolidating Blue Dart's leadership position in the market place.

Under his leadership, Blue Dart increased its market share in the Air and Ground Express and broadened its strategic focus from being an air express company since inception to being a company that straddles customer offerings across time definite, priority, deferred as well as focus on industry specific solutions in the air and ground express segments. Mr. Khanna also possesses varied experience in the paints and varnishes, consumers' durables, auto components and construction chemical industries.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Clyde Cooper and Mr. Suresh Sheth, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. Clyde Cooper is one of the founding members of Blue Dart. Mr. Cooper was instrumental in drawing the vision that differentiated Blue Dart from other companies and set it on the path of definitive success. He charted the turnaround strategy of the Company in the year 1997 and transformed it into a consistently profitable Company within two years, propelling Blue Dart into a dominant leadership position in the Express Industry in the South Asian - Region. Mr. Cooper has over 31 years of experience in the Air Cargo, Aviation and Express Industry and has been instrumental in leading several initiatives in the express industry in India viz; the concept of 'On Board Couriers', setting up the logistics for the Hub-and-Spoke system and launching India's first and, till date, only express airline.

Mr. Clyde Cooper is an Economics graduate from Mumbai University.

Directorship in other Companies

Blue Dart Aviation Ltd.

Mr. Clyde Cooper, Director, is not a member of any other committees, as contemplated under clause 49 of the Listing Agreement, other than a member of Audit Committee and Remuneration Committee of Blue Dart Aviation Ltd. and does not hold any shares in the Company.

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

Mr. Suresh Sheth, is a Commerce graduate from Sydenham College of Commerce and Economics and a Fellow Chartered Accountant (FCA) and has been a Member of the Institute of Chartered Accountants of India (ICAI) for the past 41 years. Mr. Suresh Sheth is a partner in M/s. Sheth & Company, a firm of Chartered Accountants. His area of specialisation include Audit, Taxation and Financial Consultancy. Mr. Sheth has travelled worldwide extensively in his professional capacity. He has been associated with Blue Dart since inception and has also been associated with various charitable institutions.

Directorship in other Companies

1. Antron (India) Pvt. Ltd.

2. Antelec Ltd.

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

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

As on December 31, 2011, the composition of the Board of Directors consists of one Executive Director and five Non-Executive Directors. All key decisions are taken only after detailed deliberations and discussions by the Board. The Board of Directors possesses 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 the 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.

REPORT ON CORPORATE GOVERNANCE

Board Procedure

The Board of Directors are presented with all the 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 I A to the provisions of Clause 49 of the Listing Agreement, is made available to the Board of Directors enabling them to discharge their functions effectively.

There is no relationship between the Directors inter-se.

The size and composition of the Board 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 the Directors.

During the year under review, five Board Meetings were held, viz. February 1, 2011, April 26, 2011, July 19, 2011, October 21, 2011 and December 16, 2011.

The details of attendance of each Director at the Board Meetings, last Annual General Meeting, and number of other directorship and membership in Committees thereof, are as under:

Name of Director	Position	Designation	Attendance Particulars		Directorship in Other Indian Companies	Committee Membership in Other Indian Companies	
			Board Meetings	Last AGM		Member	Chairman
Mr. Sharad Upasani	Independent & Non-Executive Director	Chairman	5	Yes	1	Nil	Nil
Mr. Anil Khanna	Executive Director	Managing Director	5	Yes	Nil	1	Nil
Mr. Malcolm Monteiro	Non-Independent & Non-Executive Director	Director	5	Yes	1	1	Nil
Mr. Clyde Cooper	Non-Independent & Non-Executive Director	Director	1	No	1	1	Nil
Mr. Suresh G Sheth	Independent & Non-Executive Director	Director	5	Yes	2	Nil	Nil
Mr. Christopher Ong **	Non-Independent & Non-Executive Director	Alternate Director	2	Yes	Nil	Nil	Nil
Mr. Roger Crook*	Non-Independent & Non-Executive Director	Director	-	No	Nil	Nil	Nil
Mr. Jerry Hsu ***	Non-Independent & Non-Executive Director	Director	-	No	Nil	Nil	Nil
Mr. George Berczely ****	Non-Independent & Non-Executive Director	Alternate Director	2	No	Nil	Nil	Nil

*1) 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. tendered his resignation as a Director with effect from June 30, 2011.

**2) Consequent to the resignation of Mr. Roger Crook as a Director with effect from June 30, 2011, Mr. Christopher Ong, an Alternate Director to Mr. Roger Crook, ceased to be a Director with effect from June 30, 2011.

***3) Mr. Jerry Hsu, CEO, DHL Express Asia Pacific and a member of the DHL Express Global Management Board and a Nominee Director of DHL Express (Singapore) Pte. Ltd. has been appointed as an Additional Director with effect from June 30, 2011.

**4) Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from July 1, 2011.

**5) Mr. Christopher Ong, a nominee of DHL Express (Singapore) Pte. Ltd. tendered his resignation as an Alternate Director to Mr. Jerry Hsu with effect from September 27, 2011.

****6) Mr. George Berczely, Vice President – Business Planning and Performance Management, DHL Asia Pacific and a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Jerry Hsu with effect from September 27, 2011.

7) 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.

REPORT ON CORPORATE GOVERNANCE

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.

Composition

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 Auditor.

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.

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, the 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 the financial statements.
- (c) Reviewing the Company's financial and risk management policies.
- (d) Reviewing the adequacy of the 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 Statutory and Internal Auditors and recommending 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 the 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; February 1, 2011 (two meetings, one of which was with the Senior Management of the Company), April 26, 2011, July 19, 2011, October 21, 2011 (two meetings, one of which was with the Senior Management of the Company) and December 16, 2011.

The constitution of the Audit Committee and other related information as on December 31, 2011, 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 a 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.

REPORT ON CORPORATE GOVERNANCE

The details of attendance of each Member at the Compensation Committee Meeting held during the year 2011 are as under:

Names of Director	Position	No. of Meetings	
		Held	Attended
Mr. Suresh G Sheth	Chairman	1	1
Mr. Sharad Upasani	Member	1	1
Mr. Malcolm Monteiro	Member	1	1

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.

In terms of the 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, holds a Masters in Commerce and an LLB degree from Mumbai University, besides an MBA degree from USA.

He is now consulting on matters related to Corporate Law 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 has been a Member of the Institute of Chartered Accountants of India (ICAI) for the past 41 years. Mr. Sheth is a partner in M/s. Sheth & Company, a firm of Chartered Accountants. His areas of specialisation include Audit, Taxation and Financial Consultancy.

In the Annual General Meeting of the Company held on April 26, 2011, the shareholders had approved the payment of commission to Non-Executive Directors, not exceeding 1% of the Net Profit of the Company in accordance with the provisions of the Companies Act, 1956. For their valuable contribution by way of advice for various project works from time to time, the Company pays a

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, 2010.

The Compensation Committee Meeting of the Company was held on February 1, 2011.

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

1. a) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2011 to February 20, 2012)

Basic Salary - ₹ 5.71 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:

- (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 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.

- (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.

REPORT ON CORPORATE GOVERNANCE

- (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, 2011, up to a maximum of ₹ 73 lacs, as may be decided by the Board of Directors from time to time.
- (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 at 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 Managing Director is 6 months notice or payment of 6 months salary in lieu thereof.

1. b) Mr. Anil Khanna – Managing Director

(with effect from February 21, 2012 to March 31, 2012)

Basic Salary - ₹ 5.71 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:

- (i) Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

- (iii) 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.
- (iv) Encashment of unavailed leave at the end of each year.
- (v) Re-imbursement of telephone expenses at residence for official purpose.
- (vi) A chauffeur driven vehicle.
- (vii) Coverage under 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 shall be entitled to incentive payment based on the achievement of profitability levels for the year ended December 31, 2011, upto a maximum of ₹ 73 lacs, as may be decided by the Board of Directors from time to time.
- (xi) Increment for each year shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and members of the Company at 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.

1. c) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2012 to March 31, 2013)

Basic - ₹ 7.06 lacs per month

House Rent Allowance - ₹ 0.825 lacs per month

Special Allowance - ₹ 2.09 lacs per month

Sr. Manager Allowance - ₹ 0.856 lacs per month

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

- (i) Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (iii) Encashment of an unavailed leave at the end of each year.
- (iv) Re-imbursement of telephone expenses at residence for official purpose.

REPORT ON CORPORATE GOVERNANCE

- (v) A chauffeur driven vehicle.
- (vi) Coverage under Company's Group Insurance Cover.
- (vii) Fees of club, subject to a maximum of one club. This will not include admission and life membership fees.
- (viii) Subscription and Annual fees for the Corporate Credit Card.
- (ix) The Managing Director shall be entitled to incentive payment based on the achievement of profitability levels for the year ended December 31, 2012, upto a maximum of ₹ 73 lacs, as may be decided by the Board of Directors from time to time.
- (x) Increment for each year shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and members of the Company at the General Meeting of members.
- (xi) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of ₹ 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 any Statutory Authority, as may be required, remuneration shall be paid as per the conditions and 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 six months notice or payment of six months' salary in lieu thereof.

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 or commission, as per their internal guidelines.

None of the Directors holds 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 the transfers and transmission of shares and replacement,

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, 123 correspondences were received from investors. These include 6 complaints received and disposed off during the year ended December 31, 2011. All Investor correspondences have been attended to expeditiously. There were no investor's complaints pending as on December 31, 2011.

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, 2011.

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	31	31
Non-Receipt of Share certificates / Transfers / Transmissions	18	18
Change of Address	23	23
Request for loss / duplicate/ replacement of Share Certificates	24	24
Others *	27	27
Total	123	123

* 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.

REPORT ON CORPORATE GOVERNANCE

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, 2011.

M/s. Link Intime India Pvt. Limited acts as the Registrar 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 Codes.

The Investors' Grievance Committee monitors the compliance of the provisions of the '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 two 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	Day & Date	Time	Location
December 31, 2008	Wednesday 15.04.09	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099
December 31, 2009	Tuesday 13.04.10	4:30 p.m.	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai – 400 099
December 31, 2010	Tuesday 26.04.11	4:30 p.m.	Hotel Hilton Mumbai International Airport Sahar Airport Road, Andheri (East), Mumbai – 400 099

- b) All the resolutions set out in the respective Notices were passed by the Members. No Postal Ballot was conducted during the year. None of the resolutions are proposed to be passed by the Postal Ballot method.
- c) The following Special Resolution was passed by the Members during the previous three Annual General Meetings.

At the Annual General Meeting held on April 15, 2009:

No Special Resolution was passed.

At the Annual General Meeting held on April 13, 2010:

No Special Resolution was passed.

At the Annual General Meeting held on April 26, 2011:

To approve the mode of payment of remuneration to Non-Executive Directors of the Company in the form of commission for a period of five years from August 1, 2011.

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 Directors of its subsidiary company.

8. Disclosures

Transactions with related parties, as per requirements of Accounting Standard 18, Related Party Disclosures are disclosed elsewhere in the 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. which may have a potential conflict with the interests of the Company at large.

No penalties or strictures were imposed on the Company by any 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 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 an 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 the Board Members and the Senior Management Team of the Company. The Code of Conduct is also posted on the website of the Company.

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

All the Board Members and members of the Senior Management have affirmed compliance with the provisions of the Code of Conduct for the year ended December 31, 2011. 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 “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 an unpublished price-sensitive information relating to the Company.

10. Auditor's Certificate on Corporate Governance

As required by the provisions of Clause 49 of the Listing Agreement, the Auditor's Certificate is given as an Annexure to the Directors' Report.

11. CEO and CFO Certification

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, 2011, 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.

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

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 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 viz; “Compensation Committee”.
2. It is always the Company's endeavour to present an 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 employee of Blue Dart has an important role to play in achieving 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 Management.
6. The Company has in place a Grievance Redressal Program (GRP). The GRP can be used by all 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 an employee is reviewed and addressed, resulting in a decision within the guidelines prescribed. 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 24, 2012 at 3:30 p.m. at Hotel Hilton Mumbai International Airport, Victoria Suite, Sahar Airport Road, Andheri (East), Mumbai – 400 099.

Financial Year **January 1 to December 31**

Financial Calendar (tentative and subject to change)	:	Schedule of Board Meetings	Date
		First Quarter ending March 31, 2012	April 24, 2012
		Second Quarter & Half-Year ending June 30, 2012	July 24, 2012
		Third Quarter ending September 30, 2012	October 30, 2012
		Last Quarter & Year ending December 31, 2012	January 29, 2013

Financial Calendar : (tentative and subject to change)	:	Schedule of Audit Committee Meetings	Date
		First Quarter ending March 31, 2012	April 24, 2012
		Second Quarter & Half-Year ending June 30, 2012	July 24, 2012
		Third Quarter ending September 30, 2012	October 30, 2012
		Last Quarter & Year ending December 31, 2012	January 29, 2013

Book Closure period April 17, 2012 to April 24, 2012

Dividend Payment Date : April 26, 2012

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 2011–2012)

Stock market Performance

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

ISIN : INE233B01017

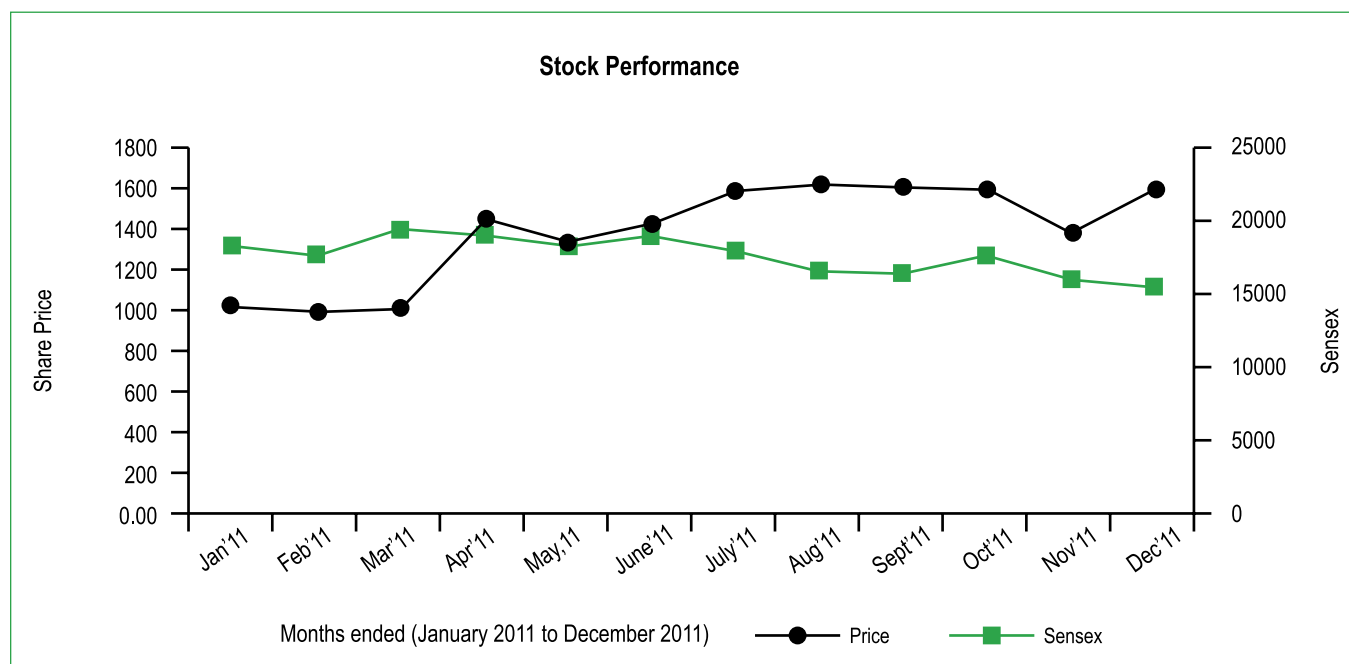
REPORT ON CORPORATE GOVERNANCE

Stock Market Data:

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

Year - 2011			BSE		NSE	
			High	Low	High	Low
January	–	2011	1,189.00	979.95	1,186.35	962.30
February	–	2011	1,120.00	952.10	1,110.00	965.05
March	–	2011	1,050.00	960.00	1,050.00	964.00
April	–	2011	1,558.95	1,000.05	1,559.90	1,003.05
May	–	2011	1,478.90	1,330.00	1,477.45	1,301.15
June	–	2011	1,469.00	1,261.50	1,468.00	1,261.45
July	–	2011	1,684.80	1,430.70	1,687.00	1,426.00
August	–	2011	1,835.00	1,460.00	1,836.00	1,455.00
September	–	2011	1,757.00	1,588.05	1,764.00	1,591.15
October	–	2011	1,651.00	1,460.85	1,670.00	1,556.05
November	–	2011	1,635.00	1,380.00	1,676.00	1,380.00
December	–	2011	1,605.00	1,388.00	1,602.95	1,398.00

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: 022 – 2596 3838
Fax : 022 – 2594 6969
e-mail: rnt.helpdesk@linkintime.co.in

Share Transfer System : Share Transfers which are received in the physical form are processed well within the statutory prescribed period from the date of receipt, subject to 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, 2011

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	5,121	93.87	465,259	1.96
501 - 1000	146	2.68	113,947	0.48
1001 - 2000	80	1.47	120,105	0.51
2001 - 3000	26	0.48	70,250	0.30
3001 - 4000	10	0.18	35,771	0.15
4001 - 5000	14	0.26	68,740	0.29
5001 - 10000	28	0.51	207,616	0.87
10001 - above	30	0.55	22,646,246	95.44
	5,455	100.00	23,727,934	100.00

Categories of shareholders as on December 31, 2011

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	16	1,675,752	7.062
Individuals	4,990	1,108,342	4.671
Companies	251	1,399,555	5.898
NRIs and FIIs	112	296,533	1.250
Clearing Member	84	19,665	0.083
Total	5,455	23,727,934	100.00

* 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, 2011, 23,572,313 Equity Shares of the Company representing 99.34% 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 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 do not conduct any manufacturing activities. The Company offers its existing range of integrated transportation and distribution of shipments through its network of 365 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 Officials:

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

AartiF@bluedart.com

Analyst Contact

: Mr. Yogesh Dhingra – Finance Director & Chief Operating Officer
Mr. Rajesh Joshi, General Manager – Finance and Treasury

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 (the "Company"), for the year ended December 31, 2011, 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 : 301112E
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date : January 31, 2012

Industry Structure, Overview and Developments

The Indian logistics industry continues to grow at a steady pace. Fitch Ratings, a part of the Fitch Group, has reported that the overall outlook of India's logistics industry for 2012 is stable and no significant changes are expected to take place in the short term. The growth in this industry is largely driven by increase in trade, government policy reforms, increased spending on infrastructure, and the overall economic growth driven by the domestic consumption and growing affluence. However, the logistics industry in India still remains largely unorganised and fragmented. The industry faces several challenges like high logistics costs, inadequate infrastructure, capacity constraints, low usage of technology, complex tax laws, over regulation, policy issues and lack of skilled manpower.

India ranks among the fastest growing economies and as the key user industries such as manufacturing, automotive, engineering, pharmaceuticals, retail, e-commerce, banking and financial services gather growth momentum, the prospects of the organised logistics industry in India appear bright.

The Tier II and Tier III growth story for India has been stirring. According to estimates there are over 73 Indian cities¹ with half-a-million plus population. With the overall economic performance and the government's focus on infrastructure development, good connectivity, both through air and ground is bound to happen.

The Indian organised Express Market (a part of the overall logistics market) is about ₹ 4500 crores² and expected to grow at a CAGR of 17%². This includes organised Air Express and organised Ground Express which for 2011 are estimated at ₹ 2000 crores² and ₹ 2500 crores² respectively.

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 epicentre of growth in the logistics space. The industry has transformed itself to offer customers complete end-to-end supply chain solutions. Traditionally, the express industry encompassed small packages – mainly letters and documents of small size, low volume and urgent deliveries.

Today it has metamorphosed to provide express delivery services for packages of all kinds and sizes to any destination. The capabilities include integrated day definite and time definite door-to-door express delivery services for commercial and non-commercial movements and value-added services like border management (octroi, customs, and security), track and trace, pickup services, retail services, trade facilitation, warehousing and distribution, and performance accountability.

The prospects of the industry are accentuated by the fact that outsourcing of logistic requirements gives companies enough time to focus on their core competencies.

A major factor influencing this increase is the Indian government's two-pronged plan, i.e. allowing foreign direct investment (FDI) in multi-brand retail and levying goods and services tax (GST). Both these, however are yet to be implemented.

Review of Performance

In 2011, its 28th year, Blue Dart performed reasonably well on all fronts and capitalized on its strong brand equity and focussed growth plans, customer loyalty, service quality and strong workings with group companies. Importantly, this performance was delivered by passionate Blue Darters.

Blue Dart's information technology infrastructure remains one of its key differentiators and enabler to values.

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, ground-handling capability apart from superior transit times and a loyal base of customers.

As the market leader and benchmark, Blue Dart, very early on, incorporated most of these as part of its overall growth strategy. DHL Express – an early and aggressive mover in the Indian market, holds 81.03% majority stake in Blue Dart catapulting your Company's presence as the business leader in both the National and International markets.

The company is a dominant market leader in the domestic air express industry and commands a 45.9%² market share and has seen significant increase in both volumes and value. In the 'ground' segment, the company garnered a market share of 12.4%² and both market shares reflected good growth when compared with the 2010 figure. Notably, the growth in ground services further strengthens the air express services and is a catalyst to the overall growth of the Company's business.

The Company offers secure and reliable delivery of consignments to over 35,902 locations in India and to over 220 countries and territories worldwide through its group company – DHL Express.

Blue Dart has an unmatched infrastructure, extensive reach, a fleet of three Boeing 737 and four Boeing 757 freighters offering a revenue payload of over 370 tonnes per night, a flotilla of over 6,272 vehicles, 365 facilities including 56 domestic warehouses and 12 express hubs and over 7,792 committed and trained Blue Darters driven by a unified passion of delivering service excellence and value.

In 2011, Blue Dart carried over 988.5 lacs domestic shipments and over 8 lacs international shipments weighing over 423,000 tonnes.

Sources : 1. RK Swamy BBDO Guide to Urban markets
2. AT Kearney

MANAGEMENT DISCUSSION AND ANALYSIS

The company posted ₹12,224 lacs profit after tax for the year ended December 31, 2011, compared to Rs 9,437 lacs profit after tax for the year ended December 31, 2010. Income from Operations for the year ended December 31, 2011 was ₹148,960 lacs, compared to ₹114,741 lacs for the year ended December 31, 2010.

Products

A combination of the right product mix and price has helped Blue Dart build strong brand loyalty over the years.

The domestic express offerings include Time Definite Solutions (Domestic Priority 1030, Domestic Priority 1200, Dart Apex 1200) and Day Definite Solutions (Domestic Priority, Dart Apex, Dart Surfaceline). Packaging Solutions include Express Pallet: Air and Ground, Smart Box – Air and Ground. The Company also offers Cargo Solutions like Airport to Airport, Interline and Charters besides offering Festive Solutions and discounted Student Solutions.

In line with the Company's ability to sense industry specific demand and provide innovative solutions, the Company also offers sector-specific solutions like Temperature Controlled Logistics (TCL), Dart Surfaceline Plus, Point to Point (P2P) and a host of value added services like Demand Draft on Delivery (DOD), Freight on Demand (FOD), Freight on Value (FOV), Cash on Delivery (COD) etc.

The Company's global presence is established through the DHL Document Express (DOX), DHL Worldwide Package Express (WPX) and wide range of packaging solutions. 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, Shipper Interest Insurance (SII), University Express are some of the other offerings.

Innovating, to Stay Ahead

Blue Dart recently launched India's first end-to-end GoGreen Carbon Neutral Service. The GoGreen Carbon Neutral Service allows customers to neutralise their carbon footprint by paying a marginal offset charge over and above their shipping rates. The offset charge will be calculated on shipment and weight. Carbon emissions from customer shipments will be offset by reinvesting in environmental protection projects. A Blue Dart certificate will be issued to the customer annually that will mention the total amount of CO₂ offset for the customer. This new service, a GoGreen initiative is an extension of DPDHL's global environment protection program launched in 2008 and will provide customers in India with an environmentally responsible shipping option.

Technology Driven Cutting Edge

In terms of technological and GOGREEN advancements, in August 2011, Blue Dart launched Smart Truck an "intelligent" pick-up and delivery vehicle that combines a number of innovative technologies including a route planner. Piloted by Blue Dart in Bengaluru, the Smart Truck technology is designed to provide solutions to urban logistic challenges such as traffic restrictions, density and clogging, while ensuring environmental protection and fulfilling customer needs for on-time delivery. These vehicles compute delivery deadlines to calculate the ideal sequence for shipments, and use real-time GPS to avoid jams and optimise routings, thereby enabling flexibility and last-minute pick-ups. This allows the Smart Truck to provide better customer service and a more cost-effective operation as a result of optimum use of vehicles with less wasted miles.

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 strengthen market share and deliver the Blue Dart promise.

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. The joint retail footprint is now over 450+ retail stores, reinforcing the market leadership position of the brands. A quality conscious organisation, the First Choice and NPA (Net Promoter Approach) programmes spearhead the service focus initiatives.

Blue Dart judiciously participates in key events, seminars and media through media one-on-ones, media releases, by-line articles, contributory articles, speaking opportunities, branding activities, etc. In 2011, 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 continued its efforts on three key pillars: GoTeach (Education), GoGreen (Environment) and GoHelp (Disaster Management). Under GoTeach, the award winning 'Blue Edge - Empowering Lives' programme, a 6-month course, continues to impact young lives from the marginalized segment of our society. Till date the programme has completed 9 batches in Mumbai with the 10th batch being underway. In April 2011, the programme was expanded to Chennai which saw the completion of the 1st batch. The 2nd batch began in October 2011 and is going on in full force.

MANAGEMENT DISCUSSION AND ANALYSIS

The relationship with DHL and Teach For India initiatives continues to grow, with active participation of employees in this area of social work.

Blue Dart participated in various efforts to put environmental concerns in the spotlight through GoGreen events like Earth Day, Volunteer Day, Power Saver-Initiative, GoGreen drives, etc.

Blue Dart (along with DHL Express, DHL Supply Chain and DHL Global Forwarding) also supported empowerment of women and communities by helping generate funds through stall activities in the office premises under GoHelp. This year Blue Dart along with the other Business Units celebrated the Global Volunteer Day in September 2011 with participation from more than 8000 employees across all Business Units in India in activities ranging from blood donation drives (in 40 centres), sponsoring trees (more than 10,560 trees sponsored), drawing competitions (for more than 2500 children in 3 cities) and donating edibles, electrical appliances, linen and other necessities to various old age / children's homes.

Opportunities & Future Outlook

The express industry is a key enabler in facilitating trade and commerce. The opportunities are plenty for the express industry in India as the current logistics spend in India is close to 13%³ of the GDP compared to a notably lesser percentage in more developed economies.

Air Express remains the preferred option for reliability, speed and security. 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. The Company identifies potential regions and penetrates the market by setting up offices, appointing representatives, sales focus, pricing structure and enhancing brand visibility. Connectivity is the focus area here. The Company has identified locations which will be tapped in the medium term. The strategy is in place to strengthen market share and deliver the Blue Dart promise.

Sector focus and strengthening relationships with existing clients by catering to more needs of the same client is also an integral part of our growth strategy going forward.

Risks and Concerns

Macro Economic Headwinds

An analysis of the past 10 years shows that the Indian Economy has witnessed a paradigm shift and is on a growth trajectory. India is one of the few economies to have weathered the recent global financial crisis. India's economy has relatively strong fundamentals and it boasts of several eminent corporate giants that are leaders in their respective fields and are expanding globally. As per the Global Competitiveness report 2010-11, India ranks 51st among 139 countries. India ranks higher than many countries in key parameters such as market size (4th) and innovation (39th). It also has a sound financial market (17th). As per

UNCTAD's World Investment Prospects Survey 2010-2012, India is the second-most attractive destination for FDI in the world. Indian markets have significant potential and offer prospects of high profitability and a favourable regulatory regime for investors.

While the near-term challenges for the world economy remain, there remains a belief of being cautiously optimistic on the future scenario. This shift in the balance of economic and financial power looks set to continue, driven by better fundamentals, policy actions and increasing confidence.

The logistics segment in India continues to play a major role and once policy reforms are implemented, the larger players in the industry are poised to benefit from the implementation of GST, the deregulation of diesel price and the formal notification to allow 51 per cent FDI in multi-brand retail. Companies like Blue Dart are well poised to adapt to the changing scenarios and take advantage of the same.

Foreign Exchange Volatility

The rupee after remaining stable in the ₹ 44-46 per dollar mark for almost 20 months, sharply rose to an average of ₹ 49.3 per dollar in October 2011. In November 2011, it further crossed the ₹ 50 per dollar mark and as on 14th December 2011, the exchange rate of the Indian currency stood at ₹ 53.65 per dollar.

Although the depreciation of the rupee was sudden and sharp in a span of three months, it is not likely to carry on at this level and we believe it will settle down in the coming year.

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 lacs 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.

As per media reports, till date courier companies were not covered / regulated by the Indian Post Office Act, 1989. However, the proposed postal bill requires courier companies to get registered under the new legislation. Courier Companies would be regulated by the Central Government through new legislation as per proposed Postal Bill, 2011. As per this proposed bill, courier companies are not allowed to carry letters up to 150 gm and to provide express service for all articles weighing up to 50 gm. Further, minimum rates chargeable by courier company for letters above 150gm and for other articles above 50 gm, shall not be less than two times of postage rates for respective products.

Sources : 3. McKinsey

MANAGEMENT DISCUSSION AND ANALYSIS

The government is expected to put up a draft on Postal Bill on the internet for inviting comments / representations from the industry / public.

The Implementation of the IFRS (International Financial Reporting Standards) converged standards was expected to be effective from April 1, 2011; however despite issuing the IFRS-converged standards (Ind AS) in February 2011, Indian regulators did not implement the new standard. The postponement was attributed to the lack of resolution on taxation issues.

We hope to see some accelerated progress in the long pending Goods and Services Tax (GST) which has been an open issue all of 2011. Implementation of the proposed uniform GST regime may see a shift of trend in the movement of goods. GST is likely to be implemented from April, 2013. Introduction of GST will make it economically viable to simplify distribution network and result in economies of large scale operations and process optimization.

Competition

In 2011, one of the latest entrants in Express market, could not sustain their business model and underwent a sharp business down-turn.

At the same time few international players have expanded the domestic express industry.

Some of the 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 Airport facilities remain challenging with slower development in airport infrastructure to support operations subjecting air operators to long queues for take-off and landing, resulting in increased Aviation Turbine Fuel (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.

Blue Dart strives to optimise its operations and processes by deploying technology and minimizing risk.

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 neutralise 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 also been successfully re-certified in September 2011 for 3 years, to the ISO 9001:2008 standards for the sixth consecutive period.

Human Resources

People First Philosophy forms the core of Blue Dart's culture and is the driving force of the organization. Blue Dart's exemplary employee engagement and 'People First Philosophy' gets highlighted by the fact that a significant number of employees have been working with Blue Dart for more than a decade. They have grown through the ranks to assume greater responsibilities in the organisation. Some of these home-grown employees are heading various Regions and Functions today.

In 2011, the company had taken some key initiatives in the areas of Employee Benefit and Family Welfare, Employee Recognition, Development and Growth Opportunities for strengthening the Employee Proposition.

Organisation Health and Employee Motivation and Morale:

In the year 2011, the overall organisational health and employee morale has improved as reflected in the Employee Satisfaction Survey findings.

99.17% of eligible employees participated in Blue Dart's annual Employee Satisfaction Survey (ESS). The company's overall mean satisfaction score increased from 4.55 to 4.59 (on a scale of 1 to 5). 'Pride for Working for Blue Dart' remains the highest scoring parameter with a mean score of 4.84 followed by 'Job Secured with

MANAGEMENT DISCUSSION AND ANALYSIS

good performance' with a mean score of 4.79 while 'Blue Dart does a good job for customers' and 'The Quality of product and services by Blue Dart is first class' score 4.78 and 4.77 each. The dimension on Employee Engagement scored an overall mean score of 4.62. These approval ratings are a testimony of the strong 'People First' policies of the company.

As per the ESS survey results of 2011, all dimensions have shown improvement indicating very high Employee Motivation, Morale and Engagement level. Factors such as rewards and job conditions have also shown considerable improvement:

- Rewards score went up from 82% to 86%
- Job conditions went up from 90% to 91%.
- Pride in Working for Blue Dart moved from 97.80% to 98.70%
- Employee Engagement went up from 94% to 95%
- Overall Satisfaction level went up from 92% to 94%

In view of the above increase in overall satisfaction, the score of 94% has emerged as one of the best employee satisfaction scores in the history of Blue Dart.

Employee Communication:

To communicate, share and align our employees on all the organisations' plans, business performance, policies, process on new initiatives and strategies for the future, the Team Briefing sessions by the Managing Director with the Senior Management Team were held periodically. Around eight Team Brief sessions were held in 2011. This initiative was very well received by employees and even in the Employee Satisfaction Survey the feedback has been good with high scores of 96.03%. In the external survey (Great Place to Work, India) too, this initiative has been highlighted as one of the best practices.

To further reinforce the communication, HR has been conducting Open House sessions especially for the front line on regular basis. The Open House sessions are conducted every quarter at all the locations and service centers of Blue Dart. These Open House sessions allow Blue Darters to express their concern areas which affect their work life, morale and motivation in a frank manner thus enabling solutions or clarifications. A total of 388 Open House sessions were conducted in 2011.

Employee Welfare:

Through the ESS feedback sessions and Employee Communication mechanism, feedback received were implemented keeping in mind the People First Philosophy of Blue Dart.

Training and Development:

The organisation continues its focus on training and development of people through internal and external management development programmes and other regular trainings on various mandatory programmes 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 programmes some of the soft skills/ behavioural training that are organised in Blue Dart are:

- Delivering Smiles
- Key Accounts Training
- Let's get perfect
- Building Teams to Deliver Smiles Training
- Key to personal effectiveness
- Self awareness and personal effectiveness
- Managerial Effectiveness for Operational Excellence
- Active Frontline Leadership Training
- The Service Spirit
- Soar Higher Together
- Whistle While You Lead
- Whistle While I Lead

The objective of the above training programmes is to help the employees build positive attitude, enhance personal effectiveness/growth, learn the importance of managing self through time Management/ Stress Management, to develop effective communication and build collaborative relationships, enhancing and developing the Managerial Skills and Techniques, to develop the skills of the employees to provide Customer Delight and Deliver Service Excellence, Building trust and work as a team and also to create a culture of learning and development thus making Blue Dart a learning organisation.

Talent Management:

The company has taken a new initiative called Panel Review in order to develop our Middle and Senior Managers in a structured manner. A Panel Review is a process for review of performance and potential of prospective employees for their continuous development, growth and succession plans.

MANAGEMENT DISCUSSION AND ANALYSIS

85 Managers were covered under this process in 2011. Through this process, the Managers' strengths and Areas of Development have been assessed and captured through an intense discussion by the panel based on their consistent performance and potential. All the details are documented and Individual Development Plans (IDPs) have been finalised. The same has been shared with their reporting Managers for feedback and steps are being taken for addressing the IDPs.

Culture Building:

At Blue Dart, the strong belief is that a healthy and content workforce is the key to an organization's success and as part of the culture building initiatives, the Company follows a policy called "People First". Numerous people centric initiatives are regularly undertaken to generate positive energy, bonding amongst employees including their family members.

Some of the activities that Blue Dart celebrated in 2011 are:

- Special Days - Valentine's Day, Women's Day, Friendship Day, Independence & Republic Days, Children's Painting competition
- Festivals - Holi, Diwali, Dandiya, Christmas
- Sports - Chess Tournaments, Cricket Matches

Over and above this, Blue Dart's 28th anniversary was celebrated with great gusto and enthusiasm across India.

Enthusiastic employees are further encouraged through prizes and featuring them in the internal newsletter – Daily News. The Daily News is circulated to all the offices across Blue Dart Country which ensures immediate fame and recognition for employees amongst their colleagues. Many of the events are not just restricted to the employees but are open to participation from their family members too.

In addition to the cultural celebrations, Blue Dart also undertakes various initiatives to help employees strike a balance between their personal and professional lives. Some of the work-life balance initiatives (at Head Office) are:

- Stress Talk: To help employees cope with stress which has become an integral part of daily life, a talk on Stress Management was organised by one of the leading hospitals in Mumbai. This programme was very well appreciated and the feedback received from the employees on the Stress Session was very overwhelming.
- A health talk on Yoga was organised for the employees.

Rewards & Recognition:

Blue Dart has various Rewards and Recognition initiatives to motivate and encourage employees to continue with their good work.

The following awards are given to employees as recognition of their outstanding contribution to Blue Dart:

- Super Darter Award: This award seeks to recognise and award acts that far exceed the call of duty.
- Bravo Award: This is an on the spot award given by individual managers to their people for outstanding achievements.
- True Blue Award: This award is given to every employee who completes 5 years of service in Blue Dart Express Ltd.
- Employee of the Year Award: This is to encourage excellence by recognizing our top performing, customer (external/internal) focused employees across the country. The award further exists to recognise and effectively attract, retain and manage our top performing employees.

The number of awards received by Blue Dart employees in 2011 has considerably gone up. This shows that the Blue Dart Managers have appreciated and encouraged the good work done by their team members through recognition of their contributions and efforts, which proves the adage that "good work when recognized gets repeated." It also reflects good morale and motivation level of the employees.

Details of the awards given out in 2011 vis-a-vis 2010 are as follows:

AWARDS	2010	2011
BRAVO	510	850
SUPER DARTER	49	58
TRUE BLUE AWARD	356	636
EMPLOYEE OF THE YEAR	7	10

Awards and Recognitions

2011 saw Blue Dart being the recipient of several prestigious awards that are a validation of its Brand Equity and Leadership, Human Resource Philosophy, Operational Efficiency and Corporate Governance. Some of the awards and recognitions are:

- Blue Dart ranks India's 'Best Company to Work for in India 2011' by the Great Place to Work Institute, India;
- 'Reader's Digest Most Trusted Brand' Gold Award, 6 years in a row;
- 'Brand Excellence Award in Logistics Sector' by the Star News Brand Excellence Awards 2011;

MANAGEMENT DISCUSSION AND ANALYSIS

- 'Brand Excellence in Service/Hospitality Industry' by the Global Awards for Brand Excellence 2011;
- 'Best Service Excellence Award – Domestic' by the Asian Leadership Awards;
- 'Best Marketing Strategy Award' by the Asian Leadership Awards;
- 'Business Super Achievers Award – Anil Khanna' by the Asian Leadership Awards;
- 'Best Air Express Provider of the Year – Domestic' by the 5th Express, Logistic & Supply Chain Conclave;
- 'Innovative Logistics Company of the Year' at the 5th Express, Logistic & Supply Chain Conclave for Blue Dart – DHL;
- 'Organization With Innovative HR Practices', award at the Asia Pacific HRM Congress;
- 'Outstanding Contribution to the Cause of Education' award at the Asia Pacific HRM Congress;
- Anil Khanna - Managing Director conferred with the 'CEO with HR Orientation', award at the Asia Pacific HRM Congress;
- Tata Motors award for 'Best Logistic Provider in Logistic' (Vehicle off Road) category;
- 'SUPERBRAND Status 2011'; 'STARBRAND Status 2011';
- '6th Social and Corporate Governance Award 2010', for the Best CSR Practice held at Bombay Stock Exchange;
- Anil Khanna – Managing Director honoured with 'CEO of the Year', award at the CMO Asia Awards;
- Frost & Sullivan award for the 'Best Logistics Service Provider in the Pharmaceutical Sector';
- 'Brand Excellence in Logistics' at the CMO Asia Awards;
- 'Brand Leadership Award' for Ketan Kulkarni, VP & Head – Marketing, Corporate Communication & Sustainability at the CMO Asia Awards for Excellence in Branding and Marketing;
- Blue Dart Express Ltd wins Customer & Brand Loyalty Awards in the 'Logistic Sector – Express' at the 4th Loyalty Awards;
- Customer Validated POWERBRANDS 2011;
- Asia Retail Congress 2011 – Awards for Retail Excellence – 'Retail Best Employers of the Year' for Blue Dart – DHL RETAIL initiative;
- Asia Retail Congress 2011 – Awards for Retail Excellence – 'Retail Leadership Award' for Blue Dart – DHL RETAIL initiative;
- Shine.com HR Leadership Awards for 'Best HR Practices Award in Rewards & Recognition Strategies';
- Global HR Excellence Awards 2010-2011 – 'Outstanding contribution to the cause of education' for effective Corporate Social Responsibility efforts through our award winning Blue Edge: Empowering Lives Program;
- 6th Social & Corporate Governance Awards 2010 – 'Organisation that offers the best returns to consumers';
- 6th Social & Corporate Governance Awards 2010 – 'CEO with HR Orientation';
- 'Excellence in HR Through Technology', at the 5th Employer Branding Awards 2010-2011; 'Best Employee of the Year (Rank 13th)', at the 5th Employer Branding Awards 2010-2011;
- 'Best HR Practices in line with Strategy', at the 5th Employer Branding Awards 2010-2011;
- 'Best in Corporate Social Responsibility Practice', at the 5th INDY's Awards 2011;
- Yogesh Dhingra, COO & Finance Director was conferred the CFO 100 'Recognition of Excellence' for his exceptional contribution to corporate finance;
- Tulsi Mirchandaney, Managing Director, Blue Dart Aviation Ltd. felicitated by the Government of India for her significant contribution to the growth of civil aviation in India;
- Blue Points won the 'Best Loyalty programme' award at the CMO Asia Awards;
- Blue Edge: Empowering Lives won the 'Best Community Development' programme award at Asia's Best CSR Practice Awards;
- 'Best Developing Sustainable Strategy' at Asia's Best CSR Practice Awards;
- 'Best CSR Practice' award (Overall) at Asia's Best CSR Practice Awards;

MANAGEMENT DISCUSSION AND ANALYSIS

- Ketan Kulkarni, VP & Head, Marketing, Corporate Communications & Sustainability was conferred the 'Award for Brand Leadership' at the Global Awards for Brand Excellence 2011;
- Community Development – Blue Edge: Empowering Lives' at the CSR Awards 2011 by Subir Raha Centre for Corporate Governance;
- 'Best Environmental Excellence – Smart Truck' at the CSR Awards 2011 by Subir Raha Centre for Corporate Governance.

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, 2011 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee: -
 - a. significant changes, if any, in the internal control over financial reporting during the year.
 - b. significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Anil Khanna
Managing Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Mumbai, January 31, 2012

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, January 31, 2012

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, 2011, 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2011 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, 2011;
 - (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: 301112E
Chartered Accountants

Neeraj Gupta
Partner
Membership Number: F055158

Place: Mumbai
Date: January 31, 2012

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, 2011)

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) During the year, management introduced a revised physical verification program designed to cover some items of assets every year, some items once every two years and the rest once every three years, basis the cost threshold specified by the Management for this purpose, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme certain fixed assets covered by the revised program 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.
(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 to a party covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregates to ₹ 2,018,787,955.
(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
(c) 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, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess have generally been regularly deposited 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.

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, 2011)

- | | | | |
|-----|---|-----|---|
| 10. | The Company has no accumulated losses as at December 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year. | 16. | The Company has not obtained any term loans. |
| 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, 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, except for certain instances of fraud on the Company, including those committed by way of theft, embezzlement of cash and pilferage of credit cards by employees of the Company and service providers, aggregating ₹ 245,360, which are in the process of being settled/recovered, 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. |

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Neeraj Gupta
Partner
Membership Number: F055158

Place: Mumbai
Date: January 31, 2012

BALANCE SHEET AS AT DECEMBER 31, 2011

	Schedule No.	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	237,628	237,628
Reserves and Surplus	2	6,343,743	5,176,479
		6,581,371	5,414,107
Deferred Tax Liabilities (Net) [Refer Notes 1(k) and 6 - Schedule 16]			
Deferred Tax Liabilities		219,310	215,987
Less: Deferred Tax Assets		36,923	34,335
		182,387	181,652
TOTAL		6,763,758	5,595,759
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		3,932,590	3,254,366
Less: Depreciation/Amortisation		1,605,286	1,423,381
Net Block	3	2,327,304	1,830,985
Capital Work in Progress (including capital advances)		66,874	267,215
		2,394,178	2,098,200
Loan to Blue Dart Aviation Limited [Refer Note 14 - Schedule 16]		2,018,788	1,124,458
Investments	4	722,454	959,842
Current Assets, Loans and Advances			
Inventories	5	26,233	21,746
Sundry Debtors	6	1,889,838	1,532,855
Cash and Bank Balances	7	377,050	347,262
Loans and Advances	8	943,042	839,803
		3,236,163	2,741,666
Less: Current Liabilities and Provisions			
Liabilities	9	1,464,160	1,214,473
Provisions	10	143,665	113,934
		1,607,825	1,328,407
Net Current Assets		1,628,338	1,413,259
TOTAL		6,763,758	5,595,759
Notes to Accounts	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: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

Sharad Upasani
Chairman

Jerry Hsu
Director

Place: Mumbai
Dated: January 31, 2012

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, 2011

	Schedule No.	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
INCOME			
Service Charges [Refer Note 1(h) - Schedule 16]		14,896,032	11,474,121
Other Income	11	242,622	53,165
		15,138,654	11,527,286
EXPENDITURE			
Freight, Handling and Servicing Costs	12	10,076,440	7,483,584
Employee Costs	13	1,844,140	1,488,917
Other Costs	14	1,213,248	959,892
		13,133,828	9,932,393
Profit Before Interest, Depreciation and Taxation		2,004,826	1,594,893
Interest Expense	15	9	140
Depreciation/Amortisation	3	215,953	192,166
		215,962	192,306
Profit Before Taxation		1,788,864	1,402,587
Provision for Taxation [Refer Notes 1(k), 6 and 12 - Schedule 16]			
Current Tax		565,712	464,143
Deferred Tax		735	(3,940)
Taxation in respect of earlier years		-	(1,300)
		566,447	458,903
Profit After Taxation		1,222,417	943,684
Balance brought forward from previous year		4,538,113	3,622,098
Available for Appropriation		5,760,530	4,565,782
Proposed Dividend		47,456	23,728
Tax on Proposed Dividend		7,697	3,941
Transfer to General Reserve		91,681	-
Balance carried forward to Balance Sheet		5,613,696	4,538,113
Earnings Per Share (Refer Note 5 - Schedule 16)			
Basic and diluted Earnings Per Share (in ₹)		51.52	39.77
Nominal value per equity share (in ₹)		10.00	10.00
Notes to Accounts	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 Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

Sharad Upasani
Chairman

Jerry Hsu
Director

Place: Mumbai
Dated: January 31, 2012

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, 2011

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
A. Cash flows from Operating activities:		
Profit before Taxation	1,788,864	1,402,587
Adjustments for:		
Depreciation/Amortisation	215,953	192,166
Interest expense	9	140
Interest income	(150,270)	(8,164)
Dividend from mutual funds	(45,823)	(33,160)
Loss/(Gain) on sale/scraping of fixed assets (Net)	2,099	5,706
Unrealised (Gain)/loss on account of Foreign exchange (Net)	(7,240)	206
Bad debts	8,495	8,951
Liabilities no longer required written back	(5,955)	(1,629)
Provision for Leave Encashment	7,748	12,248
Provision for Gratuity	(5,501)	3,544
Provision for Directors' commission	9,253	9,253
Operating profit before working capital changes	1,817,632	1,591,848
Adjustments for changes in working capital:		
(Increase) in Inventories	(4,487)	(1,707)
(Increase) in Sundry Debtors	(358,238)	(282,661)
(Increase) in Loans and Advances	(51,865)	(658,303)
Increase in Trade and Other Payables	250,594	195,892
Cash generated from Operations	1,653,636	845,069
Taxes paid (net of Tax Deducted at Source)	(602,076)	(472,493)
Net cash from Operating activities	1,051,560	372,576
B. Cash flows used in Investing activities:		
Purchase of fixed assets	(701,797)	(309,244)
Changes in capital work in progress	181,202	(71,171)
Proceeds from sale of fixed assets	2,653	1,256
Interest received	135,260	6,775
Dividend from mutual funds	64,163	7,272
Proceeds from divestment of investments	-	60
Investments in mutual funds	(10,614,960)	(9,820,450)
Redemptions from mutual funds	10,834,010	9,933,600
Loan to Blue Dart Aviation Limited	(894,330)	-
Net cash used in Investing activities	(993,799)	(251,902)
C. Cash flows used in Financing activities:		
Interest paid	(9)	(140)
Dividend paid	(24,023)	(23,902)
Dividend tax paid	(3,941)	(4,033)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
Net cash used in Financing activities	(27,973)	(28,075)
Net Increase in Cash and Cash Equivalents	29,788	92,599
Cash and Cash Equivalents at the beginning of the year	347,262	254,663
Cash and Cash Equivalents at the end of the year	377,050	347,262
	As at December 31,2011 in ₹ ('000)	As at December 31,2010 in ₹ ('000)
Cash and Cash Equivalents comprise of:		
Cash on hand	5,458	3,927
Cash, cheques and remittances in transit	135,467	110,546
Balance with Scheduled Banks:		
on current accounts	225,640	222,733
on margin money accounts	150	150
on unpaid dividend accounts	774	1,069
Balance with non scheduled Bank:		
on current account	8,181	7,457
on deposit account	1,380	1,380
	377,050	347,262

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').
- Cash flows in brackets indicate cash outgo.
- Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Cash and cash equivalents includes ₹ 21,926 ('000) [(Previous year - ₹ 4,491 ('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: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

Sharad Upasani
Chairman

Jerry Hsu
Director

Place: Mumbai
Dated: January 31, 2012

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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
400,000	400,000

Issued and Subscribed

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

237,280	237,280
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Add: Forfeited Shares

348	348
-----	-----

Total

237,628	237,628
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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
Add: Transfer from Profit and Loss Account	91,681	-
At the end of the year	335,990	244,309
Profit and Loss Account	5,613,696	4,538,113
Total	6,343,743	5,176,479

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	
	Opening Balance As at January 1, 2011	Additions	Deductions / Adjustments	Closing Balance As at December 31, 2011	Opening Balance As at January 1, 2011	For the Year	Deductions / Adjustments	Closing Balance As at December 31, 2011	Closing Balance As at December 31, 2011	Closing Balance As at December 31, 2010
Intangible Assets:										
Goodwill	30,000	-	-	30,000	29,630	370	-	30,000	-	370
Computer Software	236,583	304,862	103	541,342	109,609	30,633	8	140,234	401,108	126,974
Tangible Assets:										
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	195,009	6,249	(199)	201,457	32,852	5,232	4	38,080	163,377	162,157
Office Equipment	132,961	25,535	(435)	158,931	40,267	10,559	649	50,177	108,754	92,694
Electrical Equipment	288,166	52,867	3,668	337,365	101,788	22,372	2,416	121,744	215,621	186,378
Computers	503,560	129,330	70,671	562,219	302,218	55,650	17,958	339,910	222,309	201,342
Furniture and Fittings	400,325	131,634	2,116	529,843	131,719	28,461	761	159,419	370,424	268,606
Vehicles	45,128	3,402	1,283	47,247	26,858	3,168	1,237	28,789	18,458	18,270
Aircraft Engines	123,697	-	14,955	108,742	123,697	-	14,955	108,742	-	-
Aircraft	527,245	-	-	527,245	236,767	35,589	-	272,356	254,889	290,478
Aircraft Components and Overhaul	205,170	-	-	205,170	168,628	3,404	-	172,032	33,138	36,542
D-Check on Aircraft [Refer Note (a) below]	114,598	-	-	114,598	107,620	6,022	-	113,642	956	6,978
Ground Handling Equipment	55,641	27,323	(1,006)	83,970	11,728	3,637	(62)	15,427	68,543	43,913
Machinery and Equipment	-	33,031	(55,147)	88,178	-	10,856	(3,878)	14,734	73,444	-
Total	3,254,366	714,233	36,009	3,932,590	1,423,381	215,953	34,048	1,605,286	2,327,304	1,830,985
Previous Year	3,003,632	313,435	62,701	3,254,366	1,286,954	192,166	55,739	1,423,381	1,830,985	

Notes:

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

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

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)		As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 4			NIL units (Previous Year		
INVESTMENTS			14,751,481) of HDFC Cash		
(Long Term, Unquoted, At Cost)			Management Fund Treasury		
[Refer Note 1(e) - Schedule 16]			Advantage Plan Wholesale - Daily		
			Dividend Reinvestment (4,535,713		
			units purchased, 300,827 units		
			cumulated and 19,588,021 units		
			sold during the Year)	-	147,980
Trade					
11,760,000 (Previous Year -			1,705,423 units (Previous Year		
11,760,000) equity shares of			830,846) of ICICI Prudential Liquid		
₹ 10 each in Blue Dart			Plan - Super Institutional Daily		
Aviation Limited	183,081	183,081	Dividend Reinvestment Plan		
			(37,118,212 units purchased,		
110,000 (Previous Year - 110,000)			107,895 units cumulated and		
equity shares of ₹ 10 each in			36,351,530 units sold		
Concorde Air Logistics Limited	14,600	14,600	during the Year)	170,581	83,103
Non - Trade			NIL units (Previous Year NIL) of		
<u>Others (Current)</u>			HDFC Cash Management Fund -		
Units in Mutual Funds			Savings Plan - Daily Dividend		
			Reinvestment Option (100,832,989		
NIL units (Previous Year 186,514)			units purchased, 296,016 units		
of UTI Treasury Advantage Fund -			cumulated and 101,129,005 units		
Institutional Plan - Daily Dividend			sold during the Year)	-	-
Reinvestment (74,984 units					
purchased, 6,946 units cumulated			107,944 units (Previous Year NIL)		
and 268,444 units sold			of UTI Liquid Cash Plan Institutional		
during the Year)	-	186,554	Daily Income Option Reinvestment		
			(2,417,000 units purchased, 5,206		
890,001 units (Previous Year			units cumulated and 2,314,262		
1,713,378) of ICICI Prudential			units sold during the Year)	110,043	-
Flexible Income Plan Premium -					
Daily Dividend Reinvestment Plan			1,497,531 units (Previous Year NIL)		
(1,867,877 units purchased, 59,471			of Birla Cash Plus Institutional		
units cumulated and 2,750,725			Premium - Daily Dividend -		
units sold during the Year)	94,104	181,164	Reinvestment (210,228,452 units		
			purchased, 517,771 units		
NIL units (Previous Year			cumulated and 209,248,692 units		
16,324,919) of Birla Sunlife Savings			sold during the Year)	150,045	-
Fund Institutional Plan - Daily					
Dividend Reinvestment (5,100,276			Total	722,454	959,842
units purchased, 306,396 units					
cumulated 21,731,591 units sold					
during the Year)	-	163,360			

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 5		
INVENTORIES		
[Refer Note 1(f) - Schedule 16]		
Packing and Stationery Consumables	18,525	14,038
Spares	7,708	7,708
Total	26,233	21,746
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Other debts [Refer Note 8(d) (i) - Schedule 16]	1,889,838	1,532,855
Total	1,889,838	1,532,855
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash on hand	5,458	3,927
Cheques on hand and remittances in transit	135,467	110,546
Balance with scheduled banks:		
on current accounts	225,640	222,733
on margin money accounts	150	150
on unpaid dividend accounts	774	1,069
Balance with non-scheduled bank: (Municipal Co-operative Bank)		
on current account	8,181	7,457
on deposit account	1,380	1,380
{Maximum amount outstanding during the Year in current account ₹ 38,181 ('000) [Previous Year - ₹ 18,852 ('000)] and in deposit account ₹ 1,380 ('000) [Previous Year - ₹ 1,380 ('000)]}		
Total	377,050	347,262

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 ₹ 19,622 ('000) [Previous Year ₹ 1,892 ('000)] held in trust on behalf of others

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Aircraft Payload Deposit (Trade) with Blue Dart Aviation Limited	215,000	215,000
Advances recoverable in cash or in kind or for value to be received:		
Prepaid expenses	67,948	44,404
Deposits	339,359	290,547
Advance tax [Net of Provision for Taxation ₹ 1,565,482 ('000) [Previous Year ₹ 1,464,150 ('000)]]	112,548	61,174
Other advances	208,187	228,678
Total	943,042	839,803
SCHEDULE 9		
LIABILITIES		
Sundry Creditors:		
a) Micro, Small and Medium Enterprises [Refer Note 11 - Schedule 16]	4,236	6,455
b) Others [Refer Note 8(d)(iii) - Schedule 16]	1,285,618	959,065
Unclaimed dividend *	774	1,069
Other Liabilities	173,532	247,884
Total	1,464,160	1,214,473

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

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)		Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
SCHEDULE 10			Gain on account of Foreign exchange fluctuation (Net) [Refer Note 1(i) - Schedule 16]	7,240	-
PROVISIONS			Miscellaneous income	33,334	10,212
Provision for Leave Encashment [Refer Notes 1(g) and 2 - Schedule 16]	84,880	77,132	Total	242,622	53,165
Provision for Gratuity [Refer Notes 1(g) and 2 - Schedule 16]	3,632	9,133			
Proposed Dividend	47,456	23,728	SCHEDULE 12		
Tax payable on Proposed Dividend	7,697	3,941	FREIGHT, HANDLING AND SERVICING COSTS		
Total	143,665	113,934	Aircraft charter costs	5,223,930	3,842,519
			Domestic network operating costs	2,948,625	2,119,258
			International servicing charges	821,622	684,178
			Domestic excess baggage	566,584	452,666
			Handling and clearing charges	333,756	241,837
			Printing, stationery and consumables	181,923	143,126
			Total	10,076,440	7,483,584

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)			
SCHEDULE 11			SCHEDULE 13		
OTHER INCOME			EMPLOYEE COSTS		
Dividend from Mutual Funds (from non-trade investments)	45,823	33,160	[Refer Notes 1(g), 2, 10(a) and 10(b) - Schedule 16]		
Interest on Loan to Blue Dart Aviation Limited {Tax deducted at source ₹ 12,055 ('000) [Previous Year - ₹ 852 ('000)]}	120,550	4,258	Salaries, Bonus and Leave Encashment [Refer Notes 1(j) and 9 (b) - Schedule 16]	1,622,275	1,326,804
Interest on Inter-Corporate Deposit to Blue Dart Aviation Limited {Tax deducted at source ₹ 425 ('000) [Previous Year - ₹ 517 ('000)]}	4,251	2,587	Contribution to Provident and other funds	125,651	113,615
Interest on deposits with banks and others {Tax deducted at source ₹ 2,530 ('000) [Previous Year - ₹ 35 ('000)]}	25,469	1,319	Staff welfare expenses	96,214	48,498
Liability no longer required, written back	5,955	1,629	Total	1,844,140	1,488,917
			SCHEDULE 14		
			OTHER COSTS		
			Rent [Refer Notes 1(j), 9 (a) and 9 (b) - Schedule 16]	544,317	429,606
			Electricity	99,769	87,204
			Office expenses	124,165	85,541
			Security expenses	105,579	75,048

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
Repairs and maintenance - others	86,762	67,018
Communication expenses	76,375	63,040
Legal and professional charges [Refer Note 10(c) - Schedule 16]	47,196	44,770
Rates and taxes	37,031	30,177
Travelling and conveyance	20,876	16,311
Insurance	16,710	15,328
Sales promotion and advertising	24,764	14,793
Lease rentals [Refer Notes 1(j) and 9 (b) - Schedule 16]	16,322	12,507
Bad debts	8,495	8,951
Loss on sale/scraping of fixed assets (Net)	2,099	5,706
Miscellaneous expenses	2,788	2,699
Loss on account of Foreign exchange fluctuation (Net) [Refer Note 1(i) - Schedule 16]	-	1,193
Total	1,213,248	959,892
SCHEDULE 15		
INTEREST EXPENSE		
On Bank Overdraft	9	140
Total	9	140

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

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

SCHEDULES

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.

(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.

SCHEDULES

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

(l) Provision for Contingent Liabilities

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

2. Employee Benefits

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

I Defined Contribution Plans

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

During the year, the Company has recognised the following amounts in the Profit and Loss Account in Schedule 13 under "Contribution to Provident and other funds":

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
- Employers' Contribution to Provident Fund	34,840	28,326
- Employers' Contribution to Superannuation Fund	7,234	5,194
- Employers' Contribution to Employee's State Insurance	27,509	20,401
- Employers' Contribution to Employee's Pension Scheme 1995	33,067	27,968

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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Discount Rate (per annum)	9.25%	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)	19	22

A) Changes in the Present Value of Obligation

Present Value of Obligation at the beginning of the year	212,060	176,225
Interest Cost	19,672	14,539
Past Service Cost	Nil	Nil
Current Service Cost	19,380	16,444
Curtailment Cost/(Credit)	Nil	Nil
Settlement Cost/(Credit)	Nil	Nil
Benefits Paid	(11,133)	(3,522)
Actuarial (gain)/loss on obligations	(6,465)	8,374
Present Value of Obligation as at Year end	233,514	212,060

SCHEDULES

B) Changes in the Fair value of Plan Assets

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Fair Value of Plan Assets at the beginning of the year	202,927	171,987
Expected Return on Plan Assets	15,727	13,329
Actuarial Gains and (Loss) on Plan Assets	3,348	(1,009)
Contributions	19,013	22,142
Benefits Paid	(11,133)	(3,522)
Fair Value of Plan Assets at Year end	229,882	202,927

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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Present Value of funded obligation as at the Year end	233,514	212,060
Fair Value of Plan Assets as at the end of the year	229,882	202,927
Funded Status	(3,632)	(9,133)
Present Value of unfunded Obligation as at the Year end	(3,632)	(9,133)
Unrecognised Actuarial (gains)/losses	Nil	Nil
Unfunded Net Asset/(Liability) Recognised in Balance Sheet	(3,632)	(9,133)

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

Present Value of Obligation at the end of the year	(233,514)	(212,060)
Fair Value of Plan Assets at Year end	229,882	202,927
Liability recognised in the Balance Sheet	(3,632)	(9,133)

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

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
Current Service Cost	19,380	16,444
Past Service Cost	Nil	Nil
Interest Cost	19,672	14,539
Expected Return on Plan Assets	(15,726)	(13,329)
Curtailment Cost/(Credit)	Nil	Nil
Settlement Cost/(Credit)	Nil	Nil
Net actuarial (gain)/loss recognised in the Year	(9,814)	9,383
Total Expenses/(Gain) recognised in the Profit and Loss Account	13,512	27,037

F) Experience Adjustments

Defined Benefit Obligation	233,514	212,060
Plan Assets	229,882	202,927
Deficit/(Surplus)	(3,632)	(9,133)
Experience Adjustment on plan liabilities (gain)/loss	14,932	8,374
Experience Adjustment on plan assets (gain)/loss	(3,348)	1,009

G) Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at December 31, 2011 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 ₹ 23,902 ('000) [Previous Year ₹ 19,717 ('000)].

SCHEDULES

II. Net Asset/(Liability) recognised in Balance Sheet:

	Year ended December 31, 2011 (in ₹ '000)	Year ended December 31, 2010 (in ₹ '000)	Year ended December 31, 2009 (in ₹ '000)	Year ended December 31, 2008 (in ₹ '000)	Year ended December 31, 2007 (in ₹ '000)
A) Present Value of Obligation at the close of the year	(233,514)	(212,060)	(176,225)	(173,156)	(160,336)
B) Fair Value of Plan Assets at the close of the year	229,882	202,927	170,636	137,070	119,475
C) Asset/(Liability) recognised in the Balance Sheet	(3,632)	(9,133)	(5,589)	(36,086)	(40,861)
"Change in Defined Benefit Obligation(DBO) during the year ended"					
Actuarial (Gain)/Loss	(6,465)	8,374	(20,380)	(4,574)	35,237
Change in the Fair Value of Plan Assets					
Actuarial Gain/(Loss)	3,348	(1,009)	1,850	(436)	1,783

III. Other Long Term Employee Benefits:

The liabilities for Leave Encashment and Compensated Absences as at year end were ₹ 74,184 ('000) [Previous Year ₹ 69,048 ('000)] and ₹ 10,696 ('000) [Previous Year ₹ 8,084 ('000)] respectively.

3. Capital Commitments

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

As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
156,003	158,926

4. Contingent Liabilities not provided for

(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited

860,000	1,660,000
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(b) Bank Guarantees

3,570	24,663
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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, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
(a) Profit after Taxation (₹ '000)	1,222,417	943,684
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In ₹)	51.52	39.77
(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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
(a) Liabilities		
Depreciation/Amortisation	219,310	215,987
Total	219,310	215,987
(b) Assets		
Provision for Leave Encashment	26,242	24,293
Provision for Gratuity	1,179	3,034
Provision for Bonus	9,502	7,008
Total	36,923	34,335
Net Deferred Tax Liabilities	182,387	181,652

SCHEDULES

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
Clyde C. Cooper	- Director
Malcolm Monteiro	- Director
Roger Crook	- Director (Resigned on 30th June, 2011)
Christopher Ong	- Director (Resigned on 27th September, 2011)
Jerry Hsu	- Director (Appointed on 30th June, 2011)

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

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

DHL Express (Singapore) Pte. Limited	- Holding Company
Concorde Air Logistics Limited, 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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(c) Transactions with related parties during the year:

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

DHL Express (Singapore) Pte. Limited

Dividend paid	19,228	19,228
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Concorde Air Logistics Limited

Reimbursements towards air freight	353,356	282,455
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DHL Express (India) Private Limited

International servicing cost	821,622	684,178
Domestic service charges income	(522,986)	(371,258)
Reimbursements of expenses	4,430	4,143

DHL Lemuir Logistics Private Limited

Domestic service charges income	(327,302)	(293,911)
Deposit received/(paid)	300	535
Reimbursements of expenses	392	-

Blue Dart Aviation Limited

Aircraft charter costs	5,223,930	3,842,287
Capital Advances granted	-	567,563
Capital Advances settled	-	(8,900)
Capital Advances converted to Loan	-	1,124,458
Inter Corporate loan granted	894,330	-
Inter Corporate Deposit granted	618,830	151,121

Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
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SCHEDULES

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
Inter Corporate Deposit settled	(618,830)	(151,121)
Interest income on Loan	(120,550)	(4,258)
Interest on Inter-Corporate Deposit	(4,251)	(2,587)
Domestic service charges income	(4,705)	(6,069)
(ii) <u>With Key Management Personnel</u>		
Remuneration - Anil Khanna	19,846	18,202
	19,846	18,202

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

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
(i) <u>Receivable/(Payable) from/to Subsidiary/Fellow Subsidiaries/ Associate company</u>		
Concorde Air Logistics Limited	(10,750)	(13,400)
DHL Express (India) Private Limited (Net)	(111,015)	(113,657)
DHL Lemuir Logistics Private Limited (Net)	57,957	68,202
Blue Dart Aviation Limited (Net)	2,267,542	1,339,458
(ii) Corporate guarantees given on behalf of Blue Dart Aviation Limited	860,000	1,660,000
(iii) <u>Payable to Key Management Personnel</u>		
Anil Khanna	7,253	7,253

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, 2011 are as under:

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Upto One Year	159,836	28,990
Two to Five Years	249,548	36,241
Above Five Years	37,532	-

- (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 ₹ 31,269 ('000) [Previous year ₹ 21,636 ('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 ₹ 16,322 ('000) [Previous year ₹ 12,507 ('000)] has been included under the head "Other Costs - Lease Rentals" and lease rentals for official and residential premises of ₹ 544,221 ('000) [Previous year ₹ 404,566 ('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

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
(a) Managerial remuneration:		
Salary	9,993	8,426
Commission [Refer (b) below]	9,252	9,300
Contribution to Provident Fund	781	643
Contribution to Superannuation Fund	-	277
Leave Encashment paid	457	187
Perquisites	1,362	1,369
Directors' sitting fees	540	640
	22,385	20,842

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

SCHEDULES

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

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
Profit before Tax	1,788,864	1,402,587
Add: Directors' remuneration [Refer (a) above]	22,385	20,842
Depreciation/Amortisation provided in the books of account	215,953	192,166
Loss on sale/scraping of fixed assets (Net)	2,099	5,706
Directors' sitting fees	540	640
	2,029,841	1,621,941
Less: Depreciation under Section 350 of the Act	215,953	192,166
Gain on sale/scraping of fixed assets (Net)	-	-
Net profit as per Sections 198 and 349 of the Act	1,813,888	1,429,775
Commission to Managing Director	7,253	7,253
Commission to Independent Directors at 1% of Net Profit per Director, restricted to ₹ 10 lacs per Independent Director.	2,000	2,000
	9,253	9,253

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

Audit Fees		
- Statutory Audit Fees	3,600	3,600
- Tax Audit Fees	700	700
Out of pocket expenses	263	204
Other Matters	2,700	1,850
	7,263	6,354

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
(d) Earnings in foreign currency:		
Service income	178,316	113,219
(e) CIF value of:		
Capital Goods	11,786	-
(f) Expenditure in foreign currency:		
Foreign travel	1,334	1,110
Others	4,218	3,104
	5,552	4,214
(g) Remittance in foreign currency on account of dividends:		
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	January 1, 2010 to December 31, 2010	January 1, 2009 to December 31, 2009

11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at December 31, 2011. The disclosure pursuant to the said Act is as under:

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Principal amount due to suppliers under MSMED Act	4,231	6,455
Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid	5	-
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)	-	-

SCHEDULES

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 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	5	-

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, 2011, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2012 relevant to the assessment year 2012-2013.
13. Information with regard to other matters specified in paragraphs 4C 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, 2011.
14. During the year, the Company has granted an unsecured interest bearing loan of ₹ 894,330 ('000) 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. As at December 31, 2011 the outstanding loan balance is ₹ 2,018,788 ('000).
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: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

Sharad Upasani Chairman	Anil Khanna Managing Director	Malcolm Monteiro Director
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Jerry Hsu Director	Clyde Cooper Director	Suresh G. Sheth Director
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Yogesh Dhingra Finance Director & Chief Operating Officer	Tushar Gunderia Company Secretary
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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)

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Product Description

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

Jerry Hsu
Director

Clyde Cooper
Director

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Tushar Gunderia
Company Secretary

Place: Mumbai
Dated: January 31, 2012

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, 2011
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)	:	5,383
For the previous financial years (₹ In thousand)	:	2,880

For and on behalf of the Board of Directors

Sharad Upasani
Chairman

Anil Khanna
Managing Director

Malcolm Monteiro
Director

Jerry Hsu
Director

Clyde Cooper
Director

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Tushar Gunderia
Company Secretary

Place: Mumbai
Dated: January 31, 2012

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 Eighth Annual Report of your Company for the year ended December 31, 2011.

FINANCIAL RESULTS

	(₹ in Lacs)	
	For the year ended December 31, 2011	For the year ended December 31, 2010
Revenues:		
Services	173.99	130.77
Commission	92.61	96.45
Other Income	58.18	30.30
Less : Operating Expenses	214.48	193.04
Operating Profit (EBIDTA)	110.30	64.48
Less : Depreciation / Amortisation	18.18	18.31
Earnings before Tax	92.12	46.17
Less : Provision for income tax	38.29	17.37
Earnings after tax	53.83	28.80

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

INDUSTRY

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

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

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

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

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- 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;
- 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;
- the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

The Statutory Auditors, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration no. 301112E), retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Your Company has received necessary certificate from them confirming that their re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

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

FIXED DEPOSIT

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

DIRECTORS' REPORT

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, 2011, 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	:	₹ 123.96 lacs (previous Year : ₹ 149.69 lacs)

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Vaidhyanathan Iyer
Director

Tushar Gunderia
Director

D. Basappa
Director

Mumbai,
January 31, 2012

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, 2011, 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2011 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, 2011;
 - (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: 301112E
Chartered Accountants

Neeraj Gupta
Partner
Membership Number: F55158

Place: Mumbai
Date: January 31, 2012

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, 2011]

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. 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.
3. 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.
4. 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.
5. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
6. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess have generally been regularly deposited 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, 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.
7. The Company has no accumulated losses as at December 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
8. 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.
9. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
10. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
11. 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.
12. The Company has not obtained any term loans.
13. 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.
14. 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.
15. The Company has not issued debentures during the year.
16. The Company has not raised any money by public issues during the year.
17. 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.

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, 2011]

18. Clauses (ii), (iii), (viii) and (xii) of paragraph 4 of the Order is not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

Place: Mumbai
Date: January 31, 2012

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Neeraj Gupta
Partner
Membership Number: F55158

COMPLIANCE CERTIFICATE

(Under Section 383A (1) of the Companies Act, 1956)

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 31st December, 2011. 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 Public Limited Company, comments are not required.
4. The Board of Directors duly met 4 (four) times on 01.02.2011, 25.04.2011, 18.07.2011 and 20.10.2011 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 31st December, 2010 was held on 25th April, 2011 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) not declared any dividend during the year and hence the Company was not required to pay / post warrants to any members of the Company;
 - (iv) no amount due to be transferred to the Investor Education and Protection Fund in respect of unpaid dividend account or application money due for refund or matured deposits or matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years;
 - (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.

COMPLIANCE CERTIFICATE

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.
19. The Company has not allotted any equity shares or any other securities during the financial year under review and hence no comment is invited.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not issued any preference shares / debentures and consequently there is no redemption of preference shares / debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance any corporate benefits of the members pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year under review.
24. The Company has not borrowed any money exceeding limit provided under provisions of Section 293 (1) (d) of the Act, during the financial year ending 31st December, 2011.
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.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the financial year under review.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under review.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year under review.
30. The Company has not altered any provisions of its Articles of Association during the financial year under review.
31. As explained to us, there was no prosecution initiated against or show cause notices received by the Company for alleged offenses under the Act and no fines and penalties or any other punishment was imposed on the Company during the financial year under review.
32. As explained to us, the Company has not received any money as security from its employees during the financial year under review.
33. The Company has no outstanding amount to be deposited with the prescribed authority pursuant to the provisions of Section 418 of the Act.

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

Place : Mumbai
Date : January 31, 2012

COMPLIANCE CERTIFICATE

Annexure A

Sr. No.	Registers maintained by the Company	Under Section
1.	Register of Members	150
2.	Minutes Books of proceedings of: 1. Meetings of the Board of Directors 2. General Meetings	193
3.	Register of Contracts, Companies and Firms in which directors are interested	301
4.	Register of Directors, Managers and Secretary	303
5.	Register of Directors' Shareholdings	307
6.	Register of Charges	143
7.	Register of Renewed and Duplicate Certificate	Issue of Share Certificate Rules
8.	Register of Share Application and Allotment	Voluntary
9.	Register of Directors Attendance	Voluntary
10.	Register of Members Attendance	Voluntary
11.	Register of Share Transfer	Voluntary (108)

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

Place : Mumbai
Date : January 31, 2012

COMPLIANCE CERTIFICATE

Annexure B

Sr. No.	Form No.	Section	Purpose	Date of Filing & SRN
1	Form 66 (Compliance Cert) Dtd.: 31.12.2010	383A	As required under Companies (Compliance Certificate) Rules, 2001.	P67405514 16.05.2011
2	Form 23AC / Form 23ACA (Annual Accounts) Dtd.: 31.12.2010	210	As per requirement of the Act	P67516500 25.05.2011
3	Form 20B (Annual Return) Dtd.: 25.04.2011	159	As per requirement of the Act	P67646547 02.06.2011

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

Place : Mumbai
Date : January 31, 2012

CONCORDE AIR LOGISTICS LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2011

	Schedule No.	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	1,100	1,100
Reserves and Surplus	2	50,773	45,390
TOTAL		51,873	46,490
APPLICATION OF FUNDS			
Fixed Assets			
	3		
Gross Block		19,672	20,838
Less: Depreciation / Amortisation		15,233	14,533
Net Block		4,439	6,305
Capital Work in Progress (including capital advances)		155	-
		4,594	6,305
Investments	4	20,768	18,803
Deferred Tax Assets (Net)			
[Refer notes 1(g) and 5 - Schedule 14]			
Deferred Tax Assets		685	617
Less : Deferred Tax Liabilities		150	227
		535	390
Current Assets, Loans and Advances			
Sundry Debtors	5	10,778	13,400
Cash and Bank Balances	6	25,623	6,458
Loans and Advances	7	12,679	19,646
		49,080	39,504
Less: Current Liabilities and Provisions			
Liabilities	8	20,993	16,653
Provisions	9	2,111	1,859
		23,104	18,512
Net Current Assets		25,976	20,992
TOTAL		51,873	46,490
Notes to Accounts	14		

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F55158

Place : Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

V. N. Iyer
Director

D. Basappa
Director

Tushar Gunderia
Director

Place : Mumbai
Dated: January 31, 2012

CONCORDE AIR LOGISTICS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

	Schedule No.	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
INCOME			
Service Charges[Refer Note 1 (d)(i) - Schedule 14]		17,399	13,077
Commission [Refer Note 1 (d)(ii) - Schedule 14]		9,261	9,645
Other Income	10	5,818	3,030
		32,478	25,752
EXPENDITURE			
Freight, Handling and Servicing Costs	11	4,532	4,000
Employee Costs	12	13,243	12,348
Other Costs	13	3,673	2,956
		21,448	19,304
Profit Before Depreciation and Taxation		11,030	6,448
Depreciation / Amortisation		1,818	1,831
Profit Before Taxation		9,212	4,617
Provision for Taxation [Refer Notes 1(g) and 5 - Schedule 14]			
Current Tax		3,974	1,886
Deferred Tax		(145)	(149)
		3,829	1,737
Profit After Taxation		5,383	2,880
Balance brought forward from previous year		31,890	29,010
Balance carried forward to Balance Sheet		37,273	31,890
Earnings Per Share (Refer Note 4 -Schedule 14)			
Basic and Diluted Earnings Per Share (in ₹)		48.94	26.18
Nominal value per equity share (in ₹)		10.00	10.00
Notes to Accounts	14		

Schedules 10 to 14 referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F55158

Place : Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

V. N. Iyer
Director

D. Basappa
Director

Tushar Gunderia
Director

Place : Mumbai
Dated: January 31, 2012

CONCORDE AIR LOGISTICS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
A. Cash flows from Operating activities:		
Profit before Taxation	9,212	4,617
Adjustments for:		
Depreciation / Amortisation	1,818	1,831
Interest Income	(1,491)	(27)
Dividend Income	(1,072)	(893)
Loss/(Gain) on sale /scrapping of fixed assets (Net)	52	-
Provision for Gratuity	221	264
Provision for Leave Encashment	31	70
Operating profit before working capital changes	8,771	5,862
Adjustments for changes in working capital :		
Decrease in Sundry Debtors	2,622	8,400
(Increase)/Decrease in Other Receivables	(218)	234
(Decrease)/Increase in Trade and Other Payables	4,340	(2,796)
Cash generated from Operations	15,515	11,700
Taxes paid (Net)	4,212	(7,724)
Net cash from Operating activities	19,727	3,976
B. Cash flows from Investing activities:		
Purchase of Fixed Assets	(231)	(27)
Receipt from Sale of Asset	72	-
Interest Received	491	23
Dividend Received	1,072	893
Investments in Mutual funds	(29,531)	(51,166)
Redemptions from mutual funds	27,515	47,593
Investments in National Saving Certificates	50	(50)
Net cash from Investing activities	(562)	(2,734)
C. Cash flows from Financing activities:		
Net cash from/(used in) Financing activities	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	19,165	1,242
Cash and cash equivalents at the beginning of the year	6,458	5,216
Cash and cash equivalents at the end of the year	25,623	6,458
	As at December 31,2011 in ₹ ('000)	As at December 31,2010 in ₹ ('000)
Cash and cash equivalents comprise of:		
Cash on hand	43	46
Balance with Scheduled Banks		
on Current Accounts	5,324	6,172
on DepositAccounts	20,000	-
on Margin Money Accounts	256	240
	25,623	6,458

Notes :

- The above Cash Flow Statement has been prepared under the "indirect method" set out in Accounting Standard - 3 on Cash Flow Statements notified under sub Section (3C) of Section 211 of the Companies Act, 1956 of India.
- Cash flows in brackets indicate cash outgo.
- Cash and cash equivalents includes ₹. 256 ('000) [(previous year - ₹. 300 ('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: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F55158

Place : Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

V. N. Iyer
Director

D. Basappa
Director

Tushar Gunderia
Director

Place : Mumbai
Dated: January 31, 2012

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)		As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 1			SCHEDULE 2		
CAPITAL			RESERVES AND SURPLUS		
<u>Authorised</u>			Securities Premium	13,500	13,500
200,000 equity shares of ₹10 each	2,000	2,000	Profit and Loss Account	37,273	31,890
<u>Issued and Subscribed</u>			Total	50,773	45,390
110,000 equity shares of ₹ 10 each fully paid-up	1,100	1,100			
Total	1,100	1,100			

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, 2011	Additions	Deductions / Adjustments	As at December 31, 2011	As at January 1, 2011	For the Year	Deductions / Adjustments	As at December 31, 2011	As at December 31, 2011	As at December 31, 2010
Intangible Assets:										
Goodwill [Refer Note below]	14,900	-	-	14,900	9,939	1,490	-	11,429	3,471	4,961
Computer Software	33	-	-	33	26	2	-	28	5	7
Tangible Assets										
Buildings	2,022	-	-	2,022	2,018	-	-	2,018	4	4
Office Equipment	272	76	193	155	260	16	193	83	72	12
Electrical Equipment	571	-	426	145	348	20	306	62	83	223
Computers	699	-	127	572	447	76	127	396	176	252
Furniture and Fittings	496	-	496	-	487	9	496	-	-	9
Vehicles	1,845	-	-	1,845	1,008	205	(4)	1,217	628	837
TOTAL	20,838	76	1,242	19,672	14,533	1,818	1,118	15,233	4,439	6,305
Previous Year	20,811	27	-	20,838	12,702	1,831	-	14,533	6,305	

Notes:

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

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 4		
INVESTMENTS		
(Long Term, Unquoted, At cost) [Refer Note 1 (c) - Schedule 14]		
Non - Trade		
<u>In Government Securities</u>		
National Saving Certificates (6 year NSCs - VIII issue)	50	100
<u>Others (Current)</u> <u>(Lower of cost and market value)</u>		
Units in Mutual Funds		
195,947 (Previous Year - 176,886) Units of ICICI Prudential	20,718	18,703
Flexible Income - Plan Premium Daily Dividend Reinvest Dividend (269,542 units purchased 9,748 units cumulated and 260,229 units sold during the year)		
NIL (Previous Year - NIL) Units of ICICI Prudential Liquid	-	-
Super Institutional Plan- Dividend Daily Reinvest Dividend (29,993 units purchased, 409 units cumulated and 30,402 units sold during the year)		
Total	20,768	18,803
SCHEDULE 5		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Other debts	10,778	13,400
Total	10,778	13,400
SCHEDULE 6		
CASH AND BANK BALANCES		
Cash on Hand	43	46
Balance with scheduled banks :		
on Current Accounts	5324	6,172
on Deposit Accounts	20,000	-
on Margin Money Accounts	256	240
Total	25,623	6,458

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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received :		
Prepaid Expenses	228	252
Other Deposits	2,146	940
Advance Tax (Net of Provision)	10,212	18,397
Other Advances	93	57
Total	12,679	19,646
SCHEDULE 8		
Liabilities		
Sundry Creditors :		
(a) Micro and Small Enterprises*	-	-
(b) Others	19,654	15,756
(* 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	1,339	897
Total	20,993	16,653
SCHEDULE 9		
PROVISIONS [Refer Note 1(e) Schedule 14]		
Provision for Leave Encashment	419	388
Provision for Gratuity	1,692	1,471
Total	2,111	1,859

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
SCHEDULE 10		
OTHER INCOME		
Interest income	1,491	27
Interest on income tax refund	955	-
Dividend income	1,072	893
Exchange gain	2,300	2,110
Total	5,818	3,030
SCHEDULE 11		
FREIGHT, HANDLING AND SERVICING COSTS		
Handling and clearing charges	3,459	2,857
Domestic network operating costs	964	997
Printing, stationery and consumables	109	146
Total	4,532	4,000
SCHEDULE 12		
EMPLOYEE COSTS		
[Refer Note 1 (e) and 2- Schedule 14]		
Salaries, wages, bonus and leave encashment	12,370	11,414
Contribution to provident and other funds	788	856
Staff welfare expenses	85	78
Total	13,243	12,348
SCHEDULE 13		
OTHER COSTS		
Legal and professional charges [Refer Note 6(a)- Schedule 14]	1,266	1,619
Office expenses	206	190
Electricity	203	170
Communication expenses	284	299
Rates and taxes	915	90
Repairs and maintenance - others	155	136
Travelling and conveyance	414	336
Insurance	178	116
Loss on Sale of assets	52	-
Total	3,673	2,956

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

- 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.

SCHEDULES

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

(e) Employee Benefits

- (i) Short Term Employee Benefits :

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

- (ii) Long Term Employee Benefits :

Defined Contribution Plan

The Company has Defined Contribution plans for post employment benefits namely Provident 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 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
 - ii. Employers' Contribution to Employee's Pension Scheme 1995.

SCHEDULES

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

	Year ended December 31, 2011 In ₹ ('000)	Year ended December 31, 2010 In ₹ ('000)
- Employers' Contribution to Provident Fund*	280	241
- Employers' Contribution to Employee's State Insurance*	68	70
- Employers' Contribution to Employee's Pension Scheme 1995*	169	163

* 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.

GRATUITY

	As at December 31, 2011	As at December 31, 2010
Discount Rate (per annum)	9.25%	8.25%
Rate of increase in Compensation levels	6.75%	6.75%
Rate of Return on Plan Assets	Nil	Nil
Expected Average remaining working lives of employees (years)	18	18

A) Changes in the Present Value of Obligation

	As at December 31, 2011 In ₹ ('000)	As at December 31, 2010 In ₹ ('000)
Present Value of Obligation at the beginning of the year	1,471	1,207
Interest Cost	121	100
Past Service Cost	Nil	Nil
Current Service Cost	142	127
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil

	As at December 31, 2011 In ₹ ('000)	As at December 31, 2010 In ₹ ('000)
Benefits Paid	Nil	(71)
Actuarial (gain) / loss on obligations	(43)	108
Present Value of Obligation as at Year end.	1,691	1,471

B) Amount recognised in the Balance Sheet

	As at December 31, 2011 In ₹ ('000)	As at December 31, 2010 In ₹ ('000)
Present Value of Obligation at the end of the year	(1,691)	(1,471)
Fair Value of Plan Assets as at the end of the year	Nil	Nil
Unfunded Liability recognised in the Balance Sheet**	(1,691)	(1,471)

** Included in provisions (Refer Schedule 9)

C) Expenses recognised in the Profit and Loss Account

	Year ended December 31, 2011 (in ₹ '000)	Year ended December 31, 2010 (in ₹ '000)
Current Service Cost	142	127
Past Service Cost	Nil	Nil
Interest Cost	121	100
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net actuarial (gain) / loss recognised in the Year	(43)	108
Total Expenses recognised in the Profit and Loss Account***	220	335

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

III Other Long-term Employee Benefits

The liabilities for Leave Encashment as at the year is ₹ 419 ('000) [Previous Year ₹ 388 ('000)]

SCHEDULES

3 Contingent liability not provided for :

	As at December 31, 2011 (in ₹ '000)	As at December 31, 2010 (in ₹ '000)
Capital Commitments	2,044	-
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, 2011	Year ended December 31, 2010
(a) Profit After Taxation for the year (₹ '000)	5,383	2,880
(b) Weighted average number of shares (Nos.)	110,000	110,000
(c) Basic and Diluted Earnings Per Share (₹)	48.94	26.18
(d) Nominal value of equity (₹)	10.00	10.00

5 Deferred Tax Balances:

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

	As at December 31, 2011 (in ₹ '000)	As at December 31, 2010 (in ₹ '000)
(a) Assets		
Provision for Leave Encashment	136	99
Provision for Gratuity	549	518
Total	685	617
(b) Liabilities		
Depreciation/Amortisation	150	227
Total	150	227
Net Deferred Tax Assets	535	390

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

	Year ended December 31, 2011 (in ₹ '000)	Year ended December 31, 2010 (in ₹ '000)
(a) Legal and Professional Charges		
include Auditors' Remuneration as follows :		
Audit Fees- Statutory Audit Fees	200	200
- Tax Audit Fees	100	100
Reimbursement of Expenses	8	3
	308	303
(b) Expenditure in foreign Currency		
Freight charges	12,396	14,960
IATA fees and examination fees	-	9
	12,396	14,969

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.

SCHEDULES

(c) Transactions with related parties during the period :

	Year ended December 31, 2011 (in ₹ '000)	Year ended December 31, 2010 (in ₹ '000)
(i) <u>With Holding Company</u>		
Blue Dart Express Limited		
Recoveries towards air freight, etc.	353,356	282,455
(ii) <u>With Enterprises over which Blue Dart Express Limited is able to exercise significant influence.</u>		
Blue Dart Aviation Limited		
Reimbursement of expenses	24,772	27,168
Agency charges incurred for customs clearing	2,950	3,660
(d) Related party balances at the year end :		
Receivable from Holding Company		
Blue Dart Express Limited	10,750	13,400

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, 2011, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2012 relevant to the assessment year 2012-13.

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

Signatures to Schedules 1 to 14 form part of the Balance Sheet and Profit and Loss Account.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Neeraj Gupta

Partner

Membership No. F55158

Place : Mumbai

Dated: January 31, 2012

For and on behalf of the Board of Directors

V. N. Iyer

Director

Tushar Gunderia

Director

D. Basappa

Director

Place : Mumbai

Dated: January 31, 2012

Schedule forming part of the Accounts

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

I. Registration Details

Registration No.
 State Code
 Balance Sheet Date
 Date Month Year

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

Public Issue
 Rights Issue
 Bonus Issue
 Private Placement

SCHEDULES

Schedule forming part of the Accounts

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

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

Total Liabilities

7 4 9 7 8

Total Assets

7 4 9 7 8

Sources of Funds

Paid-up Capital

1 1 0 0

Reserves & Surplus

5 0 7 7 3

Secured Loans

N I L

Unsecured Loans

N I L

Deferred Tax Liability (Net)

N I L

Application of Funds

Net Fixed Assets

4 5 9 4

Investments

2 0 7 6 8

Net Current Assets

2 5 9 7 6

Misc. Expenditure

N I L

Accumulated Losses

N I L

Deferred Tax Asset (Net)

5 3 5

IV. Performance of Company (Amount in ₹ Thousands)

Turnover *

3 2 4 7 8

Total Expenditure**

2 3 2 6 6

* Including Other Income

+ - Profit/Loss before tax
☒ ☐ 9 2 1 2

** Net of Interest Income

+ - Profit/Loss after tax
☒ ☐ 5 3 8 3

+ - Earning Per Share in ₹
☒ ☐ 4 8 . 9 4

+ - Dividend rate %
☒ ☐ N I L

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

Item Code No. (ITC Code)

Product Description C U S T O M H O U S E A G E N T

Item Code No. (ITC Code)

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: January 31, 2012

D. Basappa
Director

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BLUE DART EXPRESS LIMITED

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, 2011, 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 and 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, 2011;
 - (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: 301112E
Chartered Accountants

Place: Mumbai
Date: January 31, 2012

Neeraj Gupta
Partner
Membership Number: F055158

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
BALANCE SHEET AS AT DECEMBER 31, 2011

	Schedule No.	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	237,628	237,628
Reserves and Surplus	2	6,399,693	5,212,923
		6,637,321	5,450,551
Deferred Tax Liabilities (Net) [Refer Notes 1(k) and 6 - Schedule 16]			
Deferred Tax Liabilities		219,460	216,214
Less: Deferred Tax Assets		37,608	34,952
		181,852	181,262
TOTAL		6,819,173	5,631,813
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		3,952,262	3,275,204
Less: Depreciation/Amortisation		1,620,519	1,437,914
Net Block	3	2,331,743	1,837,290
Capital work in progress (including capital advances)		67,029	267,215
		2,398,772	2,104,505
Loan to Blue Dart Aviation Limited [Refer Note 14 - Schedule 16]		2,018,788	1,124,458
Investments	4	747,302	968,602
Current Assets, Loans and Advances			
Inventories	5	26,233	21,746
Sundry Debtors	6	1,889,866	1,532,855
Cash and Bank Balances	7	402,673	353,720
Loans and Advances	8	955,721	859,449
		3,274,493	2,767,770
Less: Current Liabilities and Provisions			
Liabilities	9	1,474,406	1,217,729
Provisions	10	145,776	115,793
		1,620,182	1,333,522
Net Current Assets		1,654,311	1,434,248
TOTAL		6,819,173	5,631,813
Notes to Accounts	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: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Dated: January 31, 2012

Sharad Upasani
Chairman

Jerry Hsu
Director

Place: Mumbai
Dated: January 31, 2012

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, 2011

	Schedule No.	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
INCOME			
Service Charges [Refer Note 1(h) (i)- Schedule 16]		14,913,431	11,489,308
Commission [Refer Note 1(h) (ii)- Schedule 16]		9,261	9,645
Other Income	11	248,440	54,085
		15,171,132	11,553,038
EXPENDITURE			
Freight, Handling and Servicing Costs	12	10,080,972	7,487,584
Employee Costs	13	1,857,383	1,501,265
Other Costs	14	1,216,921	962,848
		13,155,276	9,951,697
Profit Before Interest, Depreciation and Taxation		2,015,856	1,601,341
Interest Expense	15	9	140
Depreciation/Amortisation	3	217,771	193,997
Profit Before Taxation		1,798,076	1,407,204
Provision for Taxation [Refer Notes 1(k), 6 and 12 -Schedule 16]			
Current Tax		569,686	466,029
Deferred Tax		590	(4,089)
Taxation in respect of earlier years		-	(1,300)
		570,276	460,640
Profit After Taxation, before Share of Associate's Profit		1,227,800	946,564
Share of Associate's Profit		14,123	452
Net Profit		1,241,923	947,016
Balance brought forward from previous year		4,571,079	3,651,732
Available for Appropriation		5,813,002	4,598,748
Proposed Dividend		47,456	23,728
Tax on Proposed Dividend		7,697	3,941
Transfer to General Reserve		91,681	-
Balance carried forward to the Balance Sheet		5,666,168	4,571,079
Earnings Per Share			
[Refer Note 5 -Schedule 16]			
Basic and diluted Earnings Per Share (in ₹)		52.34	39.91
Nominal value per equity share (in ₹)		10.00	10.00

Notes to Accounts

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: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Dated: January 31, 2012

Sharad Upasani
Chairman

Jerry Hsu
Director

Place: Mumbai
Dated: January 31, 2012

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, 2011

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
A. Cash flows from Operating activities:		
Profit before Taxation	1,798,076	1,407,204
Adjustments for:		
Depreciation/Amortisation	217,771	193,997
Interest expense	9	140
Interest income	(152,716)	(8,191)
Dividend from mutual funds	(46,895)	(34,053)
Loss/(Gain) on sale/scraping of fixed assets (Net)	2,151	5,706
Bad debts	8,495	8,951
Unrealised (Gain)/ loss on account of Foreign exchange (Net)	(9,540)	206
Liabilities no longer required written back	(5,955)	(1,629)
Provision for Leave Encashment	7,779	12,318
Provision for Gratuity	(5,280)	3,808
Provision for Directors' commission/professional fees	9,253	9,253
Operating profit before working capital changes	1,823,148	1,597,710
Adjustments for changes in working capital:		
(Increase) in Inventories	(4,487)	(1,708)
(Increase) in Sundry Debtors	(355,966)	(282,623)
(Increase) in Loans and Advances	(52,084)	(658,070)
Increase in Trade and other payables	257,584	201,458
Cash generated from Operations	1,668,195	856,767
Taxes paid (net of Tax Deducted at Source)	(597,864)	(480,218)
Net cash from Operating activities	1,070,331	376,549
B. Cash flow used in Investing activities:		
Purchase of fixed assets	(701,873)	(309,271)
Changes in capital work in progress	181,047	(71,168)
Proceeds from sale of fixed assets	2,725	1,256
Interest received	136,706	6,798
Dividend received from mutual funds	65,235	7,592
Purchase of National Saving Certificates	-	(100)
Maturity proceeds of National Saving Certificates	50	50
Proceeds from divestment of investments	-	60
Investment in mutual funds	(10,647,744)	(9,851,450)
Redemption from mutual funds	10,864,779	9,961,600
Loan to Blue Dart Aviation Limited	(894,330)	-
Net cash used in Investing activities	(993,405)	(254,633)
C. Cash flow used in Financing activities:		
Interest paid	(9)	(140)
Dividend paid	(24,023)	(23,902)
Dividend tax paid	(3,941)	(4,033)

BLUE DART EXPRESS LIMITED (CONSOLIDATED)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
Net cash used in Financing activities	(27,973)	(28,075)
Net Increase in Cash and Cash Equivalents	48,953	93,841
Cash and Cash Equivalents at the beginning of the year	353,720	259,879
Cash and Cash Equivalents at the end of the year	402,673	353,720
	As at December 31,2011 in ₹ ('000)	As at December 31,2010 in ₹ ('000)
Cash and Cash Equivalents comprise of:		
Cash on hand	5,501	3,973
Cash, cheques on hand and remittances in transit	135,467	110,546
Balance with Scheduled Banks:		
on current accounts	230,964	228,905
on deposit accounts	20,000	-
on margin money accounts	406	390
on unpaid dividend accounts	774	1,069
Balance with non-scheduled Bank:		
on current account	8,181	7,457
on deposit account	1,380	1,380
	402,673	353,720

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.
- Cash and Cash Equivalents includes ₹ 22,182 ('000) [(Previous year - ₹ 4,731 ('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: 301112E
Chartered Accountants

Neeraj Gupta

Partner
Membership No. F055158

Place: Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

Sharad Upasani
Chairman

Jerry Hsu
Director

Place: Mumbai
Dated: January 31, 2012

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, 2011
in ₹ ('000)

As at
December
31, 2010
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

Securities Premium

394,057 394,057

General Reserve

247,787 247,787

Add: Transfer from

Profit and Loss Account

91,681 -

At the end of the year

339,468 247,787

Profit and Loss Account

5,666,168 4,571,079

Total

6,399,693 5,212,923

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	
	Opening Balance As at January 1, 2011	Additions	Deductions / Adjustments	Closing Balance As at December 31, 2011	Opening Balance As at January 1, 2011	For the Year	Deductions / Adjustments	Closing Balance As at December 31, 2011	Closing Balance As at December 31, 2011	Closing Balance As at December 31, 2010
Intangible Assets:										
Goodwill [Refer note (a) below]	44,900	-	-	44,900	39,569	1,860	-	41,429	3,471	5,331
Computer Software	236,616	304,862	103	541,375	109,635	30,635	8	140,262	401,113	126,981
Tangible Assets:										
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	197,031	6,249	(199)	203,479	34,869	5,232	4	40,097	163,382	162,162
Office Equipment	133,233	25,611	(242)	159,086	40,527	10,575	842	50,260	108,826	92,706
Electrical Equipment	288,737	52,867	4,094	337,510	102,137	22,392	2,722	121,807	215,703	186,600
Computers	504,259	129,330	70,798	562,791	302,664	55,726	18,085	340,305	222,486	201,595
Furniture and Fittings	400,821	131,634	2,612	529,843	132,206	28,470	1,257	159,419	370,424	268,615
Vehicles	46,973	3,402	1,283	49,092	27,867	3,373	1,233	30,007	19,085	19,106
Aircraft Engines	123,697	-	14,955	108,742	123,697	-	14,955	108,742	-	-
Aircraft	527,245	-	-	527,245	236,767	35,589	-	272,356	254,889	290,478
Aircraft Components and Overhaul	205,170	-	-	205,170	168,628	3,404	-	172,032	33,138	36,542
D-check cost on Aircraft [Refer note (b) below]	114,598	-	-	114,598	107,620	6,022	-	113,642	956	6,978
Ground Handling Equipment	55,641	27,323	(1,006)	83,970	11,728	3,637	(62)	15,427	68,543	43,913
Machinery and Equipment	-	33,031	(55,147)	88,178	-	10,856	(3,878)	14,734	73,444	-
Total	3,275,204	714,309	37,251	3,952,262	1,437,914	217,771	35,166	1,620,519	2,331,743	1,837,290
Previous Year	3,024,443	313,462	62,701	3,275,204	1,299,656	193,997	55,739	1,437,914	1,837,290	

Notes:

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

Concorde Air Logistics Limited - ₹ 3,471 ('000) - Two 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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)		As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 4			NIL units (Previous Year		
INVESTMENTS			16,324,919) of Birla Sunlife		
(Long Term, Unquoted, At Cost)			Savings Fund Institutional Plan -		
[Refer Note 1(e) - Schedule 16]			Daily Dividend Reinvestment		
			(5,100,276 units purchased,		
			306,396 units cumulated		
Trade			21,731,591 units sold		
			during the Year)	-	163,360
11,760,000 (Previous Year -					
11,760,000) equity shares of			NIL units (Previous Year		
₹10 each in Blue Dart Aviation			14,751,481) of HDFC Cash		
Limited - Associate Company	183,081	183,081	Management Fund Treasury		
Add: Group's share of Profit	18,680	4,557	Advantage Plan Wholesale - Daily		
			Dividend Reinvestment (4,535,713		
Net Investments	201,761	187,638	units purchased, 300,827 units		
			cumulated and 19,588,021 units		
Non - Trade			sold during the Year)	-	147,980
<u>In Government Securities</u>					
National Savings Certificates	50	100	1,705,423 units (Previous Year		
(6 Year NSCs - VIII issue)			830,846) of ICICI Prudential		
(Refer Note below)			Liquid Plan - Super Institutional		
Note: National Saving Certificates			Daily Dividend Reinvestment		
are given as security to the			Plan (37,148,205 units purchased,		
Custom Authorities.			108,304 units cumulated and		
			36,381,932 units sold		
<u>Others (Current)</u>			during the Year)	170,581	83,103
Units in Mutual Funds					
NIL units (Previous Year 186,514)			NIL units (Previous Year NIL) of		
of UTI Treasury Advantage Fund -			HDFC Cash Management Fund -		
Institutional Plan - Daily Dividend			Savings Plan - Daily Dividend		
Reinvestment (74,984 units			Reinvestment Option (100,832,989		
purchased, 6,946 units cumulated			units purchased, 296,016 units		
and 268,444 units sold			cumulated and 101,129,005		
during the Year)	-	199,867	units sold during the Year)	-	-
1,085,948 units (Previous Year			107,944 units (Previous Year NIL)		
1,890,264) of ICICI Prudential			of UTI Liquid Cash Plan Institutional		
Flexible Income Plan Premium -			Daily Income Option Reinvestment		
Daily Dividend Reinvestment Plan			(2,417,000 units purchased, 5,206		
(2,137,419 units purchased, 69,219			units cumulated and 2,314,262		
units cumulated and 3,010,954			units sold during the Year)	110,043	-
units sold during the Year)	114,822	186,554			
			1,497,531 units (Previous Year NIL)		
			of Birla Cash Plus Institutional		
			Premium - Daily Dividend -		
			Reinvestment (210,228,452 units		
			purchased, 517,771 units		
			cumulated and 209,248,692		
			units sold during the Year)	150,045	-
			Total	747,302	968,602

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 5		
INVENTORIES		
[Refer Note 1(f) - Schedule 16]		
Packing and Stationery Consumables	18,525	14,038
Spares	7,708	7,708
Total	26,233	21,746
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Other debts [Refer Note 8(d)(i) - Schedule 16]	1,889,866	1,532,855
Total	1,889,866	1,532,855
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash on hand	5,501	3,973
Cheques on hand and remittances in transit	135,467	110,546
Balance with scheduled banks:		
on current accounts	230,964	228,905
on deposit accounts	20,000	-
on margin money accounts	406	390
on unpaid dividend accounts	774	1,069
Balance with non-scheduled bank: (Municipal Co-operative Bank)		
on current account	8,181	7,457
on deposit account	1,380	1,380
{Maximum amount outstanding during the Year in current account ₹ 38,181 ('000) [Previous Year - ₹ 18,852 ('000)] and in deposit account ₹ 1,380 ('000) [Previous Year - ₹ 1,380 ('000)]}		
Total	402,673	353,720

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 ₹ 19,622 ('000) [Previous Year ₹ 1,892 ('000)] held in trust on behalf of others.

Schedules forming part of the Balance Sheet

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Aircraft Payload Deposit (Trade) with Blue Dart Aviation Limited	215,000	215,000
Advances recoverable in cash or in kind or for value to be received:		
Prepaid expenses	68,176	44,656
Deposits	341,505	291,487
Advance tax [Net of Provision for Taxation ₹ 1,574,800 ('000) [Previous Year ₹ 1,485,499 ('000)]]	122,760	79,572
Other Advances	208,280	228,734
Total	955,721	859,449
SCHEDULE 9		
LIABILITIES		
Sundry Creditors:		
a) Micro, Small and Medium Enterprises [Refer Note 11 - Schedule 16]	4,236	6,455
b) Others [Refer Note 8(d)(iii) - Schedule 16]	1,294,525	961,424
Unclaimed dividend *	774	1,069
Other liabilities	174,871	248,781
Total	1,474,406	1,217,729

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

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)		Year ended December 31, 2011 In ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
SCHEDULE 10			Gain on account of Foreign exchange fluctuation (Net) [Refer Note 1(i) - Schedule 16]	9,540	-
PROVISIONS			Miscellaneous income	33,334	10,212
Provision for Gratuity [Refer Note 1(g) and 2 - Schedule 16]	5,324	10,604	Total	248,440	54,085
Provision for Leave Encashment [Refer Note 1(g) and 2 - Schedule 16]	85,299	77,520			
Proposed Dividend	47,456	23,728	SCHEDULE 12		
Tax payable on Proposed Dividend	7,697	3,941	FREIGHT, HANDLING AND SERVICING COSTS		
Total	145,776	115,793	Aircraft Charter costs	5,223,930	3,842,519

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2011 In ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)		Year ended December 31, 2011 In ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
SCHEDULE 11					
OTHER INCOME			Total	10,080,972	7,487,584
Dividend from Mutual Funds (from non-trade investments)	46,895	34,053	SCHEDULE 13		
Interest on Loan to Blue Dart Aviation Limited {Tax deducted at source ₹ 12,055 ('000) [Previous Year - ₹ 852 ('000)]}	120,550	4,258	EMPLOYEE COSTS		
Interest on Inter-Corporate Deposit to Blue Dart Aviation Limited {Tax deducted at source ₹ 425 ('000) [Previous Year - ₹ 517 ('000)]}	4,251	2,587	[Refer Notes 1(g), 2, 8(C)(ii) - Schedule 16]		
Interest on deposits with banks and others {Tax deducted at source ₹ 2,530 ('000) [Previous Year - ₹ 35 ('000)]}	27,915	1,346	Salaries, Bonus and Leave Encashment [Refer Notes 1(j) and 9 (b) - Schedule 16]	1,634,645	1,338,218
Liability no longer required, written back	5,955	1,629	Contribution to Provident and other funds	126,439	114,471
			Staff welfare expenses	96,299	48,576
			Total	1,857,383	1,501,265
			SCHEDULE 14		
			OTHER COSTS		
			Rent [Refer Notes 1(j), 9 (a) and 9 (b) - Schedule 16]	544,317	429,606
			Electricity charges	99,972	87,374
			Office expenses	124,371	85,731

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2011 In ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
Security Expenses	105,579	75,048
Repairs and maintenance - others	86,917	67,154
Communication expenses	76,659	63,339
Legal and Professional charges	48,462	46,389
Rates and taxes	37,946	30,267
Travelling and conveyance	21,290	16,647
Insurance	16,888	15,444
Sales promotion and advertising	24,764	14,793
Lease rentals [Refer Notes 1(j) and 9 (b) - Schedule 16]	16,322	12,507
Bad debts	8,495	8,951
Loss on sale/scraping of fixed assets (net)	2,151	5,706
Miscellaneous expenses	2,788	2,699
Loss on account of Foreign exchange fluctuation (Net) [Refer Note 1(i) - Schedule 16]	-	1,193
Total	1,216,921	962,848
SCHEDULE 15		
INTEREST EXPENSE		
On Bank Overdraft	9	140
Others	-	-
Total	9	140

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

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.

SCHEDULES

(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.

(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.

SCHEDULES

(i) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit and Loss Account.

(j) Lease Rentals

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

(k) Taxes on Income

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

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

(l) Provision for Contingent Liabilities

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

2. Employee Benefits

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

I Defined Contribution Plans

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

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

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
- Employers' Contribution to Provident Fund	35,120	28,567
- Employers' Contribution to Superannuation Fund	7,234	5,194
- Employers' Contribution to Employee's State Insurance	27,577	20,471
- Employers' Contribution to Employee's Pension Scheme 1995.	33,236	28,131

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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Discount Rate (per annum)	9.25% / 9.25%	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)	19 / 18	22 / 18

A) Changes in the Present Value of Obligation

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Present Value of Obligation at the beginning of the year	213,531	177,432
Interest Cost	19,793	14,639
Past Service Cost	Nil	Nil
Current Service Cost	19,522	16,571
Curtailment Cost/(Credit)	Nil	Nil

SCHEDULES

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)	E) Expenses recognised in the Profit and Loss Account in Schedule 13 under "Contribution to Provident and other funds"	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
Settlement Cost/(Credit)	Nil	Nil			
Benefits Paid	(11,133)	(3,593)			
Actuarial (gain)/loss on obligations	(6,508)	8,482	Current Service Cost	19,522	16,571
Present Value of Obligation as at Year end.	235,205	213,531	Past Service Cost	Nil	Nil
			Interest Cost	19,793	14,639
B) Changes in the Fair value of Plan Assets			Expected Return on Plan Assets	(15,726)	(13,329)
Fair Value of Plan Assets at the beginning of the Year	202,927	171,987	Curtailment Cost/(Credit)	Nil	Nil
Expected Return on Plan Assets	15,727	13,329	Settlement Cost/(Credit)	Nil	Nil
Actuarial Gains and (Loss) on Plan Assets	3,348	(1,009)	Net actuarial (gain)/loss recognised in the Year	(9,857)	9,491
Contributions	19,013	22,142	Total Expenses/(Gain) recognised in the Profit and Loss Account	13,732	27,372
Benefits Paid	(11,133)	(3,522)			
Fair Value of Plan Assets at Year end	229,882	202,927	F) Experience Adjustments		
			Defined Benefit Obligation	233,514	212,060
C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets [Included in Provisions (Refer Schedule 10)]			Plan Assets	229,882	202,927
Present Value of funded obligation as at the Year end	233,514	212,060	Deficit/(Surplus)	(3,632)	(9,133)
Fair Value of Plan Assets as at the end of the year	229,882	202,927	Experience Adjustment on plan liabilities (gain)/loss	14,932	8,374
Funded Status	(3,632)	(10,604)	Experience Adjustment on plan assets (gain)/loss	(3,348)	1,009
Present Value of unfunded Obligation as at the Year end	(3,632)	(10,604)			
Unrecognised Actuarial (gains)/losses	Nil	Nil	G) Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at December 31, 2011 is 100%		
Unfunded Net Asset/(Liability) Recognised in Balance Sheet	(3,632)	(10,604)	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 ₹ 24,017 ('000) [Previous Year ₹ 19,717 ('000)].		
D) Amount recognised in the Balance Sheet [Included in Provisions (Refer Schedule 10)]					
Present Value of Obligation at the end of the year	(235,205)	(213,531)			
Fair Value of Plan Assets at Year end	229,882	202,927			
Liability recognised in the Balance Sheet	(5,323)	(10,604)			

SCHEDULES

II. Net Asset/(Liability) recognised in Balance Sheet:

	Year ended December 31, 2011 (in ₹ '000)	Year ended December 31, 2010 (in ₹ '000)	Year ended December 31, 2009 (in ₹ '000)	Year ended December 31, 2008 (in ₹ '000)	Year ended December 31, 2007 (in ₹ '000)
A) Present Value of Obligation at the close of the year	(233,514)	(212,060)	(176,225)	(173,156)	(160,336)
B) Fair Value of Plan Assets at the close of the year	229,882	202,927	170,636	137,070	119,475
C) Asset/(Liability) recognised in the Balance Sheet	(3,632)	(9,133)	(5,589)	(36,086)	(40,861)
"Change in Defined Benefit Obligation(DBO) during the year ended"					
Actuarial (Gain)/Loss	(6,465)	8,374	(20,380)	(4,574)	35,237
Change in the Fair Value of Plan Assets					
Actuarial Gain/(Loss)	3,348	(1,009)	1,850	(436)	1,783

5. Earnings per share

III. Other Long-term Employee Benefits

The liabilities for Leave Encashment and Compensated Absences as at Year end were ₹ 74,603 ('000) [Previous Year ₹ 69,436 ('000)] and ₹ 10,696 ('000) [Previous Year ₹ 8,084 ('000)] respectively.

3. Capital Commitments

	As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 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 ₹ 12,788 ('000) [Previous Year - ₹ 21,128 ('000)]}	170,835	180,054

4. Contingent Liabilities not provided for

(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	860,000	1,660,000
(b) Bank Guarantees	103,557	105,486
{Includes proportionate share of an associate of ₹ 99,747 ('000) [Previous Year - ₹ 80,583 ('000)]}		

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

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
(a) Profit after taxation (₹ '000)	1,241,923	947,016
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In ₹)	52.34	39.91
(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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
(a) Liabilities		
Depreciation/Amortisation	219,460	216,214
Total	219,460	216,214
(b) Assets		
Provision for Leave Encashment	26,378	24,392
Provision for Bonus	9,502	7,008
Provision for Gratuity	1,728	3,552
Total	37,608	34,952
Net Deferred Tax Liabilities	181,852	181,262

SCHEDULES

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
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
Clyde C. Cooper	- Director
Malcolm Monteiro	- Director
Roger Crook	- Director (Resigned on 30th June, 2011)
Christopher Ong	- Director (Resigned on 27th September, 2011)
Jerry Hsu	- Director (Appointed on 30th June, 2011)

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

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)
(i) With Holding/Fellow Subsidiaries/Associate Company		
DHL Express (Singapore) Pte. Limited		
Dividend paid	19,228	19,228
DHL Express India Private Limited		
International Servicing Cost	821,622	684,178
Domestic Service charges income	(522,986)	(371,258)
Reimbursements of expenses	4,430	4,143
DHL Lemuir Logistics Private Limited, India		
Domestic service charges income	(327,302)	(293,911)
Deposit received/(paid)	300	535
Reimbursements of expenses	392	-
Blue Dart Aviation Limited		
Aircraft charter cost	5,223,930	3,842,287
Capital Advances granted	-	567,563
Capital Advances settled	-	(8,900)
Capital Advances converted to Loan	-	1,124,458
Inter Corporate loan granted	894,330	-
Inter Corporate Deposit granted	618,830	151,121
Inter Corporate Deposit settled	(618,830)	(151,121)
Interest income on Loan	(120,550)	(4,258)
Interest on Inter-Corporate deposit	(4,251)	(2,587)
Reimbursements towards air freight, etc	24,772	27,168

SCHEDULES

	Year ended December 31, 2011 in ₹ ('000)	Year ended December 31, 2010 in ₹ ('000)		As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Domestic Service charges income	(4,705)	(6,069)	(ii) Corporate Guarantee given on behalf of Blue Dart Aviation Limited (as at Year end)	860,000	1,660,000
Recoveries towards Agency charges	2,950	3,660	(iii) <u>Payable to Key Management Personnel:</u>		
(ii) <u>With Key Management Personnel</u>			Anil Khanna	7,253	7,253
Managerial remuneration			9. Commitments under lease agreements		
Salary	9,993	8,426	(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, 2011 are as under:		
Commission	9,252	9,300	Upto One Year	159,836	28,990
Contribution to Provident Fund	781	643	Two to Five Years	249,548	36,241
Contribution to Superannuation Fund	-	277	Above Five Years	37,532	-
Leave Encashment paid	457	187	(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 ₹ 31,269 ('000) [Previous year ₹ 21,636 ('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 ₹ 16,322 ('000) [Previous year ₹ 12,507 ('000)] has been included under the head "Other Costs - Lease Rentals" and lease rentals for official and residential premises of ₹ 544,221 ('000) [Previous year ₹ 404,566 ('000)] has been included under the head "Other Costs - Rent" under Schedule 14 forming part of the Profit and Loss Account.		
Perquisites	1,362	1,369			
Directors' sitting fees	540	640			
	22,385	20,842			
Incurred for:					
Remuneration - Anil Khanna	19,846	18,202			
	19,846	18,202			
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, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
(i) <u>Receivable/(payable) from/to Fellow subsidiary/Associate</u>		
DHL Express (India) Private Limited (Net)	(111,015)	(113,657)
DHL Lemuir Logistics Private Limited (Net)	57,957	68,202
Blue Dart Aviation Limited (Net)	2,267,542	1,339,458

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.

(a) The subsidiaries (which along with Blue Dart Express Limited, the parent, constitute the Group) considered in the Consolidated Financial Statements are:

SCHEDULES

Name of the Company	Country of Incorporation	% voting power held as at December 31, 2011	% voting power held as at December 31, 2010		As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)
Concorde Air Logistics Limited (with effect from May 11, 2004)	India	100%	100%	Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
(b) Investment in Associate				Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	5	-
Blue Dart Aviation Limited (with effect from March 11, 2005)	India	49%	49%			
11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at December 31, 2011. The disclosure pursuant to the said Act is as under:						
		As at December 31, 2011 in ₹ ('000)	As at December 31, 2010 in ₹ ('000)			
Principal amount due to suppliers under MSMED Act, 2006		4,231	6,455	12. The Provision for taxation for the year has been computed on the basis of the results for the year ended December 31, 2011, although the ultimate tax liability will be determined on the basis of the results for the year ending on March 31, 2012 relevant to the assessment year 2012-2013.		
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid		5	-	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, 2011.		
Payment made to suppliers (other than interest) beyond the appointed day during the year		-	-	14. During the year, the Company has granted an unsecured interest bearing loan of ₹ 894,330 ('000) 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. As at December 31, 2011 the outstanding loan balance is ₹ 2,018,788 ('000).		
Interest paid to suppliers under MSMED Act (other than Section 15)		-	-	15. Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification.		
Interest paid to suppliers under MSMED Act (Section 15)		-	-			

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Dated: January 31, 2012

For and on behalf of the Board of Directors

Sharad Upasani Chairman	Anil Khanna Managing Director	Malcolm Monteiro Director
Jerry Hsu Director	Clyde Cooper Director	Suresh G. Sheth Director
	Yogesh Dhingra Finance Director & Chief Operating Officer	Tushar Gunderia Company Secretary

Place: Mumbai
Dated: January 31, 2012

[illegible]



Description	:	South Asia's premier express air and integrated package distribution company.
Began Operations	:	November 1983
Headquarters	:	Mumbai, India
Revenues (Jan - Dec 2011)	:	₹ 148,960 Lacs
Destinations Served	:	Domestic - over 35,902 locations International - More than 220 countries and territories worldwide through DHL Express.
Air Support	:	Three Boeing 737-200 and Four Boeing 757-200 freighters
Ground Support	:	Over 6,272 vehicles
Number of shipments handled (in lacs) (Jan-Dec 2011)	:	Domestic – Over 988.5 International – Over 8.0
Tonnage handled (Jan-Dec 2011)	:	Over 423,000
People Force	:	Over 7,792
Website	:	www.bluedart.com



IT TAKES A LEADER TO DELIVER



BLUE DART

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