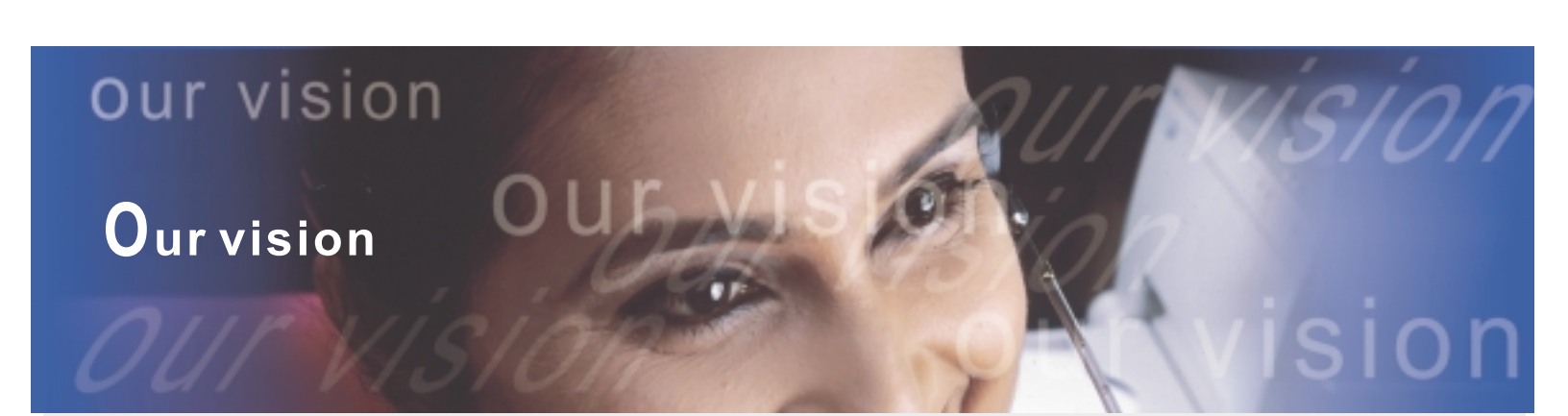




BLUE DART

BLUE DART

Solutions for peace of mind



our vision

Our vision

To be the Best and set the pace in the air express integrated transportation and distribution industry, growing from a National to a Regional leader 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.

Table of contents

BLUE DART EXPRESS LIMITED



Board of Directors.....	4
Chairman's Statement.....	6
Financial Summary.....	8
Services.....	10
Technology Tools.....	12
Milestones	14
Directors' Report.....	16
Corporate Governance Report.....	21
Management Discussion and Analysis.....	29
Auditors' Report	37
Annexure to Auditors' Report	38
Balance Sheet.....	40
Profit and Loss Account	41
Cash Flow Statement.....	42
Schedules	44
Statement pursuant to Section 212 (1)(e) of the Companies Act, 1956 relating to the Subsidiary Company...	55



BLUE DART AVIATION LIMITED

Board of Directors.....	56
Directors' Report	57
Auditors' Report	59
Annexure to Auditors' Report.....	60
Balance Sheet.....	62
Profit and Loss Account	63
Cash Flow Statement.....	64
Schedules.....	66



CONSOLIDATED ACCOUNTS.....75



Directors

Directors

Directors

Directors

BOARD OF DIRECTORS

Tushar K. Jani	- Chairman
Clyde C. Cooper	- Managing Director
Khushroo M. Dubash	- Director
Suresh G. Sheth	- Director
Air Marshal S.S. Ramdas (Retd.) PVSM, AVSM, VM, VSM	- Director
Anil Thadani	- Director
Deepak Vaidya	- Alternate Director to Mr. Anil Thadani



Left to Right:

Suresh G. Sheth - Director, **Khushroo M. Dubash** - Director, **Tushar K. Jani** - Chairman, **Clyde C. Cooper** - Managing Director,
Air Marshal S.S. Ramdas (Retd.) - Director, **Deepak Vaidya** - Alternate Director to Mr. Anil Thadani

EXECUTIVE MANAGEMENT

Malcolm Monteiro	- Sr. Vice President - Sales & Systems
Yogesh Dhingra	- Sr. Vice President - Finance & Chief Financial Officer
Arun Kulkarni	- Sr. Vice President - Administration & Ground Operations
Tulsi Nowlakha Mirchandaney	- Sr. Vice President - Marketing & Projects
Ashoka Kumar Jain	- Sr. Vice President - North Region
Anil Khanna	- Sr. Vice President - West 1 Region
Gopinath Menon	- Sr. Vice President - South 2 Region
Balfour Manuel	- Vice President - West 1 Region
K. Gopa Kumar	- Vice President - South 1 Region
Amod Dasgupta	- Vice President - East Region
T.A. Krishnan	- Vice President - North Region
Nina Fernandes	- Vice President - Corporate Human Resource Development
Tushar Gunderia	- Company Secretary

AUDITORS

Price Waterhouse

PRINCIPAL BANKERS

Canara Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
Corporation Bank

SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe
DSK Legal

REGISTERED OFFICE

Blue Dart Centre
Sahar Airport Road
Andheri (E)
Mumbai - 400 099
Tel : 28396444
Fax : 28244131 / 28311184
www.bluedart.com

Chairman's statement

Dear Shareholders,

I have great pleasure in welcoming you to the twelfth Annual General Meeting of the Company.

I would like to take this opportunity to share with you the progress achieved by your Company during the financial year ending March 31, 2003.

Your Company registered a Rs.31.19 crore profit before tax for the year ended March 31, 2003, as compared to the corresponding figure of Rs.25.27 crores in the previous year. The net profit registered was Rs.21.08 crores for the year ended March 31, 2003, as compared to the corresponding figure of Rs. 18.01 crores in the previous year. Your Company recorded an increase of 10% in Total Sales over the last fiscal and recorded a better operating margin of 14.17% as compared to the corresponding figure of 13.92% in the previous year.

The Board of Directors of your Company has recommended a Dividend of 27.50%.

The Economic slowdown that started around the 2nd quarter of 2001, continued through most of the year 2002 and showed some signs of growth pickup around October, 2002 through March, 2003. The economy has certainly not reached the strong growth of the pre-2001 boom period.

Both Indian and Global GDP growths have declined. The war in the Gulf only accentuated these conditions. And, as if this was not enough, there has been a potential health crisis in the making with mysterious SARS virus affecting the population of more than a dozen nations. The world appears to be lurching from one crisis to another.

In our Country, Manufacturing and Index of Industrial Production (IIP) have grown, and Exports have registered a robust growth of 17.8% over the previous year. Further, Indian Companies have actively responded to a slowing economy by relentlessly cutting costs and reducing working capital overheads. This has resulted in greater flexibility, reduced debt and increased return on capital.

Within the country, there is now a better environment for business than ever before. Interest rates are at levels that most Indian businessmen may not have dreamed about five years ago. The new Securitisation law in the banking sector is favourable for banks and for business. It will instil greater confidence in banks to lend, easing availability of funds to companies.

Efforts are being made by the Government to improve the country's infrastructure. The Indian telecom Industry has seen the most incredible transformation in recent times, and telecom and telecommunication charges have plummeted. On a macro level, India has become one of the fastest growing markets. Fixed line additions are expected to be around 44 million by the end of the current financial year and mobile phone additions have grown at a faster clip. The Government is pursuing the road building projects, and some ports have been privatized and improved productivity sharply. Indian business is clearly benefiting from these trends and its own efforts.

One of the challenges faced by your Company during the year was the transition into its new alliance with the world no. 1 Logistics and Courier Company, DHL Worldwide Express. Your Company entered into a path-breaking sales alliance, effective October 1, 2002 involving two recognized brand leaders - 'Blue Dart' in the domestic and regional space, and DHL in the International arena. The seamless, overnight integration was achieved without any negative service impacts. Blue Dart's large base of loyal, quality-conscious customers can now enjoy the DHL advantages of size, reach, and infrastructure. The creation of the sales alliance is a strategic step. It allows both parties the flexibility to grow their business unhindered, even as Blue Dart maximizes value for all its shareholders through international services for its large domestic customer base. It enables us to focus on our core strengths and vision for India, without restrictions.

I am proud to inform you that your Company has emerged profitable despite an uncertain economic scenario, loss of an average of 9% of the total service income from our erstwhile international alliance and a substantial increase in the price of Aviation Turbine Fuel.

During the financial year under review, your Company managed well the challenges arising out of increase in the prices of 'Aviation Turbine Fuel'. Your Company succeeded in neutralizing the effects of soaring fuel prices that had disastrous consequences on airlines worldwide and, at an appropriate time put in a hedge mechanism in the form of a 'fuel surcharge'.

The Company managed its finance very well during the year. The entire Capital Expenditure incurred by the Company was financed out of the internal accruals of the Company. The Company also restructured its borrowings, both long term and short term, which brought down the average cost of debt substantially.

The proposed introduction of VAT from 1st April shook the Indian markets, and was timely postponed to a future date. However, in your Company's view, VAT is a modern, progressive tax. Its manifold advantages are well known and India will surely see a uniform VAT on goods and services in times to come.

During the year, your company also expanded its distribution reach in Gujarat, Maharashtra, Orissa and West Bengal, augmented its warehouse capacity at New Delhi and expanded its regional headquarters at Bangalore.

Your Company also successfully operated charters on an ad-hoc basis. Blue Dart customers have the option of chartering their urgent, time-sensitive shipments to any destination in India. In the past, Blue Dart has operated charters carrying relief material into earthquake-torn areas and lifted emergency equipment, among other large and urgent shipments. In 2002-2003, Blue Dart has operated over 240 hours of charters, including charters for the telecom sector, carrying loads of over 500 tonnes. We see an increasing demand for such movement and are upbeat about the opportunities as we are currently the only cargo airline in the country capable of servicing such a demand.

Your Company was re-certified to the new global ISO 9001-2000 standards during the year as one of a handful of Indian companies.

During the year, your Company, launched the first-of-its-kind technology tool, 'ImageDart'. This technology support reduces the billing cycle for our customers by making available the scanned "Proof of Delivery" and "Delivery Challans" on our website, which result in saving interest costs, and reduced and more efficient billing and recovery cycles.

In keeping with its people practices, your Company, in association with the Indian Association of Secretaries and Administrative Professionals (IASAP), instituted the "Best Administrative Practice of the Year" award. The award encourages and rewards the best practices initiated and implemented in the workplace by members of IASAP, and attempts to share this knowledge with the rest of the community. The award consists of a trophy, a laptop and a sponsorship to a management development programme at an IIM situated closest to the location of the winner. The runners up are also awarded trophies. Blue Dart has always believed in the development of people, and instituting this award is another effort towards this endeavour.



Chairman's statement

During the year, your Company's 100% subsidiary, Blue Dart Aviation Ltd. won an award in recognition of the best ramp discipline and ramp maintenance at Bangalore Airport, from Hindustan Aeronautics Limited.

Last year, your Company commissioned market research agency 'Drshiti', to conduct a customer satisfaction survey covering 29 cities and a sample size of about 4,000 customers. What emerged was a perception of Blue Dart as the most reliable brand with the highest recall across all segments. This study has also given us very useful consumer insights which we are using to bring us closer to our customers.

Your Company has come a long way from its early days in 1983, when your Company entered the market as a small courier company with limited operations. Our vision towards the domestic and regional market was formulated in 1993. Investing in people and technology, your Company set the pace with innovation after innovation, emerging as South Asia's leading courier and integrated air express package distribution Company. Today, we have evolved from being primarily a carrier of documents and samples to playing a valuable part in the overall supply-chain and quality distribution for our customers. Our distribution model provides the fastest route from points of production to points of consumption and serve as a major benefit and a competitive edge to our customers.

People are looking at outsourcing non-critical requirements, such as depots, cutting down on their inventories and reorganizing their distribution and storage points. The requirements for distribution has just started and it will only grow, because, as barriers fall, as foreign competition comes in, the war will not just be amongst Indian goods but between foreign goods and Indian goods. Especially with Indian trade barriers falling, duty rates coming down and global supply chains coming to India, the Indian Industry has clearly to become more competitive. So the system of distribution has to change.

Our vision is towards domestic and regional leadership, and the potential region for us is SAARC. We have a huge fixed cost in the system which is dedicated to night flying, and have the capability to optimize utilization during the day through operations into Bangladesh and into Sri Lanka. The project is under study for commercial viability.

Your Company has established itself as South Asia's single largest air express Company by revenue. We look forward to consolidating our position in the coming year to focus on customer-centric services and productively exploiting opportunities through expansion of territory and product offerings. The package segment has shown strong growth, and this segment is a direct outcome of the airfreight capacity offered by our fleet of 3 aircraft, which no one else in the industry offers today. Your Company is working on its options towards its air fleet expansion in the coming year and expects to add extra capacity in the second half of the financial year 2003-2004.

I commit to you that your Company will always strive to make growth sustainable and enhance the quality of its earnings as well as the value to its stakeholders.

Information Technology has played the key role for Blue Dart since 1990. It has kept pace with the Company's growth rate and dynamic requirements. Technology has facilitated increased productivity, near error-free operations and has reduced manual processes. Your Company has indigenously developed its core applications to aid and simplify its customers' processes. All systems are ever evolving and maintained and upgraded continuously by an in-house team of experts. This allows for quick adaptation and enhancement of any application in the event of change of business rules or customer requirements. Blue Dart's IT services offerings are on par with the best in the industry on a global scale. The Company's website is a comprehensive business tool and has been designed to provide timely information in a user-friendly manner.

Our technology tools and customer software have brought convenience and greater control over the shipping process to the customer. We shall continue to develop and innovate where we can add value to this process. Blue Dart is accessible from anywhere in the world through its interactive website and users are directed to the correct source within Blue Dart for queries and information.

Your Company is committed to good and effective corporate governance practices. Corporate governance should not be a mere ritual and it should not get entangled in the quagmire of laws, rules and regulations. The Corporate Governance Committees of the Board, including the Committees of Management, Audit and Investors, have met regularly during the year and have maintained an active oversight of the key policies and processes being pursued by your Company.

Your Company has the best, high quality air express offerings in the region today. It is the only domestic air express company with its own aviation system offering a capacity of over 125 tonnes per night, a wide geographical reach, unparalleled technology and customer software and a professional workforce. For Blue Dart, the customer is and always has been the prime focus of our endeavours. Blue Dart believes in a value proposition for its customers and has always strived to differentiate itself in delivering added value. Customers have recognized Blue Dart's efforts by giving it the highest market share in the country today. Blue Dart's efforts will always be directed to listening to its customers and exceeding their expectations.

Our future plans include giving our customers more international air freight products. We are looking at ground warehousing to support air movements and provide value addition in the ground processes of customers.

Our People are the key drivers of our success. We are highly driven by human values and respect for human beings across all levels. Their commitment and service excellence has succeeded in making Blue Dart the leading express company in the region, with a strong and reliable brand image.

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

Finally, I would like to assure our shareholders and stakeholders that your Company is committed to its vision to grow from a National to a Regional leader and your Company is committed to develop, reward and recognize its People who, through high quality and professional service and use of sophisticated technology, will meet and exceed Customer and Stakeholder expectations profitably. With your continued support and encouragement, and ethical discharge of duties by one and all of its over 3,700 employees, the Company will undoubtedly scale greater heights of success and prosperity in the years to come.

Let me end by thanking each one of you for the confidence and faith that you have reposed in Blue Dart. I would also take this opportunity to thank every member of the team without whose contribution, the achievements of the Company would not have been possible. I look forward to your continued participation in the growth of the Company.

Warm regards,

Mumbai,
May 14, 2003

Tushar Jani
Chairman

Financial summary

Financial summary

FINANCIAL SUMMARY OF LAST 5 YEARS

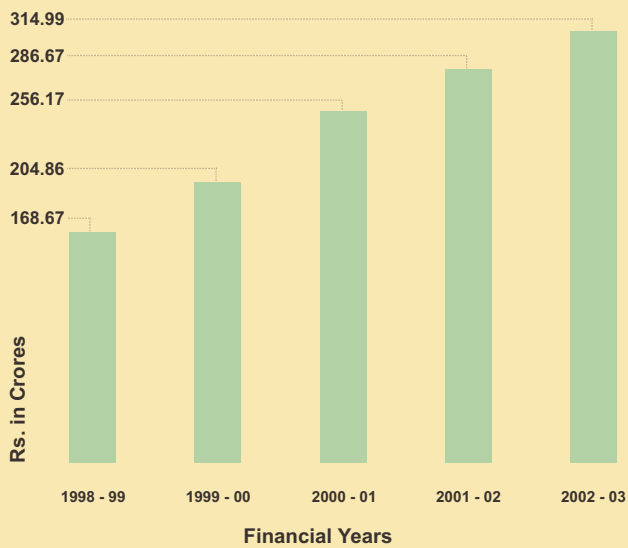
(Rs. in Crores)

Year End March	2002-03	2001-02	2000-01	1999-00	1998-99
Income from Operations	314.99	286.67	256.17	204.86	168.67
Other Income	0.38	0.59	0.54	0.32	7.35
Total Income	315.37	287.26	256.71	205.18	176.02
Total Expenditure	270.67	247.26	215.24	178.72	156.90
Operating Profit	44.70	40.00	41.47	26.46	19.12
Interest (Net)	5.69	8.52	10.04	8.66	7.15
Gross Profit	39.01	31.48	31.43	17.80	11.97
Depreciation	7.82	6.21	5.60	3.79	4.96
Profit Before Tax	31.19	25.27	25.83	14.01	7.01
Taxation	10.11	7.26	2.80	1.70	1.01
Profit After Tax	21.08	18.01	23.03	12.31	6.00
Equity	23.73	23.73	11.89	11.89	11.88
Reserves	94.23	84.79	95.79	77.33	67.55
Gross Fixed Assets	146.06	136.17	122.29	100.72	36.31
Book Value (in Rs.)	49.30	45.63	89.72	73.70	64.00
ROCE (in percentage)	25.76	23.03	24.54	17.88	13.93
Debt Equity (in times)	0.25	0.33	0.44	0.64	0.51
Total Debt Equity (in times)	0.44	0.57	0.67	0.89	0.77

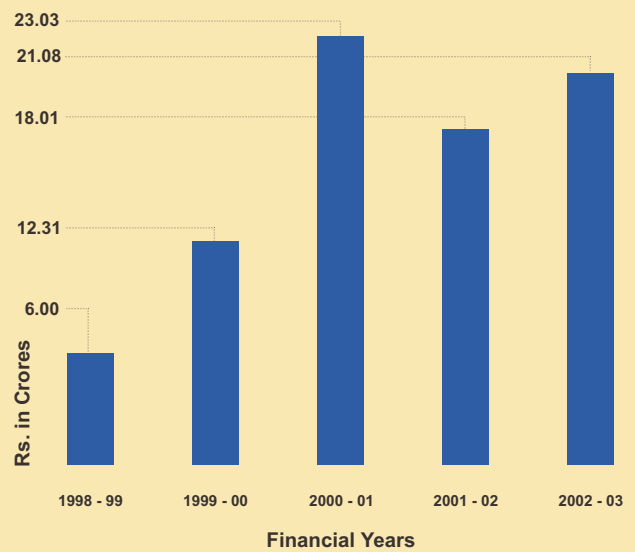
During the Financial year 2001-02, the company had issued Bonus Shares in the ratio of 1:1.

FIVE YEARS IN REVIEW

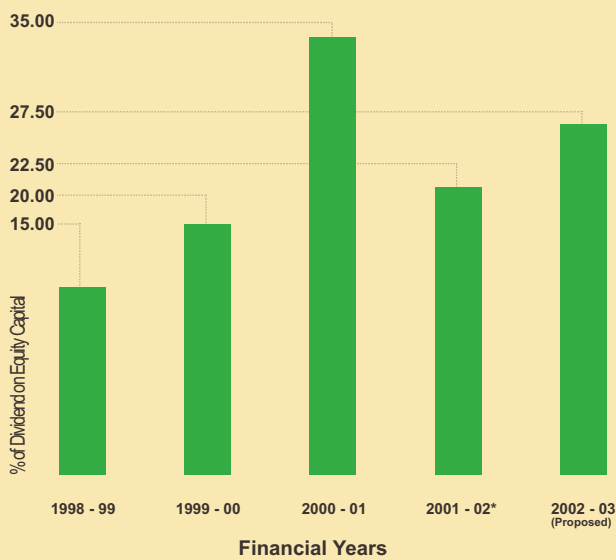
Income From Operations



Net Profit



Dividend Percentage



Networth



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

EXPRESS SERVICES

Domestic Priority

Fast. Reliable. Door-to-door. For domestic documents and small packages. This service is also available to Nepal, Bhutan and Bangladesh.



Dart Apex

Efficient. Swift. Door-to-door. Time-definite supply-chain and logistics distribution service of commercial shipments (10+kgs) that require regulatory clearance



Dart Surfaceline

Economical. Day definite. Door-to-door. For shipments that can stand the rigours of road travel and are not time-sensitive.



Smart Box:

Convenient. Cost-effective. Time definite. Door-to-door. A packing unit (10kg and 25kg sizes) designed to accommodate a variety of products.



International Services

For international documents and packages. Available to 228 countries worldwide.



FREIGHT SERVICES

Domestic Airport- to-Airport

Early morning deliveries. Late cut-offs. Security checked at Blue Dart's warehouses equipped with x-ray machines. No cooling period (otherwise mandatory on passenger airlines). Flown by Blue Dart Aviation between the 5 metro airports of Chennai, Bangalore, Mumbai, Delhi and Kolkata.



Interline

Interline agreements with 20 international airlines. Facilitates transshipment of customs-bonded freight from these airlines' gateways, enhancing marketing possibilities in offline cities within India.



Charters

The only B737 freighters in the country offering palletized capacity. Customised to individual customer requirements. For carriage of urgent, time-sensitive, large volumes and emergency material between 18 airports in India, and 4 international airports in the region.



Technology

Technology

STAND-ALONE TOOLS

COSMAT II™

Blue Dart's own, complete ERP system. Covers all the complex processes of the organisation. Enables real-time tracking of shipments. Provides complete, accurate status of shipments.

SMART™

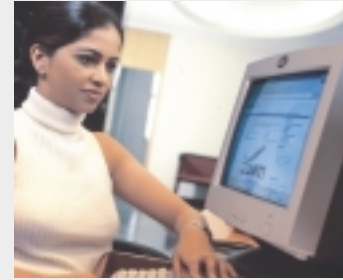
(Space Management Allocation Reservations and Tracking): India's first indigenous Cargo Reservations System. Allows real-time space and revenue management on the aviation network. Space reservations made on SMART ensure that shipments are picked-up, transported and tracked until delivery

SENTOR™

(Status ENTry Offline for Regional service participants/Remote locations): An application designed to provide Blue Dart channel partners and Blue Dart offices in far-flung areas access to information and updates. Enables tracking updates from some of the remotest corners of the country

WMS (WAREHOUSE MANAGEMENT SYSTEM)

Developed indigenously to global standards. Designed to manage storage, inventory, maintenance, order fulfillment, generation of reports and all other logistics activities. Aimed at further integrating the supply chain.



WEB-BASED TOOLS

TRACKDART™

Is accessible through the internet and provides real-time, simultaneous tracking of multiple shipments by interfacing with Blue Dart's systems.

MAILDART™

Shipments can be tracked via e-mail using MailDart. E-mails sent to track@bluedart.com with the waybill numbers will receive an automated response providing the latest status of the shipments.

PICKUP-ONLINE

Allows registration of pick-up online for shipments requiring door pick-ups, to provide flexibility and convenience. Available in all the metros.

LOCATION FINDER

Provides details of the Blue Dart offices closest to the customer. Can be found by city, street name or pin code

TRANSIT TIME FINDER

Provides transit-times taken for delivery for both, domestic and international locations from a point of origin in India. Also provides service updates

PRICE FINDER

Calculates the shipping costs for domestic and international shipments. It also has an automated volume-weight calculator



E-BUSINESS SOLUTIONS

SHIPDART™

Puts total control of shipping processes in the hands of the customer. Provides an interface for one-point data entry and information flow between the customer and Blue Dart's system through the Blue Dart's website.

INTERNETDART™

Allows online tracking of shipments sent over a 45 day period. Tracking can be done by date, origin, destination, delivery status or services used. Facilitates downloading of customised reports. Data download can be integrated into the customer's own CRM systems.

SHOPTRACK™

An Application Programme Interface designed for portals and e-businesses to allow tracking of shipments without leaving the portal site, and efulfillment.

PACKTRACK™

An Application Programme Interface created for customers involved in logistics, distribution and inventory control. It integrates into the customer's system, enabling him to keep track of the entire distribution status of his clients independently

IMAGEDART™

Allows customers to view and download scanned Proof of Delivery and their Delivery Challans within 48 hours of the shipments being delivered. Enables customers to speed up their billing and recovery cycles from their own customers As per the "Gazette of India", (page no. 3, point (t) and page no. 5, chapter III) on "legal recognition of electronic records", the scanned image of the POD/DC can be treated as a legal document.

MOBILEDART™

MOBILEDART-WAP

Works on any mobile phone or device that supports Wireless Application Protocol. The current status of a shipment can be tracked. An automated delivery message is made available by e-mail as soon as shipment is delivered.

MOBILEDART-SMS

Works on any mobile phone or device that supports sending e-mail over Short Messaging Service. Current details of shipments or on-delivery intimation can be requested by SMS



Milestones

Milestones

1983 :

Khushroo Dubash, Clyde Cooper, and Tushar Jani establish Blue Dart Courier Services with a capital base of Rs: 30,000. They forge ties with Gelco Express International U.K., and introduce India's first international air package express service.

1984 :

Blue Dart Courier Services becomes a Global Service Participant of FedEx with the acquisition of Gelco Express International by FedEx. Blue Dart Courier Services is the first carrier in India to provide domestic and international on-board couriers, a hub-and-spoke system and a 10.30 a.m. delivery service.

1988:

Blue Dart Courier Services establishes real-time, on-line tracking for all international shipments through COSMOS, the FedEx track and trace system.

1991 :

Blue Dart Express is registered as a private limited company, and introduces its economical logistics service option, Dart Surfaceline. It indigenously develops its domestic tracking system, COSMAT-I™.

1992 :

Blue Dart Express Pvt. Ltd. connects its in-house domestic E-mail network, and sets up its employee satisfaction programme - Survey Feedback Action (SFA).

1994 :

Blue Dart Express Ltd. goes public with an equity offer of 2.55 million shares, at a premium of 14 times, worth Rs: 382.5 million . Blue Dart Express Ltd. launches Dart Apex (Domestic Air Package Express), a multi-modal, premium package delivery service, and COSMAT-II™, an advanced system which includes track and trace. Blue Dart Aviation is registered as a public limited company and becomes the first private company to receive government permission for operation of cargo aircraft in India.

1995 :

Blue Dart Aviation acquires 2 Boeing 737-200 freighters and receives ATO permission. Blue Dart Express Ltd. develops its SMART (Space Management Allocation Reservations and Tracking) system for its aircraft, the first cargo management system in the country. Blue Dart Express Ltd. is awarded the "Global Service Participant Sales Award" by FedEx for outstanding sales performance. Blue Dart, Calcutta is proud to have the office inaugurated by Mother Theresa of the Missionaries of Charity, and Nobel Peace Prize Laureate.

1996 :

Blue Dart Aviation launches India's first jet express airline. Blue Dart Express Ltd's turnover crosses the Rs: 1 billion mark, as it expands its domestic network by entering into strategic alliances in North, South and West India. Blue Dart Express Ltd. is the first express company in India to receive an ISO 9001 certification, and post its website on the internet. Blue Dart Express Ltd., FedEx and the Heart-to-Heart Foundation, U.S.A., co-operate in bringing the world's largest airlift of charity to Kolkata.

1997 :

Blue Dart Express Ltd. signs agreements with leading international airlines for distribution of bonded cargo within its network. Blue Dart Aviation launches its domestic charter operations.

1998 :

Blue Dart Aviation develops India's first Load and Trim software for its B737F flights. Blue Dart Express Ltd. launches SMARTBOX, its economical, packaged door-to-door product, and extends its delivery to over 1000 locations.

1999 :

Blue Dart Express Ltd. moves to its state-of-the-art Administrative, Technology and Operations Superhub, the Blue Dart Centre, at Mumbai. At close proximity to both the international and domestic airports, encircled by four five-star hotels, and equipped with the latest technology, the Superhub has improved efficiency and increased load-handling capacity multifold. Blue Dart Express Ltd. Launches Power Dart 2000+, a software that provides customers free connectivity to its database, enabling customers to track and retrieve all information related to their shipments.

2000 :

Blue Dart Aviation acquires its 3rd aircraft on lease. The aircraft is scheduled for operations on the Bangalore-Delhi-Bangalore sector. Blue Dart Express Ltd. also revamps its website replacing it with an interactive website to support e-trade and commerce and facilitate customer interface on the net.

2001 :

Blue Dart launches its 3rd aircraft operations on the Bangalore-Delhi-Bangalore sector. The Civil Aviation Ministry requisitions Blue Dart aircraft for relief operations into earthquake-battered Bhuj in Gujarat. Technology tools and customer software - MobileDart, On-Line Pick Up and ShipDart - are developed in-house and launched. Blue Dart declares 1:1 bonus shares. Blue Dart, Kolkata moves into heritage building, Kanak, its new premises inaugurated by Sr. Nirmala of the Missionaries of Charity.

2002 :

Blue Dart is re-certified as one of a handful of Indian companies to the new global ISO 9001 - 2000 standards for "Design, management and operations of countrywide express transportation and distribution service within the Indian Subcontinent and to international destinations serviced through multinational express companies". Blue Dart ends its contract with Federal Express and signs a path-breaking Sales Alliance with the World's No. 1 international air express company, DHL Worldwide Express. Blue Dart crosses 100,000 shipments per day.

DIRECTORS' REPORT

To the Members

The Directors have great pleasure in presenting the Twelfth Annual Report of your Company for the year ended March 31, 2003.

FINANCIAL RESULTS

Particulars	(Rs. in lacs)	
	For the year ended	
	March 31, 2003	March 31, 2002
Revenues		
Services	31,499	28,667
Lease and other Income	38	59
Less : Operating Expenses	27,067	24,726
Operating Profit (EBITA)	4,470	4,000
Less : Finance Cost (Net)	569	852
Depreciation	782	621
Profit before tax	3,119	2,527
Less : Provision for Income tax	1,011	726
Profit after tax	2,108	1,801
Profit & Loss A/c balance brought forward	3,628	2,662
Less : Provisions for tax (prior periods)	428	-
Profit available for appropriation	5,308	4,463
Dividend	652	535
Dividend Tax	84	-
Transfer to Reserves	300	300
	4,272	3,628

REVIEW OF PERFORMANCE

Your Company has effectively leveraged its assets, infrastructure and investments, resulting in improved productivity and performance for the year. During the year, your Company successfully added infrastructure with major facilities at Bangalore, Delhi, Jalandhar, Nagpur, Aurangabad and Panjim. Your Company continues to strengthen its dominance in domestic markets and has significantly grown its operating profits over the last five years from Rs. 1,912 lacs to Rs.4,470 lacs.

Your Company has recorded a profit before interest and depreciation of Rs.4,470 lacs as compared to Rs. 4,000 lacs of the previous year and profit after interest and depreciation of Rs. 3,119 lacs, as compared to Rs. 2,527 lacs of the previous year.

DIVIDEND

Despite the adverse and uncertain economic scenario and the transition from the 18 years contract with FedEx, the Company's performance has been excellent. Encouraged by the excellent performance of the Company for the year, your Directors are pleased to recommend a dividend of 27.50% as compared to 22.50% in the previous year. As per the Finance Bill, 2003, dividends paid after March 31, 2003 are proposed to be free of taxation in the hands of the shareholders.

The dividend, once approved by the members in the ensuing Annual General Meeting will be paid out of the profits of the Company for the year and will absorb a sum of Rs. 736 lacs, including dividend tax, as compared to Rs.535 lacs in the previous year.

OPERATIONS REVIEW

Revenue

Your Company has recorded a growth of 10% in income from operations despite adverse domestic and global economic scenario impacting the Indian express Industry.

During the year, for its international services, the Company entered into a path breaking Sales Alliance contract with effect from October 1, 2002 with DHL Worldwide Express, to provide Blue Dart customers, the advantages of DHL's global reach, unmatched cross-border specialisation, greater network flexibility and hi-tech infrastructure, in replacement of its erstwhile alliance of 18 years with FedEx.

Your Company is the only express company in the country today with a dedicated aviation infrastructure, and a fleet of three Boeing 737 freighter aircraft to support door to door deliveries, time definite logistics and supply chain demands to the last mile.

Your Company's revenue mix has gradually moved over the last 7 years into the more profitable domestic business. The Domestic to International business ratio has changed from 45:55 in 1995-96 to 82:18 in the year 2002-2003. Further, the Company experienced growth in the package business and the ratio of Document and Package business by revenue stood at 35 : 65 during the year.

The Company's core products viz; Apex and Domestic Priority has recorded a growth of 34% and 16% respectively.

Your Directors are pleased to inform you that your Company has been re-certified as one amongst a handful of Indian companies to the new global ISO 9001 - 2000 standards for "Design, management and operations of Countrywide express transportation and distribution services within the Indian sub-continent and to international destinations serviced through multinational express companies".

Your Company is South Asia's leading air express transportation company and logistics service provider and offers a comprehensive range of services and products for both domestic and international shippers. Blue Dart's continuous commitment towards identifying and addressing the needs and concerns of the Customers has enabled it to provide unmatched standards of service quality with over 99.95% reliability levels in the express industry. Over the years, Blue Dart has continuously evolved to meet the growing demands of business and customers, innovating new products and expanding its network and infrastructure, thereby increasing its market share in the country.

During the year under review, your Company achieved yet another milestone of handling over 100,000 shipments a day. Also, your Company handled during the year over 28 million shipments, weighing over 76,000 tons.

Interline Arrangements

Your Company continues to expand airside and customs bonded warehouses, along with trans-shipment facilities at the 5 major domestic airports to facilitate movement of import / export cargo within India. During the year, your Company started serving South African Airways, thereby increasing the total of such international carriers services to 20.

Warehousing

Your Company has warehouses at 22 locations across the country as well as bonded warehouses at the five major metro airports of Mumbai, Delhi, Chennai, Kolkata and Bangalore, aggregating 1,24,000 sq.ft space.

FINANCE

During the year, your Company has taken various initiatives to restructure its borrowings for bringing down the average cost of debt. Some of the initiatives taken by the Company in this regard pertain to issue of Commercial Paper to the extent of Rs.20 crores and prepayment of some of the loans with higher interest rate from its internal accruals.

The Company's debt equity ratio as on March 31, 2003 is 0.25 : 1 as compared to 0.33 : 1 in the previous year.

Credit Rating

The Company continues to enjoy the highest rating assigned "F1+(ind)" [F one plus (ind)] by FITCH Ratings India Private Limited for the Company's short-term debt programme of Rs.20 Crores, indicating very high certainty of timely payment.

SUBSIDIARY COMPANY

The Company's wholly owned subsidiary, Blue Dart Aviation Ltd. has shown an improvement in performance by achieving a net profit of Rs. 35.78 lacs as compared to Rs.19.27 lacs of previous year.

The audited statement of accounts for the year ended March 31, 2003 of Blue Dart Aviation Ltd., the Company's wholly owned subsidiary together with the report of the Directors and the Auditors, as required under Section 212 of the Companies Act, 1956, are attached.

During the year under review, your Company subscribed to the Right Issue of one crore Equity Shares of Rs.10 each at par aggregating to Rs.10 Crores, made by its Wholly Owned Subsidiary viz; Blue Dart Aviation Limited, which will envisage the reduction of cost of borrowings for the Company's Subsidiary and will lead to overall benefits for the Company over a period of time.

OUTLOOK FOR THE FUTURE

Your Company is ideally placed in the Indian Market, with a trained and committed force of over 3,700 people, the latest state of the art technology, integrated air and ground infrastructure, wide geographical coverage to support India's growth and development, distribution and third party logistics and supply chain management needs of Industry.

Your Company is well positioned to expand its air network coverage to air charter services in and around India, to support distribution within the region and strengthen and continue to maintain regional dominance. The Company plans to enhance capacities within the network by induction of an additional aircraft during the year to capitalize on the future growth of the express industry.

Your Directors are hopeful of improved performance over the coming years.

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.

EMPLOYEES

Information on particulars of employees' remuneration as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 forms part of this report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company, excluding the Statement of Particulars of Employees. The same 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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliances with laws and regulations leading to effective control and management of the Organisation. Good Corporate Governance leads to long term shareholders value and enhances the interest of other stakeholders.

Your Company is fully committed to good Corporate Governance and has complied with the Corporate Governance Code as stipulated under the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges.

A report on Corporate Governance along with a certificate of compliance from the Auditors forms part of this Report.

FIXED DEPOSITS

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

AUDITORS

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

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all our People, for their dedicated service and contribution made towards the growth of the Company and also for rendering impeccable service to every constituent of the Company's customers, without which our reputation for service excellence and leadership would not have been a household name.

Your Directors also wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment put in by them for the growth of the Company. The enthusiasm and unstinting efforts of the employees have clearly positioned the Company as South Asia's undisputed leader in the Express market. To them goes the credit for the Company's great achievements.

Your Directors also express their deep sense of gratitude to our Customers, the Financial Institutions, the Company's Bankers, Suppliers, Solicitors and all our well wishers for their continuous guidance and support.

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

For and on behalf of the Board of Directors

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing Director

Khushroo M. Dubash
Director

Suresh G. Sheth
Director

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

Deepak Vaidya
Alternate Director
for Anil Thadani

Mumbai,
April 24, 2003

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 'A'

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

A) Earnings in Foreign Currency

Earnings in foreign currency during the year was Rs.75,402,817 (2002 - Rs. 70,790,906)

B) Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs. 39,125,961 (2002 - Rs. 18,855,849)

REPORT ON CORPORATE GOVERNANCE

1. Blue Dart's philosophy on Corporate Governance

Blue Dart believes in providing services through transparency in all its dealings. All regulatory compliances are strictly adhered to and the Company is committed to the highest Corporate Governance practices. We believe, Corporate Governance is an important instrument for shareholders' returns and value enhancement.

2. Board of Directors

The Board consists of three Executive Directors and three Non-Executive Directors. The Company is managed by Mr. Clyde Cooper, the Managing Director, with substantial powers of management as delegated by the Board of Directors of the Company.

The size and composition of the Board conforms to the requirements of the Corporate Governance norms, as prescribed under the provisions of the Listing Agreement 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 at Mumbai. The Notice of the meeting is sent 15 days in advance, and the detailed agenda is sent 7 days in advance to all the Directors.

During the year under review, eight Board Meetings were held on May 7, 2002, June 18, 2002, July 25, 2002 (two meetings), September 24, 2002, October 22, 2002, January 30, 2003 and March 24, 2003.

Details of attendance at the Board Meetings, Directorship in other Companies and Membership in Committees thereof of each Director are as follows:

Name of Director	Category	Designation	Attendance at the Board Meeting	Directorship of Other Indian Companies *	Committee Memberships	
					Member	Chairman
Mr. Tushar Jani	Promoter & Executive Director	Chairman	7	9	2	0
Mr. Clyde Cooper	Promoter & Executive Director	Managing Director	8	1	1	0
Mr. Khushroo Dubash	Promoter & Executive Director	Director	8	2	0	1
Mr. Suresh G Sheth	Independent & Non Executive Director	Director	8	2	0	0
Air Mshl. S.S.Ramdas (Retd.)	Independent & Non Executive Director	Director	8	1	3	0
Mr. Anil Thadani **	Independent & Non Executive Director	Director	1	7	0	0
Mr. Deepak Vaidya (Alternate to Mr.Anil Thadani)	Independent & Non Executive Director	Director	5	8	2	1

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

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

'Independent Director' means director who apart from receiving director's remuneration, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in judgement of the board may affect independence of judgement of the director.

The Board members are presented with all relevant information on vital matters affecting the working of the Company as well as those which require deliberations at the highest level. The information, as required under Annexure I to the provisions of Clause 49 of the Listing Agreement, is being made available to the Board Members.

The last Annual General Meeting of the Company was held on July 25, 2002 and the same was attended by all Directors except Mr. Anil Thadani who was represented by Mr. Deepak Vaidya, the Alternate Director.

3. Audit Committee

The Audit Committee consists of Air Marshal S.S. Ramdas (Retd.), Mr. Suresh Sheth and Mr. Deepak Vaidya along with Mr. Tushar Gunderia, Company Secretary who acts as the Secretary to the Committee. The Committee is chaired by Air Marshal S.S. Ramdas (Retd.). The permanent invitees to the Committee are Mr. Clyde Cooper, Managing Director and Mr. Yogesh Dhingra, Sr. V.P. Finance & CFO.

The terms of reference of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, and inter-alia includes the following:

- (a) Overseeing the financial reporting process and ensuring correct disclosure of financial information.
- (b) Reviewing with management, the annual financial statements that specially emphasizes on accounting policies and practices, compliance with the accounting standards and other legal requirements concerning financial statements.
- (c) Reviewing the company's financial and risk management policies.
- (d) Reviewing adequacy of internal audit function including their policies, procedures, techniques and other regulatory requirements and reporting the matter to the Board.
- (e) Recommending appointment and removal of External and Internal Auditors and fixation of their fees.

The constitution of Audit Committee and other related information as on March 31, 2003 are as under:

Name of Director	Status	No of Meetings	
		Held	Attended
Air Mshl.S.S. Ramdas (Retd.)	Chairman	5	5
Mr. Suresh G Sheth	Member	5	5
Mr. Deepak Vaidya	Member	5	2

4. Compensation Committee

The Board of Directors of the Company constituted the 'Compensation Committee' of Directors on May 7, 2002. The Committee consists of Mr. Deepak Vaidya, Mr. Suresh Sheth, and Air Marshal S.S. Ramdas (Retd.) All the members of the 'Compensation Committee' are Non-Executive Directors and the Committee is chaired by Mr. Deepak Vaidya, Independent Director.

The Executive Directors are paid remuneration in terms of the resolution passed by the members at the General Meeting. The term of the Managing Director and other Executive Directors is for a period of 5 years from the date of their respective appointment and has notice period of three months.

The Non-Executive Directors are paid sitting fees of Rs.5,000/- for each meeting of the Board and for each meeting of the Audit Committee attended by them.

For the valuable contribution by way of advise for various project works from time to time, the Company has paid fees to Air Marshal S.S. Ramdas (Retd.) and Mr. Suresh Sheth, the Non Executive Directors aggregating to Rs.20.50 lacs towards professional consultancy services rendered by them during the financial year 2002-03. The Company has the necessary approval of the Central Government giving its opinion under the provisions of Section 309 (1) of the Companies Act, 1956, for possession of requisite professional qualifications by Air Marshal S.S. Ramdas (Retd.) and Mr. Suresh Sheth, the Directors, for rendering their services in professional capacity.

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

1.Mr. Tushar Jani – Chairman :

1.Salary : Rs. 70,000/- per month.

2.Perquisites and Commission :

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

- (c) Personal Accident Insurance : In respect of self and family for a sum insured upto Rs. 5,00,000/- per annum.
 - (d) A car with chauffeur provided by the company.
 - (e) Leave and Travel Concession: For self and family, once in a year incurred in accordance with the rules specified by the Company.
 - (f) Club fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
 - (g) Commission: At the rate of One percent (1%) of net profits of the Company for each financial year or part thereof computed in the manner laid down in Section 309 (5) of the Companies Act, 1956. However, the total commission payable for any year shall not exceed the amount equal to salary for that year.
 - (h) The Company's contribution to the Provident Fund and Superannuation Fund in accordance with the Rules and Regulations of the Company.
 - (i) Gratuity at a rate not exceeding half a month's salary for each completed year of service.
 - (j) Encashment of unavailed leave at the end of the tenure of the term.
 - (k) Telephone at residence provided by the Company.
- 2. Mr. Clyde Cooper – Managing Director**
1. Salary : Rs. 6,00,000/- per month.
 2. Perquisites & Commission :
 - (a) House Rent Allowance: Rs.1,50,000/- per month (The Company has provided the lease accommodation in lieu of HRA)
 - (b) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
 - (c) Personal Accident Insurance: In respect of self and his family for a sum insured upto Rs.5,00,000/- per annum.
 - (d) A car with chauffeur provided by the Company.
- (e) Leave and Travel Concession: For self and family, once in a year incurred in accordance with rules specified by the Company from time to time.
 - (f) Club Fees: Fees of clubs subject to a maximum of two clubs. However, this will not include admission and life membership fees.
 - (g) Commission: At the rate of One percent (1%) of net profits of the Company for each financial year or part thereof computed in the manner laid down in Section 309 (5) of the Companies Act, 1956. However, the total commission payable for any year shall not exceed amount equal to salary for that year.
 - (h) The Company's contribution to the Provident Fund and Superannuation Fund in accordance with the Rules and Regulations of the Company.
 - (i) Gratuity at a rate not exceeding half a month's salary for each completed year of service.
 - (j) Encashment of unavailed leave at the end of the tenure of the term.
 - (k) Telephone at residence provided by the Company.
- 3. Mr. Khushroo Dubash – Whole Time Director**
1. Salary : Rs. 70,000/- per month.
 2. Perquisites & Commission :
 - (a) House Rent Allowance : Rs. 30,000/- per month
 - (b) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
 - (c) Personal Accident Insurance: In respect of self and his family for a sum insured upto Rs. 5,00,000/- per annum.
 - (d) A car with chauffeur provided by the company.
 - (e) Leave and travel Concession: For self and family, once in a year incurred in accordance with rules specified by the Company.
 - (f) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

- (g) Commission: At the rate of One percent (1%) of net profits of the Company for each financial year or part thereof computed in the manner laid down in Section 309 (5) of the Companies Act, 1956. However, the total commission payable for any year shall not exceed amount equal to salary for that year.
- (h) The Company's contribution to the Provident Fund and Superannuation Fund in accordance with the Rules and Regulations of the Company.
- (i) Gratuity at a rate not exceeding half a month's salary for each completed year of service.
- (j) Encashment of unavailed leave at the end of the tenure of the term.
- (k) Telephone at residence provided by the Company.

The Company has paid the remuneration to above Executive Directors within the aforesaid permissible limits and as per the provisions of law.

The Company does not have any stock option scheme.

5. Investors Grievance Committee

The Investors Grievance Committee of the Company approves and monitors transfers and transmission of shares, splitting and consolidation of share certificates. The Committee also monitors redressal of complaints received from the shareholders relating to transfer of shares, non-receipt of annual reports, dividend and other investor related matters.

The Committee consists of Mr. Suresh Sheth, Non Executive Director acting as Chairman and Mr. Clyde Cooper. Mr. Tushar Gunderia, Company Secretary has been designated as Compliance Officer.

During the year under review, 486 correspondences were received from the shareholders/investors. All the correspondences have been attended to expeditiously.

All valid share transfers / transmission and other requests received during the year were approved and attended to by the Committee. There were no requests for transfer of Equity Shares pending as on March 31, 2003.

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

Nature of Correspondence	No. of Correspondence	
	received	resolved/ attended
Change of Address	105	105
Non Receipt of Share certificate/ Transfer / Transmission	45	45
Request for loss / duplicate/ replacement of Share Certificates	49	49
Non Receipt / Revalidation of Dividend Warrant	211	211
Others *	76	76
Total	486	486

* Others include correspondence pertaining to deletion of name, confirmation of shareholding, nomination, dividend mandate instructions, request for Annual Report, etc.

The Company and the Registrar & Transfer Agents i.e. M/s. IIT Corporate Services Ltd. have attended to most of the investor's correspondence within a period of 8 days from the date of receipt of correspondence during the year 2002 - 03.

In terms of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company have formulated the formal 'Code of conduct for prevention of Insider Trading in the equity shares of the Company' and the 'Corporate Disclosure Practices'. The Investors' Grievance Committee monitors the compliance of the provisions of the Code.

The Company's equity shares were traded on 'Permitted to trade' category of the National Stock Exchange. The Company has for the benefit of investors, listed the shares on National Stock Exchange with effect from December 12, 2002.

6. General Body Meetings

Details of Annual General Meetings held during last three years:

AGM for Financial Year ended	Date	Time	Location
1999 - 2000	12.09.00	4.30 p.m	Walchand Hirachand
2000 - 2001	24.07.01	4.30 p.m	Hall, Indian Merchants'
2001 - 2002	25.07.02	4.30 p.m	Chamber, LNM IMC Building, Churchgate, Mumbai 400 020

No special resolutions were put through postal ballot at the last Annual General Meeting. At the ensuing AGM, there is no item on the Agenda that needs approval by Postal Ballot.

7. Disclosures

None of the transactions with any of the related parties were in conflict with the interest of the Company.

Further, no penalty or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or other statutory authorities on any matter related to capital markets during the last three years.

8. Means of Communication

The quarterly, half yearly and yearly results are published in Economic Times and Gujarat Samachar. The financial results and press releases are also immediately posted on the Company's website viz; www.bluedart.com.

9. General Shareholder Information

9.1 Annual General Meeting:

July 8, 2003 at 4.30 p.m Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Bldg, Churchgate, Mumbai 400 020

9.2 Financial Calendar : (tentative and subject to change)

Schedule of the Board Meetings:	Date
First quarter ending June 30, 2003	July 8, 2003
Second quarter ending September 30, 2003	October 14, 2003
Third quarter ending December 31, 2003	January 20, 2004
Year ending March 31, 2004	April 27, 2004

Schedule of the Audit Committee Meetings :	Date
First quarter ending June 30, 2003	July 8, 2003
Second quarter ending September 30, 2003	October 14, 2003
Third quarter ending December 31, 2003	January 20, 2004
Year ending March 31, 2004	April 27, 2004

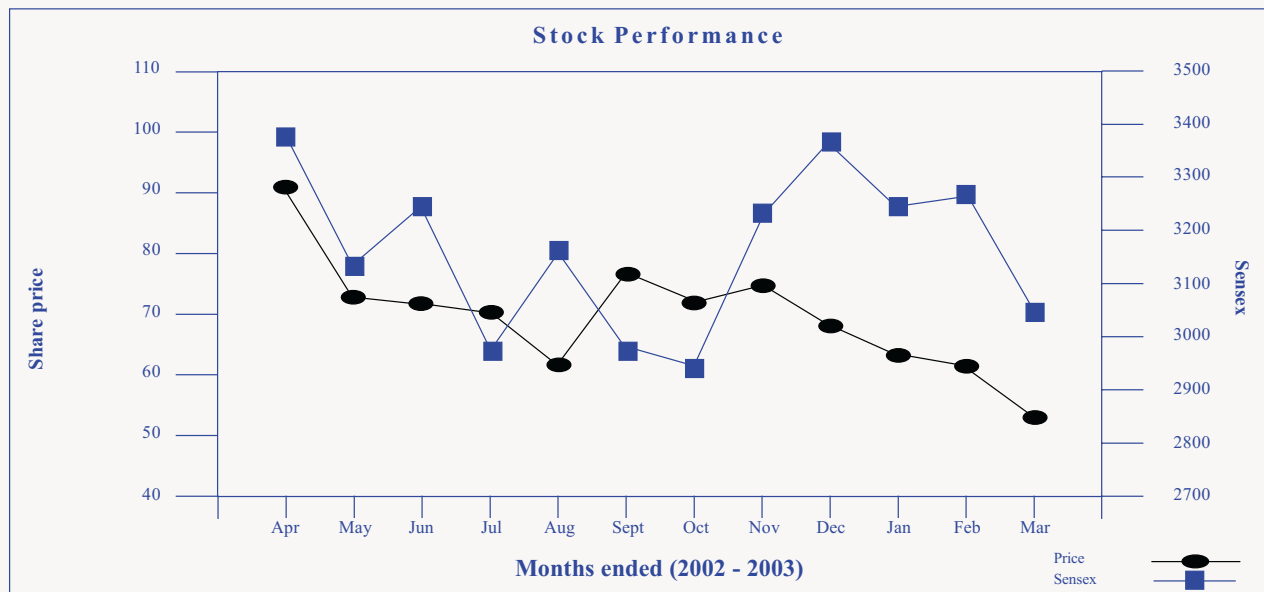
- 9.3 Book Closure period:** June 27, 2003 to July 8, 2003
- 9.4 Dividend Payment Date :** July 10, 2003
- 9.5 Listing on Stock Exchanges**
1. The Stock Exchange, Mumbai
 2. The Stock Exchange, Ahmedabad
 3. The Delhi Stock Exchange Association Ltd
 4. The National Stock Exchange of India Limited
- (The Company has paid its Annual Listing fees to all the above Stock Exchanges for F.Y 2003 – 2004)
- 9.6 Stock Code / Symbol :**
- | | | |
|-----|---|----------------------------------|
| BSE | : | 526612 |
| ASE | : | 09433 |
| DSE | : | 102166 |
| NSE | : | Symbol - BLUEDART
Series - EQ |
- 9.7 ISIN :** INE233B01017

9.8 Stock Market Data:

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

2002- 2003	BSE		NSE	
	High	Low	High	Low
April - 2002	102.50	81.30	103.00	80.55
May - 2002	96.70	66.00	96.50	66.10
June - 2002	79.65	69.55	79.95	69.30
July - 2002	89.00	66.55	85.50	66.60
August - 2002	71.90	59.20	72.75	58.30
September - 2002	82.00	60.05	82.00	61.00
October - 2002	85.00	70.50	83.10	69.00
November - 2002	76.60	66.00	79.40	68.00
December - 2002	89.00	68.05	89.60	69.25
January - 2003	73.80	64.00	74.90	64.00
February - 2003	69.85	59.55	67.65	60.15
March - 2003	64.00	52.25	67.00	53.05

9.9 Stock Price Performance in comparison to the BSE Sensex :



9.10 Registrar & Share Transfer Agent:

IIT Corporate Services Ltd
 Protoprima Chambers,
 Suren Road, Andheri (East),
 Mumbai 400 093.
 Tel : 26838240 – 41, 26835599
 Telefax: 26838240 – 41, 26848375
 Email : iitjay2001@yahoo.co.in
 iitcslbom3@vsnl.net.in

9.11 Share Transfer System :

The share transfers which are received in physical form are processed well within the prescribed period, from the date of receipt, subject to the documents being valid and complete. As prescribed by SEBI, the Company offers the facility of transfer cum demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him, in case, he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the Company along with the option letter issued by the Company. On receipt of the same, the Company dematerialise the shares. In case, the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will dispatch the share certificates after 30 days from the date of such option letter.

9.12 Distribution of Shareholding as on April 18, 2003

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	9,369	91.11	16,50,002	6.95
501 - 1000	490	4.77	3,92,038	1.65
1001 - 2000	210	2.04	3,43,031	1.45
2001 - 3000	55	0.53	1,43,311	0.60
3001 - 4000	32	0.31	1,18,456	0.50
4001 - 5000	22	0.21	1,01,716	0.43
5001 - 10000	45	0.45	3,17,627	1.34
10001 - 30000	19	0.18	3,54,705	1.49
30001 - 50000	3	0.03	1,25,327	0.53
50001 - 100000	5	0.05	4,11,727	1.74
100001 - Above	33	0.32	1,97,69,994	83.32
Total	10,283	100.00	2,37,27,934	100.00

9.13 Categories of shareholders as on April 18, 2003

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoters	25	1,21,27,602	51.11
Foreign Body Corporate	1	49,51,598	20.87
Banks, Financial Institution and Mutual Funds	29	31,69,005	13.35
Individuals	9,752	29,63,026	12.49
Companies	379	4,54,768	1.92
NRIs & FIIs	66	48,675	0.20
Clearing Members	31	13,260	0.06
Total	10,283	2,37,27,934	100.00

9.14 Dematerialisation of Shares and Liquidity : The trading of Company's shares is compulsory in demat mode for all investors with effect from August 28, 2000. As on April 18, 2003, 2,29,24,157 Equity Shares representing 96.61% of the paid up Equity Share Capital of the Company is in the dematerialised mode.

9.15 Outstanding GDR /ADR: NIL

9.16 Plant Location: The Company does not carry on any manufacturing activities. The Company offers its existing range of integrated transportation and distribution of shipments through its network of 156 offices across 91 cities in India.

9.17 Address for communication : Shareholders should address their correspondence to the Registrar & Share Transfer Agents at the address mentioned hereinabove.

Contact Persons :

Jayesh Thakor - Manager
Asha Shetty - Manager

Shareholders may also contact Bharat Sanghavi or Prabha Singh, Manager : Secretarial at the Registered office of the Company for any assistance.

Telephone : 2839 6444
Ext : 3437 or 3422
Email : Bharats@bluedart.com
Prabhas@bluedart.com

9.18 a) Analyst Contact Yogesh Dhingra - Sr.V.P.Finance & CFO

b) General Information Contact Tulsi Mirchandaney - Sr.V.P. Marketing & Projects

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments – Overview

The Year 2002-2003 was not a kind one for the world or for India. Once again, it was one of the most challenging years, with the continuing slowdown in the global economy impacting many industries, besides heralding the collapse of some of the world's Fortune 500 companies and some of the most famous brand names. The World economy remained unstable and uncertain with a persisting rise in unemployment, poor growths recorded in most countries, and oil prices soaring to unprecedented levels due to the crisis in Iraq and the ensuing divided world opinion. This period of uncertainty portends many possibilities including a global economic situation worse than that brought about by any of the earlier recessions.

The Indian Economic Survey for the year 2002-2003 projected a GDP growth of only *3.7% this year as against *5.6% in 2001-2002. The failure of the monsoon adversely affected agricultural growth. However, growths in the Industry and the Services Sectors at *6.0% and *7.0% respectively, have partly made up for the shortfall. The slowdown experienced from the 2nd quarter of calendar year 2001 continued unabated through the 2nd quarter of 2002. Post October 2002 through March 2003, there has been positive though tentative signs of growth once again, boosted by the buoyant Financial and Telecom sectors. Exports have also recorded a strong growth of *16.7% (in dollar terms) during the year.

[*Source : Centre for Monitoring of Indian Economy (CMIE)]

The proposed, long awaited system of Value Added Tax (VAT) may create some initial confusion within Indian Industry, as evident from postponement of the initial XT regime from April 2003. However, over 123 countries have introduced VAT successfully and the introduction of VAT will radically over time change the Indirect Tax Structure in India. From a system riddled with multiple taxes – excise, sales, octroi, and a host of other local taxes, India is embarking on VAT which will reduce the cascading effect of taxes, and should eventually bring down cost to the consumer and boost competitiveness for Indian Industry over a period of time. Our view is that the introduction of VAT would be one of the single largest tax changes in recent fiscal history, and will require every company from every industry to revisit its own distribution model to determine its most cost -

efficient distribution channel, based on the input and output offset formula applicable. That it will initially impact business and sentiment is not in doubt, and things may get worse before they get better. However, the opportunities for our Company, having an efficient model of 'direct to the customer from the production point' may be interesting.

Globally, the express industry is part of the aviation industry and a subset of the air cargo industry, and is estimated at about \$55 billion. The past year witnessed growing consolidation globally, with the emergence of four major players worldwide. One of the global majors currently controlling the industry would be Deutsche Post, the owner of DHL. DHL, with the largest international coverage, is making inroads into the US domestic market. There has been substantial press coverage on Deutsche Post acquiring Airborne, the third largest player in the USA, after UPS and FedEx.

The Indian domestic industry, too, has undergone a realignment of partnerships and a greater divide between the premium and lower-end segments. Blue Dart has clearly staked out its sole claim to the premium segment where it has established a stronghold, based on its unique delivery capability reinforced by its aviation system and technology.

The negative economic impacts of the past year have had a particularly crippling effect on the global aviation industry. Post 11th September 2001, there has been an increase in security costs, doubling of insurance premia on air transportation, war surcharges, and the escalation in the price of aviation turbine fuel and local ground transportation costs. Aviation turbine fuel prices increased to US\$ 35.98 per barrel (WTI index) in February 2003, from a level of US\$28.50 in September, 2002 and peaked at near US\$ 40 per barrel during the Iraqi conflict. The resultant Indian ATF costs, after Central and State levies, are amongst the highest in the world. To mitigate the increase in fuel cost, Blue Dart introduced an equitable hedge solution by implementing a 'Fuel Surcharge' mechanism, based on the WTI Index of the previous month, with effect from December 2002. A 'Fuel Surcharge' at the rate of 5% was made applicable in December 2002. As per 'Fuel Surcharge' mechanism, the surcharge would slide downwards by 2.5% when the price of oil declined to US\$24 per barrel, and removed completely at a price of US\$20 per barrel. However, should the price of oil further escalate to

US\$33 per barrel, the surcharge would increase by a further 2.5%, and would subsequently increase by 2.5% for every US\$4 increase per barrel thereafter. Ground operating costs have also risen sharply in the short term due to escalating costs of diesel and petrol supplies to the market.

Review of Performance

In October 2002, the Company changed its earlier alliance partner for its International Services efficiently, and with no disturbance to its Customer base or Operating systems. Blue Dart allowed the contract with its erstwhile Service Partner, FedEx, to expire at the end of its term. The Company successfully transitioned away from the 18 year old relationship with FedEx to a new powerful sales alliance with DHL, bringing new opportunities and freedoms to Blue Dart within the South Asian region. This transition has resulted in a reduction of 9% of service income, earned through the earlier arrangement, from Blue Dart's total income. However, it has not had an equally adverse impact on our operating margins, as can be seen from the latter half year's results.

During the year, Blue Dart also expanded its geographical reach in the states of Gujarat, Maharashtra, Orissa and West Bengal to meet the growing distribution demands of its customers. The regional headquarters at Bangalore relocated to its own, better-networked premises in the environs of the Bangalore airport and at close proximity to the aviation warehouse. The Blue Dart Aviation Hub at Delhi added an additional 630 sq.m. for a larger airside warehouse to facilitate handling of increased loads, and Aurangabad moved into larger, new elegant and wired premises. Technology development progressed with the rollout of ImageDart™, a technology tool that provides scanned images of Proof of Delivery and Delivery Challans on the web, cutting down customer billing-cycle time. Customer feedback on this tool has been positive and extremely appreciative. In November 2002, Blue Dart added South African Airways to its list of interline agreements. Domestic Charters received a fillip in the last 4 months of the year with a surge in carriage of urgent, high-value materials. Blue Dart operated over 240 hours of charters carrying over 500 tonnes of materials mainly for the Telecom sector.

Blue Dart serves Indian Industry's air and ground distribution and delivery requirements as no other Indian Express Company can, and carried over 28.5 million domestic shipments and 0.9 million International

Shipments weighing over 76,000 tonnes, valued at over 15,000 crores of India's high value distribution of goods, and multiple number of thousands of crores for services - support. Blue Dart has become India's largest Express Logistics Company in terms of revenue and tonnage, including those of multinational operators.

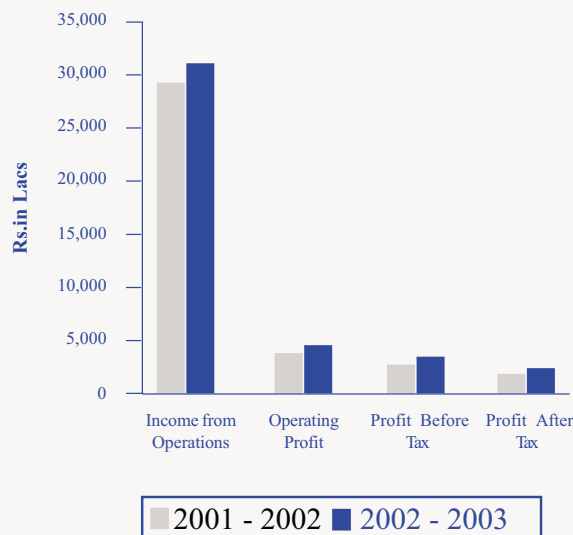
The Company continued to focus on its fundamentals of people, service and profit, and moved forward with stringent cost awareness, enhanced productivity, doing more with less, and achieved another quality milestone with its recognition as an ISO 9001-2000 Company.

Notwithstanding the challenges, we have reasons to feel proud about our performance in 2002-2003 :

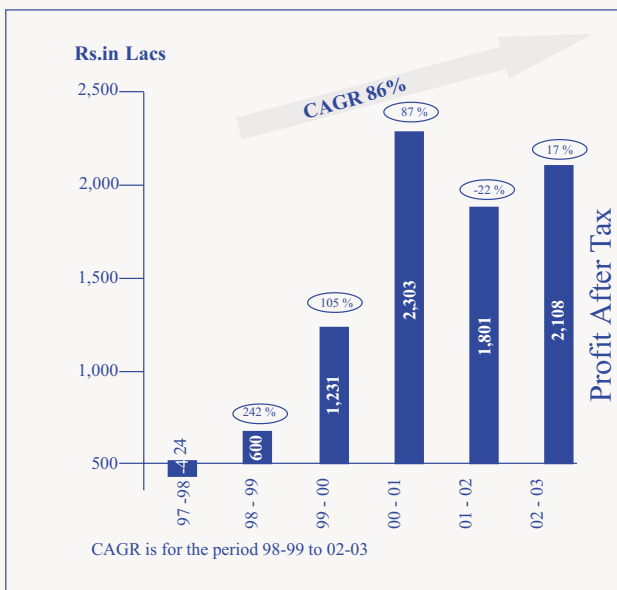
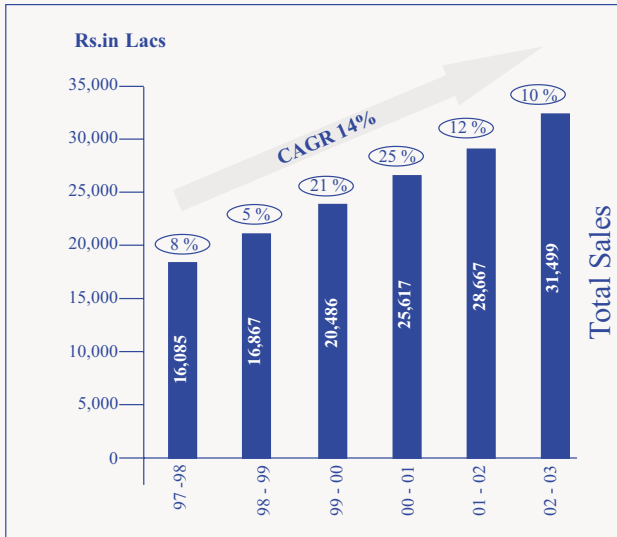
- Profit Before Tax growth of 23.42 % against -2.14 % of previous year.
- Profit After Tax growth of 17.05 % against -21.77 % of previous year.
- Operating Profit Margin of 14.17 % against 13.92 % of previous year.

Rs. in lacs

	2002-2003	2001-2002
Income from Operations	31,499	28,667
Operating Profit	4,470	4,000
Profit Before Tax	3,119	2,527
Profit After Tax	2,108	1,801



The Company has been recording steady growths as can be seen from the company’s performance during the last six years. The Company’s Total Sales have grown from Rs.16,085 lacs in 1997-1998 to Rs. 31,499 lacs in 2002-2003. The Company’s Profit After Tax have grown from Rs. (424) lacs in 1997-98 to Rs. 2,108 lacs in 2002-2003.



Opportunities

The Courier Industry has evolved to extend its services to a larger audience. Whereas it started initially as a service provider for the document and samples demands of industry, it is now viewed as an important part of the logistics, distribution and supply chain system for industries that have a demand for speed, reliability, security, information feedback and just-in-time distribution needs. This market is still in its infancy, and is one of the fastest growing segments in the services sector.

The Company aims to grow from a national to a regional leader in the air express integrated transportation and distribution industry. Blue Dart is exploring the opportunities to operate into Sri Lanka in the current fiscal, if determined feasible. The move to directly serve Sri Lanka is supported by the Free Trade Agreement between the two countries, and the likely spin-off for the express industry. Blue Dart has the only dedicated logistics infrastructure in the country today to integrate seamlessly and efficiently into regional networks.

Blue Dart is also exploring ground logistics opportunities. The Company has the capability to manage logistics warehouses for key air express players, and provide the technology that can manage inventory and software to track and trace shipments and bring value addition for customers. What Blue Dart could do in this emerging market would naturally be an extension of what Blue Dart already knows about distribution. Our Company’s present view on logistics is that the fastest and leanest layered mechanism that allows goods to reach the end consumption point of sale, and of servicing of the goods, would be the most cost-efficient and competitive strategy for Indian Industry. The Blue Dart integrated air and ground infrastructure supports this distribution and marketing objective fully.

Blue Dart is well positioned to foray into the SAARC countries and capture business emanating from and to these countries. This would lead to better capacity utilization of its aircraft through distribution between these areas. Blue Dart has an agency presence in Bangladesh, Bhutan, and Nepal and provides small package services to Sri Lanka through its sales alliance with DHL. These markets have not been developed to their potential as, under the earlier agreement with FedEx, there were territorial restrictions imposed on Blue Dart. The new alliance agreement with DHL has no such restrictions on Blue Dart’s freedoms to expand into these markets or its product portfolios.

The Dart Apex and Domestic Priority products are the Company’s flag carriers and, with growth of the country’s GDP, increasing penetration of global and domestic supply chains for domestic distribution, and an improved investment climate, we are optimistic that our growth will return to the point where we would need to add more aircraft in the service of the development of trade and commerce, for our nation and the South Asian region.

With the liberalization of the Indian economy, trade and exports are likely to grow significantly over time. The

Express industry supports the development of the country by facilitating trade and commerce through its vast reach and integrated distribution capabilities. Many consumer – based market segments of the Indian economy are critically dependent on the express movement of documents, packages and spare parts to the end customer. These include the Financial Sector, IT, Electronics, Drugs and Pharmaceuticals, Telecom, Consumer Durables and Exports to name a few. The Financial services, IT and Telecom sectors continued to grow and have added impetus to growths in the air express courier business during the year. As the only express player in the region with dedicated infrastructure and e-commerce solutions, Blue Dart is ideally positioned to fulfill evolving customer demands and capture these markets.

Threats, Risks and Concerns

The health of the express industry hinges on the well-being of the Indian economy to a large extent and, to a lesser extent, on the global economy. A domestic downturn can impact it negatively.

The recent war in Iraq or any political and environmental disturbances could have an adverse effect on the economy and consequently on the express and courier Industry.

Any sharp rise in oil prices and Aviation Turbine Fuel (ATF) is a key concern area as fuel prices are closely co-related to Blue Dart's profit performances, because of the high fixed cost nature of its business. However, in December, 2002, the Company implemented a 'fuel surcharge' mechanism to neutralize the fuel price impacts to its bottom line.

Segment-wise or Product-wise Performance

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

The Company's core products are:

- i. **Domestic Priority** - The fastest, most reliable door-to-door delivery service for documents and small shipments under 32kgs per package. This service is available within India, and between India, Nepal, Bhutan and Bangladesh for small packages.

- ii. **Dart Apex** - A door-to-door domestic service for shipments weighing 10kgs and above. It is the fastest, most efficient logistics solution for commercial shipments that are required to undergo regulatory clearances, and have a time definite delivery.

- iii. **Dart Surfaceline** - An economical door-to-door ground distribution service for shipments of 5kgs and above. It offers a cost-effective option for shipments that are less time-sensitive and can endure the rigours of ground transportation.

- iv. **International Services** - Blue Dart, through its International Service Alliance with DHL Worldwide Express offers a one-stop shipping service for reliable, time-definite, door-to-door delivery of international documents and packages to 228 countries worldwide.

Other Products

Smart Box - a packaging unit, in sizes of 10kgs. and 25kgs., that can be conveniently used by customers to send a variety of shipments through the fastest and most secure express mode. The packaging is priced to include door-to-door delivery, with the support of easy tracking and proof of delivery through Blue Dart's website, or the customer service cell.

Freight Products

Blue Dart's aviation system, with its fleet of three Boeing 737 aircraft, warehouses including bonded cargo warehouses, and its own ground-handling and maintenance capability, make it the only express cargo airline in the country today. Blue Dart offers capacities and dimensions unmatched by any other domestic airline in India today. Apart from enabling overnight deliveries for its core products, the capacity has been optimised through creation of freight products to meet the demands of the high-volume requirements from airport to airport.

Airport to Airport - an airfreight service available on the flights operated by Blue Dart Aviation between the airports of Kolkata, Delhi, Mumbai, Bangalore and Chennai. Shipments are accepted at Blue Dart's airside warehouses equipped with x-ray machines. This enables early morning deliveries and late cut-offs, without the requisite cooling period mandatory on passenger airlines.

Interline - Blue Dart's bonded warehouses at the five major metros facilitate the transshipment of customs-bonded freight between these airports. Blue Dart has interline cargo arrangements with 20 international airlines - Air Canada, Air France, Air India, Air Mauritius, Alitalia, Asiana, British Airways, Cargolux, Cathay Pacific, China Airlines, Crossair (earlier Swissair), Das Air, El Al Israel Airlines, Emirates, KLM Royal Dutch Airlines, Kuwait Airways, Saudi Arabian Airlines, Singapore Airlines, Sri Lankan Airlines and South African Airways. Blue Dart facilitates the carriage of bonded cargo to and from these airlines' gateways, thereby enhancing their marketing possibilities within the country.

Charters - Blue Dart introduced domestic charter flights to meet the growing demand for cargo space. It operates charters on an ad-hoc basis. Charters are operated where urgent delivery of time-sensitive equipment or large loads are required. Blue Dart has operated charters carrying relief material into earthquake-torn areas, lifted emergency equipment, perishable aquaculture, computer peripherals, electronics, high-value TV and broadcasting equipment for cricket matches and large inventory for JIT plants.

Technology

Blue Dart's technology is unmatched in the domestic express industry space in the country. Technology has been used strategically to integrate all the processes of the company, enhance quality levels towards delivery excellence, and to create solutions for customers whose loyalty is a priority and focus of the Company.

Blue Dart has invested Rs. 40 crores in software since inception. The Company has even provided free software to its large customers for ease of operations. These services ensured savings in terms of billings and time, besides, quality service.

Stand-Alone Tools

COSMAT II™ - constructed to cover all the complex processes of the entire organisation, it enables tracking of shipments from pick-up to every transit point, till delivery. Using barcode and scanner technology, this tool ensures that the customer receives real-time, complete and accurate information about his shipments.

SMART™ - Indigenously developed, this technology solution allows real-time space and revenue management on the Blue Dart Aviation network. A confirmation of

space availability can be obtained over the telephone. All shipments booked on SMART™ are picked, moved on the network and tracked until delivery.

SENTOR™ : is an application program specially developed for all Blue Dart's alliances and locations to interface with COSMAT II™ via the internet for the purpose of achieving faster update and feedback. SENTOR™ enables detailed intimation of packages coming into a location for delivery. When delivered, details are logged in and sent to the Blue Dart web server so they can be made available to customers within 4 hours of delivery. SENTOR™ also has an inbuilt monitoring mechanism to check delivery performance.

WMS (Warehouse Management System): WMS is a warehouse management system developed inhouse by Blue Dart. This software has the capability to manage the entire storage, inventory control and maintenance, order fulfillment and logistics activities in the warehouse, including generation of various types of reports. The tool can also be web-based to suit the individual customer's requirement. The benefit to the customer is a more efficient and integrated supply-chain.

Web-Based Tools

TrackDart™ - Customers can use this ingenious tool to track the status of multiple shipments within India, or to Nepal, Bangladesh or Bhutan, through the internet, and receive real-time information. International shipments can also be tracked using this tool which is plainly visible on every page of the Blue Dart website.

MailDart™ - the status of a shipment can be tracked using email. MailDart™ processes all emails sent to track@bluedart.com, and provides the status of the shipment automatically by return mail. Both single and multiple shipments can be tracked.

Pickup Online - a facility launched on the company's website, www.bluedart.com, in 2001. This facility provides customers with the added flexibility to schedule pickup of their domestic and international shipments via the internet, at their convenience.

Location Finder - available on every page of the Blue Dart website, this convenient tool allows the customer to identify the Blue Dart service location, counter or franchisee office that is closest to him. Any of Blue Dart's 13,600 domestic locations and 228 international destinations can be ascertained by city, street name or pincode.

Transit Time Finder - also available on every page, the Transit Time Finder enables the customer to check the transit times for domestic and international shipments.

Price Finder - shipping costs for both, domestic and international shipments can be calculated using the Price Finder which appears on every page of the Blue Dart website. The Price Finder also comes with a volume-weight calculator to facilitate determining the chargeable weight of shipments.

E-Business Solutions

ShipDart™ - a revolutionary, new software that provides customers an interface with Blue Dart's system, and enables users to manage their shipping processes from their desktop. Customers can upload into the Blue Dart system all their data that flows through the system till billing, generating a one-point data entry to eliminate errors. This software brings control of the shipping processes into the hands of the customer.

InternetDart™ - most effective for medium to large business houses, this allows on-line tracking of shipments sent over the last 45 days. Cleverly designed, InternetDart™ can track by a range of dates, origin, destination, delivered or undelivered shipments, or services used. This potent tool also gives customers the benefit of generating reports and downloading tracking and status data. This tool integrates easily with the user's back end systems.

ShopTrack™ - an Application Program Interface designed specifically to support and enhance the services provided by a portal or any e-business, ShopTrack™ provides an effortless, plug-and-play customised solution. Customers no longer have to leave the portal site to track their purchases. They just need to enter their order numbers, and the shipping and delivery details are displayed on the same page. A time and cost-saving tool, this application gives Blue Dart's customers a competitive edge.

PackTrack™ - another Applications Program Interface, designed for any customer involved in logistics, distribution and inventory control. PackTrack™ can be integrated into the customer's system, enabling him to keep track of the entire distribution status of his clients. This effective tool provides the customer with a seamless service and brings the entire chain within his domain.

MobileDart™ - eliminates the need to access a computer for tracking details of shipments. MobileDart™ enables customers to make shipping decisions on the run.

MobileDart-WAP works on any mobile phone or device that supports Wireless Application Protocol. The current status of a shipment can be tracked. An automated delivery message is also available by e-mail or SMS as soon as a shipment is delivered. In addition, access to the Location Finder, data on product offerings and the company are available on the WAP site (wap.bluedart.com).

MobileDart - SMS works on any mobile phone or device that supports sending of e-mail over Short Messaging Service. Customers can send a message to receive current details of shipments, or receive intimation as soon as a shipment is delivered.

ImagaeDart™ - During the year Blue Dart launched Imagedart™, yet another innovative, value - added technology solution for Dart Apex and Dart Surface line customers. This tool is the first of its kind in the domestic express industry. Imagedart™ enables customers to download proof of delivery (POD) and Delivery Challans (DO) on line from Blue Dart's website, bringing down the billing - cycle time to their customers from 10 days to 48 hours.

Outlook

Whatever the shipment and wherever the destination, Blue Dart Express is now the preferred choice for reliable delivery. Blue Dart emerged as the brand with the highest top of mind and spontaneous recall amongst a spectrum of audiences in a customer survey conducted by an independent research agency last year. Blue Dart scored the highest on 'Reliability' amongst all express companies, because the name Blue Dart was equated with speed, reliability, security and delivery as per commitment. We say we offer "Solutions for Peace of Mind", and we've built extensively to deliver on our promise.

Blue Dart commits to continue to grow the infrastructure that will support Indian Industry and facilitate trade, distribution and supply chain management to give a competitive edge to the end customer. Blue Dart will continue to add exciting new features in support of trade, viz; more aircraft, expansion of the Blue Dart brand and reach to the SAARC countries for regional and South Asian distribution, new product features and continued strengthening of our Domestic and International offerings.

Internal Controls and its Adequacy

An effective system of internal controls forms a key-stone necessary for building, maintaining and improving shareholder value, helping to improve the overall quality of the business.

The Company has a sound internal control system to ensure that all assets are protected against loss from unauthorised use, and all transactions are recorded and reported correctly. The internal control system is further supplemented by internal audits carried out by the Company's outsourced Internal Auditor viz; KPMG, and periodic reviews by management. The Audit Committee of the Board addresses significant issues raised by both the Internal Auditors and Statutory Auditors.

During the year, Blue Dart was re-certified to the new global ISO 9001-2000 standards. Blue Dart is amongst a handful of Indian Companies, and 30% of those worldwide, to have transitioned to the new Standards. In 1996, Blue Dart was the first Express Company in India to have received an ISO 9001 certification.

Human Resource Management

HR Philosophy :

Blue Dart is a people-oriented Company that firmly believes its people are its greatest asset. This philosophy is articulated in the Vision that states;

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

HR Processes and Systems :

Following through on its vision, the Company has put in place a number of forward - looking, people- friendly policies.

i) Guaranteed Fair Treatment Policy :

This policy provides a means for people to escalate any grievance they may have to the Managing Director level, and are obliged to receive a response within a month's time.

ii) STEP (Subsidised Tuition and Education Plan) :

To encourage self- development, Blue Dart has put in place the STEP policy which reimburses fees upto a maximum of Rs.7,500/- for any course an employee may wish to pursue.

iii) Awards :

The Company recognises extraordinary acts of its people beyond the call of duty through the 'Bravo Blue Darter' and 'Super Darter' Awards.

iv) SFA (Survey Feedback Action) :

An annual employee survey program, the SFA presents an opportunity for every employee to provide feedback on his superior to the Management in confidence. Suitable action is initiated, in consultation with the employee through feedback action programs, to address the issues raised through the survey.

v) True Blue Darter :

Every employee completing 5 years of service in the Company is admitted into the 'True Blue Club' and presented with a wrist watch bearing the Company logo.

During the year, People Service Profit (PSP) cross - functional team was formed to ;

- Generate greater involvement in PSP across functions.
- Bring fun and excitement into the workplace.
- Live out values rather than just talk about them.
- Champion frontline operations personnel.

Training :

The Company organised in house training programmes, conducted by both internal and external faculty, on various managerial and behavioural aspects. During the year, the Company conducted for the employees various training programmes accounting for 6282 mandays.

Cautionary Statement

The statements forming part of this Report may contain certain forward looking remarks within the meaning of applicable Securities Laws & 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.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

BLUE DART EXPRESS LIMITED,

We have examined the compliance of the conditions of Corporate Governance by Blue Dart Express Limited, for the year ended March 31, 2003, as stipulated in clause 49 of the Listing Agreements of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended March 31, 2003, no investor grievances are pending against the Company as on March 31, 2003 as per the records maintained by the Company and presented to the Investors Grievance Committee.

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

Mumbai, April 24, 2003

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

AUDITORS' REPORT

To the Members of

BLUE DART EXPRESS LIMITED

1. We have audited the attached Balance Sheet of Blue Dart Express Limited, as at March 31, 2003, 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. The financial statements of the company for the year ended March 31, 2002 were audited and reported by another firm of Chartered Accountants, vide their unqualified report dated May 7, 2002. The balances as at March 31, 2002 as per the audited financial statements, regrouped or restated where necessary, have been considered as opening balances for the purpose of these financial statements.
4. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 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 as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2003;
 - (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.

Mumbai,
April 24, 2003

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 4 of the Auditors' Report of even date to the members of Blue Dart Express Limited on the financial statements for the year ended March 31, 2003)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The management of the company verifies majority of its fixed assets on an annual basis and the remaining assets are verified once every three years. We are informed that no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
2. The fixed assets of the company have not been revalued during the year.
3. The stocks of consumables of the company have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of the stock records, in our opinion, the valuation of stocks of consumables has been fair and proper in accordance with the normally accepted accounting principles in India and is on the same basis as in the preceding year.
7. The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act, where the rate of interest and other terms and conditions are, in our opinion, prima facie prejudicial to the interest of the company. In terms of sub-section (6) of Section 370 of the Act, provisions of this Section are not applicable to a company on or after October 31, 1998.
8. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act, where the rate of interest and other terms and conditions are, in our opinion, prima facie prejudicial to the interest of the company. In terms of sub-section (6) of Section 370 of the Act, provisions of this Section are not applicable to a company on or after October 31, 1998.
9. In respect of loans and advances in the nature of loans given by the company where stipulations have been made, the parties are repaying the principal amounts as stipulated and are also regular in the payment of interest, where applicable.
10. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, plant and machinery, equipment and other assets. This being a service company, there is no purchase of raw materials including components and there is no sale of goods.
11. There are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000 or more in respect of each party.
12. The company has a regular procedure for the determination of unserviceable or damaged consumables. Adequate provision has been made in the financial statements for the loss arising on the items so determined.
13. The company has not accepted any deposits from the public.
14. The company's activities do not generate any realisable by-products or scrap.
15. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

16. The Central Government of India has not prescribed the maintenance of cost records by the company under clause (d) of sub-section (1) of Section 209 of the Act.
17. According to the records of the company examined by us, the company is regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
18. At the last day of the financial year, there were no amounts outstanding in respect of undisputed income-tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to the Profit and Loss Account, nor have we been informed of such case by the management, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.
21. In our opinion, the company has a reasonable system of recording receipts, issues and consumption of packing consumables commensurate with its size and nature of its business. In view of the nature of activities carried out by the company, the allocation of materials consumed and man-hours utilised to the relative jobs is not required. In our opinion, the company has a reasonable system of authorisation at proper levels, and an adequate system of internal control commensurate with its size and nature of its business for the issue of packing consumables.

Mumbai,
April 24, 2003

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

BALANCE SHEET AS AT MARCH 31, 2003

	Schedule No.	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	942,264	847,856
		1,179,892	1,085,484
Loan Funds			
Secured Loans	3	315,328	558,079
Unsecured Loans	4	200,000	50,000
		515,328	608,079
Deferred Tax Liability (Net) (Refer notes 1(h) and 5 - Schedule 19)			
Deferred Tax Liability		148,102	151,612
Less: Deferred Tax Asset		831	202
		147,271	151,410
Total		1,842,491	1,844,973
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,460,568	1,361,734
Less: Depreciation		350,073	284,183
Net Block		1,110,495	1,077,551
Capital Work in Progress (including Capital Advances)		27,460	656
		1,137,955	1,078,207
Investments			
	6	301,360	201,360
Current Assets, Loans and Advances			
Inventories	7	11,286	7,278
Sundry Debtors	8	341,150	320,712
Cash and Bank Balances	9	79,852	75,288
Interest accrued on Investments		1,022	888
Loans and Advances	10	277,324	382,619
		710,634	786,785
Less: Current Liabilities and Provisions			
Liabilities	11	226,944	159,529
Provisions	12	90,320	64,402
		317,264	223,931
Net Current Assets		393,370	562,854
Miscellaneous Expenditure (to the extent not written off or adjusted)			
	13	9,806	2,552
Total		1,842,491	1,844,973
Notes to Accounts	19		

Schedules 1 to 13 and 19 referred to above form an integral part of the Balance Sheet.

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

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

Tushar K.Jani
Chairman

Suresh G.Sheth
Director

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Clyde C.Cooper
Managing Director

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

Tushar Gunderia
Company Secretary

Khushroo M.Dubash
Director

Deepak Vaidya
Alternate Director
for Anil Thadani

Place: Mumbai
Dated: April 24, 2003

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003

	Schedule No.	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
INCOME			
Service Charges (Refer note 1(e) - Schedule 19)		3,149,935	2,866,648
Other Income	14	3,748	5,931
		3,153,683	2,872,579
EXPENDITURE			
Freight, Handling and Servicing Costs	15	1,944,039	1,752,721
Employee Costs	16	492,486	451,099
Other Costs	17	270,183	268,764
		2,706,708	2,472,584
Profit before Interest, Depreciation and Taxation		446,975	399,995
Interest Expense (Net)	18	56,867	85,211
Depreciation / Amortisation		78,208	62,065
Profit before Taxation		311,900	252,719
Provision for Taxation (Refer notes 1(h) and 5 - Schedule 19)			
Current Tax		105,219	39,463
Deferred Tax		(4,139)	33,175
		101,080	72,638
Profit after Taxation		210,820	180,081
Taxation in respect of earlier years		42,800	-
Balance brought forward from previous year		362,793	266,217
Available for Appropriation		530,813	446,298
Proposed dividend		65,252	53,505
Tax on proposed dividend		8,360	-
Transfer to General Reserve		30,000	30,000
		427,201	362,793
Balance carried to Balance Sheet			
Earnings per share (Refer note 4 - Schedule 19)			
Basic and diluted Earnings Per Share before taxation in respect of earlier years (In Rupees)		8.88	7.59
Basic and diluted Earnings Per Share after taxation in respect of earlier years (In Rupees)		7.08	7.59
Nominal value per equity share (In Rupees)		10.00	10.00
Notes to Accounts	19		

Schedules 14 to 19 referred to above form an integral part of the Profit and Loss Account.

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

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

Tushar K.Jani
Chairman

Suresh G.Sheth
Director

Clyde C.Cooper
Managing Director

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

Khushroo M.Dubash
Director

Deepak Vaidya
Alternate Director
for Anil Thadani

Place: Mumbai
Dated: April 24, 2003

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
A. Cash flow from Operating activities:		
Profit before Taxation	311,900	252,719
Adjustments for:		
Depreciation	78,208	62,065
Interest expense	63,554	89,830
Interest income	(6,687)	(4,619)
(Profit)/Loss on Fixed Assets sold (Net)	1,681	(1,397)
Miscellaneous Expenditure written off	3,641	5,104
Bad Debts written off	18,643	16,669
Operating profit before working capital changes	470,940	420,371
Adjustments for changes in working capital :		
(Increase)/Decrease in Inventories	(4,008)	1,135
(Increase)/Decrease in Sundry Debtors	(39,081)	(9,288)
(Increase)/Decrease in Other Receivables	78,431	22,105
Increase/(Decrease) in Trade and Other Payables	73,046	15,998
Cash generated from operations	579,328	450,321
Long Term Contract Negotiation Costs incurred	(10,895)	-
Taxes Paid	(124,348)	(58,250)
Net cash from operating activities	444,085	392,071
B. Cash flow from Investing activities:		
Purchase of Fixed Assets	(113,736)	(141,544)
Additions to Capital Work in Progress	(27,460)	-
Proceeds from Sale of Fixed Assets	1,559	2,602
Proceeds from Sale of Investments	-	400
Investment in Share Capital of Blue Dart Aviation Limited, a subsidiary company (Refer Note 6 below)	(100,000)	-
Interest Received	5,286	4,820
Net cash used in investing activities	(234,351)	(133,722)
C. Cash flow from Financing activities:		
Proceeds from fresh issue of Share Capital (including Share Premium)	-	308
Proceeds from long term borrowings		
Receipts	70,000	249,200
Payments	(138,369)	(356,098)
Proceeds from short term borrowings		
Receipts	150,000	-
Payments	-	(50,000)
Proceeds from Bank Overdrafts (Net)	(174,382)	53,697
Interest Paid	(57,395)	(92,514)
Dividend Paid	(53,224)	(47,218)
Foreclosure charges paid	(1,800)	(8,403)
Net cash used in financing activities	(205,170)	(251,028)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,564	7,321
Cash and cash equivalents at the beginning of the year	75,288	67,967
Cash and cash equivalents at the end of the year	79,852	75,288

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	43,002	20,615
Balance with Scheduled Banks		
on current accounts	29,463	46,520
on deposit accounts	2,903	3,115
on margin money accounts	3,107	4,201
on unpaid dividend accounts	1,377	837
	79,852	75,288

Notes:

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Following non cash transactions have not been considered in the cash flow statement. - Tax deducted at source (on interest income) Rs. 1266 ('000) (Previous year - Rs. 67 ('000))
- Cash and cash equivalents includes Rs. 7,387 ('000) (Previous year - Rs. 8,153 ('000) which are not available for use by the Company. (Refer schedule 9 in the financial statements)
- Investment in Share Capital of Blue Dart Aviation Limited, a subsidiary company, of Rs. 100,000 ('000) has been made with net cash payment of Rs. 2,826 ('000). The gross cash flows in respect of the said transaction have been reflected under respective activities as follows :

	Rs. ('000)
Investment in Share Capital of Blue Dart Aviation Limited, a subsidiary company	(100,000)
Decrease in Other Receivables (Advance against maintenance jobs)	44,565
Decrease in Other Receivables (Other advances)	14,845
Decrease in Other Receivables (Current Account/Inter Corporate Deposit)	57,272
Interest received (on Current Account/Inter Corporate Deposit)	4,424
Additions to Capital Work in Progress	(23,932)
Net Cash Flow	(2,826)

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

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

Tushar K.Jani
Chairman

Suresh G.Sheth
Director

Clyde C.Cooper
Managing Director

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

Khushroo M.Dubash
Director

Deepak Vaidya
Alternate Director
for Anil Thadani

Place: Mumbai
Dated: April 24, 2003

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SCHEDULE 1		
CAPITAL		
Authorised		
40,000,000 equity shares of Rs. 10/- each	400,000	400,000
Issued and Subscribed		
23,727,934 equity shares of Rs. 10/- each fully paid - up	237,280	237,280
Add : Forfeited Shares	348	348
	237,628	237,628

Note:

Of the above, 1,18,63,967 equity shares were allotted as fully paid up Bonus shares by capitalisation of Share Premium and 56,50,000 equity shares were allotted as fully paid up Bonus shares by capitalisation of General Reserve.

SCHEDULE 2**RESERVES AND SURPLUS**

Share Premium

At the beginning of the year	394,057	512,433
Add: Received during the year	-	831
Less: Issue of bonus shares	-	118,640
Less: Expenses for issue of bonus shares	-	567
At the end of the year	394,057	394,057

General Reserve

At the beginning of the year	91,006	179,241
Less: Adjustment of deferred tax liability as at April 1, 2001	-	118,235
Add: Transfer from Profit and Loss Account	30,000	30,000
At the end of the year	121,006	91,006

Profit and Loss Account

	427,201	362,793
	942,264	847,856

SCHEDULE 3**SECURED LOANS**

Term Loans

(Refer note (a) below)

From Banks	173,350	238,800
From Financial Institutions	110,000	110,000

Bank Overdrafts

(Refer note (b) below)

	31,530	205,912
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Obligations under hire

purchase contracts

(Refer note (c) below)

	448	3,367
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	315,328	558,079
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[Amount payable within a year Rs. 142,030 ('000)
(Previous Year - Rs.92,120 ('000)]

- (a) Term Loans from banks and financial institutions are secured by pari passu first charge on movable and immovable properties of the Company.
- (b) Bank Overdrafts are secured by hypothecation of book debts, collateral security on the Company's property at Bhiwandi and second charge on the Company's movable and immovable properties.
- (c) Obligations under hire purchase are secured by fixed assets acquired under these contracts.

SCHEDULE 4**UNSECURED LOANS**

Short term

Commercial Paper from a bank	100,000	50,000
[10 (Previous Year - 5) Units of Rs.10,000('000) each]		

Non-Convertible Debentures	100,000	-
[10 Mibor linked Non-Convertible Debentures of Rs.10,000('000) each privately placed with a Bank, redeemable at par on June 28,2003]		
(Refer note 11 - Schedule 19)		

	200,000	50,000
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Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

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

Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at April 1, 2002	Additions	Deductions	As at March 31, 2003	As at April 1, 2002	For the year	Deductions	As at March 31, 2003	As at March 31, 2002
Goodwill	30,000	-	-	30,000	16,500	1,500	-	18,000	13,500
Land - Freehold	392,055	-	-	392,055	-	-	-	-	392,055
Buildings	160,437	274	1,798	158,913	7,881	2,590	(34)	10,505	148,408
Office Equipment	53,635	8,634	1,154	61,115	13,033	4,250	(184)	17,467	43,648
Electrical Equipment	101,362	9,781	1,847	109,296	22,337	8,299	(141)	30,777	79,025
Computers	238,748	28,648	6,492	260,904	148,928	22,737	8,687	162,978	89,820
Furniture and Fittings	127,916	19,603	3,627	143,892	32,700	8,749	1,708	39,741	95,216
Vehicles	35,693	3,397	2,716	36,374	15,994	3,531	1,523	18,002	19,699
Assets given on lease	18,680	-	-	18,680	6,436	1,495	(2)	7,933	12,244
Aircraft Engines	128,299	22,922	-	151,221	18,322	9,861	761	27,422	109,977
Aircraft Components and Overhaul	74,909	21,134	(2,075)	98,118	2,052	15,196	-	17,248	72,857
TOTAL	1,361,734	114,393	15,559	1,460,568	284,183	78,208	12,318	350,073	1,077,551
Previous Year	1,222,923	143,765	4,954	1,361,734	225,867	62,065	3,749	284,183	997,056

Notes:

- a) Aircraft Components and Overhaul include cost of modifications of airframes not owned by the Company, which the Company is contractually liable to pay.
- b) The net book value of fixed assets shown above includes an amount of approximately Rs.12,491 ('000) (Previous Year - Rs.16,791('000)) in respect of assets held under hire purchase contracts.
- c) Depreciation for the year is net of adjustments in respect of excess depreciation of Rs. 3,748 ('000) for earlier years.
- d) Deductions include adjustments made on account of reclassification between the asset heads.

Schedules forming part of the Balance Sheet

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SCHEDULE 6		
INVESTMENTS		
(Long Term, Unquoted, At Cost)		
(Refer note 1(c) - Schedule 19)		
Trade		
24,000,000 (Previous Year - 14,000,000) equity shares of Rs. 10 each in Blue Dart Aviation Limited, a wholly owned subsidiary company	300,000	200,000
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10
Non - Trade		
<i>In Government Securities</i>		
National saving certificates (6 year NSCs - VIII issue)	1,300	1,300
<i>Others (Current)</i>		
Purchased and Sold during the year		
1,11,45,349 Units of IL & FS Liquid Fund Growth Plan	-	-
1,27,79,272 Units of HDFC Liquid Fund Growth Plan	-	-
19,40,348 Units of Prudential ICICI Liquid Fund Growth Plan	-	-
	<u>301,360</u>	<u>201,360</u>

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SCHEDULE 7		
INVENTORIES		
(Refer note 1(i)- Schedule 19)		
Packing & Stationery		
Consumables	11,286	7,278
	<u>11,286</u>	<u>7,278</u>
SCHEDULE 8		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	3,872	21,773
Other debts *	337,278	298,939
	<u>341,150</u>	<u>320,712</u>

* Includes Rs.130 ('000) Previous Year - Rs.321('000) receivable from Blue Dart Aviation Limited, a wholly owned subsidiary company.

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash, cheques on hand and remittances in transit	43,002	20,615
Balance with scheduled banks		
on current accounts	29,463	46,520
on deposit accounts	2,903	3,115
on margin money accounts	3,107	4,201
on unpaid dividend accounts	1,377	837
	<u>79,852</u>	<u>75,288</u>

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 banks.

Schedules forming part of the Balance Sheet

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances to and Deposits with Blue Dart Aviation Limited, a wholly owned subsidiary company :		
Advance against maintenance jobs	-	62,135
Aircraft payload deposit	107,554	107,554
Others	-	17,302
Advances recoverable in cash or in kind or for value to be received	31,997	33,877
Prepaid expenditure	30,560	26,463
Deposits	80,491	84,895
Advance Tax (net of provision)	26,722	50,393
	<u>277,324</u>	<u>382,619</u>

The maximum amount due from Blue Dart Aviation Ltd., a wholly owned subsidiary company, during the year was Rs.257,628('000) (Previous year- Rs.282,395('000))

SCHEDULE 11

LIABILITIES

Sundry Creditors		
Small Scale		
Industrial Undertakings	3,926	1,580
(Refer note 10 - Schedule 19)		
Others	104,700	51,377
Unclaimed dividend *	1,194	913
Interest accrued but not due on loans	240	340
Other Liabilities	116,884	105,319
	<u>226,944</u>	<u>159,529</u>

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

SCHEDULE 12

PROVISIONS

(Refer note 1(f) - Schedule 19)

Provision for Leave Encashment	16,708	10,897
Proposed Dividend	65,252	53,505
Tax payable on Proposed Dividend	8,360	-
	<u>90,320</u>	<u>64,402</u>

SCHEDULE 13

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

(Refer note 1(d) - Schedule 19)

Advertising costs		
At the beginning of the year	1,190	4,181
Less : Amortised during the year	1,190	2,991
At the end of the year	-	1,190
Long-term Contract		
Negotiation costs		
At the beginning of the year	1,362	3,475
Add : Additions during the year	10,895	-
Less: Amortised during the year	2,451	2,113
At the end of the year	9,806	1,362
	<u>9,806</u>	<u>2,552</u>

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2003 in Rs. ('000)	Year ended March 31, 2002 in Rs. ('000)
SCHEDULE 14		
OTHER INCOME		
Lease rentals from Blue Dart Aviation Ltd., a wholly owned subsidiary company	1,500	1,500
Miscellaneous income	2,248	3,034
Profit on sale of Fixed Assets (net)	-	1,397
	<u>3,748</u>	<u>5,931</u>

SCHEDULE 15

FREIGHT, HANDLING AND SERVICING COSTS

Aircraft charter costs	991,937	840,110
Domestic network operating costs	390,156	363,303
International servicing charges	346,444	361,013
Domestic excess baggage	123,719	100,566
Printing, stationery and consumables	53,844	51,663
Handling and clearing charges	37,939	36,066
	<u>1,944,039</u>	<u>1,752,721</u>

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2003 in Rs. ('000)	Year ended March 31, 2002 in Rs. ('000)
SCHEDULE 16		
EMPLOYEE COSTS		
(Refer notes 1 (f), 9(a) and 9(b) - Schedule 19)		
Salaries, wages, bonus and leave encashment	356,261	321,138
Contribution to provident and other funds	45,309	38,655
Staff welfare expenses	90,916	91,306
	<u>492,486</u>	<u>451,099</u>
SCHEDULE 17		
OTHER COSTS		
Rent	70,252	67,939
Electricity	27,830	24,640
Repairs and maintenance, others	19,388	15,904
Insurance	3,364	3,107
Rates and taxes	14,751	11,113
Lease rentals	10,624	17,027
(Refer notes 1(i) and 8 - Schedule 19)		
Bad debts written off	18,643	16,669
Communication	34,355	41,419
Legal and Professional charges	18,541	17,392
Office expenses	15,483	14,809
Travelling and Conveyance	6,169	8,216
Sales promotion and advertising	5,390	7,746
Miscellaneous expenditure written off	3,641	5,104
Miscellaneous expenses	20,071	17,679
(Refer note 9(c) - Schedule 19)		
Loss on sale of Fixed Assets (net)	1,681	-
	<u>270,183</u>	<u>268,764</u>

	Year ended March 31, 2003 in Rs. ('000)	Year ended March 31, 2002 in Rs. ('000)
SCHEDULE 18		
INTEREST EXPENSE (NET)		
On Term loans	45,144	60,444
On Commercial Paper	12,617	9,045
On Bank Overdraft	1,460	4,214
On Non - Convertible Debentures	2,862	14,175
On Hire Purchase Contracts	1,471	1,952
	<u>63,554</u>	<u>89,830</u>
Less : Interest on deposit with Blue Dart Aviation Limited, a wholly owned subsidiary company, on fixed deposits and margin money deposits [Tax deducted at source Rs. 1,266 (Previous Year - Rs. 79)]	6,687	4,619
	<u>56,867</u>	<u>85,211</u>

Schedule forming part of the Accounts

SCHEDULE 19

Notes to Accounts

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

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

Schedule forming part of the Accounts

(b) Fixed Assets and Depreciation/Amortisation

Fixed assets are stated at cost less accumulated depreciation/amortisation. The Company capitalises all costs relating to the acquisition, installation and substantial modifications to fixed assets.

Modifications that enhance the operating performance or extend the useful lives of fixed assets used but not owned by the Company are also capitalised, where there is a certainty of deriving future economic benefits from the use of such assets.

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

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

Description of Assets	Depreciation Rate per annum %
Aircraft Engines	7.14
Assets given on lease	8.00
Office Equipment	6.33
Electrical Equipment	6.33

Cost related to airframe engine overhauls and components are classified under Fixed Assets as 'Aircraft Components and Overhaul'. Such costs are depreciated on the basis of hours flown or the life cycle of the overhaul program, as applicable.

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 period of 20 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) Miscellaneous expenditure

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

Advertising costs are deferred and amortised under the Straight Line Method over a period of three years, beginning from the financial year in which these expenses are incurred. Costs incurred in upgrading the Company's computerised domestic tracking system / long-term contract negotiation are deferred and amortised under the Straight Line Method over a period of five years, beginning from the date on which the system/contract became operational/effective.

(e) Service charges

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

(f) Retirement benefits

Retirement benefits to employees comprise payments to gratuity, superannuation and provident fund in accordance with the approved schemes of the Company and leave encashment entitlements, in accordance with the policies of the Company.

The Company's employees are covered under the group gratuity and superannuation schemes with the Life Insurance Corporation of India ('LIC'). The group gratuity scheme is funded in line with the LIC's actuarial valuation carried out during the year.

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

Contributions to the above funds /schemes are charged to the Profit and Loss Account.

(g) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit and Loss Account, except those relating to the acquisition of fixed assets, which are adjusted to the cost of such assets.

(h) Income-tax

Provision for income-tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognised for future tax consequences attributable to timing differences between income as determined by the financial statements and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised under income using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Schedule forming part of the Accounts

Deferred tax assets are recognised and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(i) Inventories

Inventories primarily consist of packing and stationery consumables. These are valued at lower of cost (First In First Out method) or net realisable value.

(j) Leases

All lease rentals are accounted for on accrual basis over the term of the lease and charged / credited to the Profit and Loss Account under the Straight Line Method.

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
2. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,982	13,244
3. Contingent Liabilities not provided for :		
a. Corporate Guarantees given on behalf of Blue Dart Aviation Limited, a wholly owned subsidiary company	411,581	373,581
b. Bank Guarantees	9,447	12,359
c. The Company has not made any provisions for stamp duty consequent to the amendments made under the Bombay Stamp Act, 1994 and the Karnataka Stamp Act, 1995 based on the legal counsel's advise received challenging, the constitutional validity of the above amendments.		

4. Earnings per share :

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
a. Profit after taxation for the year	210,820	180,081
b. Profit after taxation for the year and in respect of earlier years	168,020	180,081
c. Weighted average number of shares	23,727,934	23,727,934
d. Nominal value of shares outstanding	Rs. 10	Rs. 10
e. Earnings per share - basic and diluted considering profit after taxation for the year	Rs.8.88	Rs.7.59
f. Earnings per share - (basic and diluted) considering profit after taxation for the year and in respect of earlier years	Rs.7.08	Rs.7.59

5. Deferred Tax Liability (Net) :

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

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
Liabilities		
Depreciation/Amortisation	141,890	131,972
Heavy maintenance expenditure	6,212	19,640
Total	<u>148,102</u>	<u>151,612</u>
Assets		
Others (Expenses allowable on payment basis etc.)	831	202
Total	<u>831</u>	<u>202</u>
Net Deferred Tax Liability	147,271	151,410

Schedule forming part of the Accounts

6. Segment Information

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

7. Related party disclosures

(a) Parties where control exists

Blue Dart Aviation Limited, wholly owned subsidiary company

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

(i) Wholly owned Subsidiary company

Blue Dart Aviation Limited, wholly owned subsidiary company

(ii) Key Management Personnel

Mr Tushar K Jani	Chairman
Mr Clyde C Cooper	Managing Director
Mr Khushroo M Dubash	Whole-time Director
Mr Deepak Vaidya	Alternate Director to Mr. Anil Thadani
Air Marshal S S Ramdas (Retd.)	Director
Mr Suresh G Sheth	Director

(iii) Relative of Key Management Personnel

Farida C

(iv) Enterprises where key management personnel or their relatives have significant influence

Concorde International, Managing Director is a partner.

Skyline International, Chairman and Managing Director are partners.

(c) Transactions with related parties during the year :

(i) With Wholly owned Subsidiary Company, Blue Dart Aviation Limited

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
Aircraft charter costs	991,493	858,157
Aircraft charter deposit placed	-	4,566
Aircraft components and overhaul expenditure	-	43,394
Interest income/(expenditure) on current account (net)	4,424	(189)
Courier charges income	3,702	1,903
Lease rent income	1,500	1,500

Corporate guarantees given on behalf of Blue Dart Aviation Limited	411,581	373,581
“VISION - IV” Project	23,932	-
Investment in Share Capital	100,000	-
Recovery of advance against maintenance job and other advance	59,410	-
Reimbursement of excess baggage & handling charges	4,112	-

(ii) With Key Management Personnel

Remuneration paid to these personnel have been disclosed in Note 9 (a)		
Professional Fees paid to Air Marshal S.S. Ramdas (Retd.)	1,050	1,050

Professional Fees paid to Suresh G. Sheth	1,000	1,000
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(iii) With Relatives of Key Management Personnel

Consultancy charges paid to Farida C.	1,260	1,260
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Schedule forming part of the Accounts

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)		Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
(iv) With Enterprises where Key Management Personnel or their relatives have significant influence			9. Supplementary data as required under Schedule VI to the Companies Act, 1956		
Reimbursement of establishment charges	458	459	a. Managerial remuneration		
Clearing and handling charges incurred	5,843	5,641	Salary	8,880	7,080
			Commission (Refer (b) below)	5,006	4,367
			Contribution to Provident and Other Funds	1,066	850
			Perquisites	3,948	3,860
			Directors' sitting fees	130	80
				<u>19,030</u>	<u>16,237</u>
	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)	Directors' remuneration does not include provision for gratuity and leave encashment.		
(d) Related party balance as at the year end :			b. Computation of 'net profit' in accordance with sections 198/349 of the Companies Act 1956 and commission payable to the whole-time directors (including Managing Director) :		
Receivable from wholly owned subsidiary	107,684	187,312	Profit before tax	311,900	252,719
Payable to enterprises where key management personnel or their relatives have significant influence	-	301	Add: Directors' remuneration (including Managing Director)	19,030	16,237
			Depreciation and amortisation provided in the books of account	78,208	62,065
			Loss on assets sold or written off as per books of account	1,681	38
				<u>410,819</u>	<u>331,059</u>
8. Commitments under lease agreements			Less: Depreciation under Section 350 of the Companies Act, 1956	78,208	62,065
The Company had entered into operating and finance lease agreements for the rental of property, vehicles, computers, equipment and other assets. Typically, lease agreements are for a period of three to five years. At March 31, 2003, the Company had commitments under non-cancellable leases of approximately Rs 562 ('000) which are payable within a year (Previous Year- Rs.6,583 ('000) of which Rs.6,089 ('000) was payable within a year).			Profit on assets sold or written off as per books of account	-	1,435
			Net profit' as per Sections 198 and 349 of the Companies Act, 1956	<u>332,611</u>	<u>267,559</u>
			Commission to whole-time directors at 1 per cent of net profit per director, limited to annual salary of each director	<u>5,006</u>	<u>4,367</u>

Schedule forming part of the Accounts

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
c. Legal & Professional Charges include Auditors' Remuneration as follows :		
Audit Fees * (Statutory Audit and Tax Audit)	2,600	2,600
For other matters	26	842
Reimbursement of expenses	20	48
	<u>2,646</u>	<u>3,490</u>
d. Earnings in foreign currency (on payment basis)		
Service charges	75,403	70,791
e. Expenditure in foreign exchange (on payment basis)		
Aircraft components	37,121	17,631
Foreign travel	3,232	1,156
Others	343	68
	<u>40,696</u>	<u>18,855</u>
f. Remittance in foreign currency on account of dividends		
Number of Non-resident shareholders (in nos.)	1	1
On number of Equity Shares held	4,951,598	2,475,799
Amount of dividend remitted [Net of TDS Rs. 2,340 ('000) (Previous Year - NIL)]	8,801	8,665

* The statutory audit fees for the current year is Rs.2400('000)

10. Outstanding dues to Small Scale Industrial (SSI) undertakings

The small scale industrial undertakings to whom amounts are outstanding for more than 30 days at March 31, 2003 are :

Alpha Carbonless Paper	Royal Art
Manufacturing Co. Pvt. Ltd.	Sago Paper Products
Desai Industries	Supac Packaging Pvt.Ltd
Jolly Polymers Pvt Ltd	United Plastic Corporation
Mehra Computer Systems Ltd	
Rambhia Industries	

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

11. The Non Convertible Debentures were redeemed by the Company on April 16, 2003 and therefore no Debenture Redemption Reserve has been created as at the year end.

12. Previous years figures have been regrouped/reclassified wherever necessary to conform to current years classification.

Schedule forming part of the Accounts**14. Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**Registration No. 6 1 0 7 4State Code 1 1Balance Sheet Date 3 1 0 3 0 3
Date Month Year**II. Capital raised during the year (Amount in Rs.Thousands)**

Public Issue

 N I L

Bonus Issue

 N I L

Rights Issue

 N I L

Private Placement

 N I L**III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)**

Total Liabilities

 1 8 4 2 4 9 1

Total Assets

 1 8 4 2 4 9 1**Sources of Funds**

Paid-up Capital

 2 3 7 6 2 8

Secured Loans

 3 1 5 3 2 8

Deferred Tax Liability (Net)

 1 4 7 2 7 1

Reserves & Surplus

 9 4 2 2 6 4

Unsecured Loans

 2 0 0 0 0 0**Application of Funds**

Net Fixed Assets

 1 1 3 7 9 5 5

Net Current Assets

 3 9 3 3 7 0

Accumulated losses

 N I L

Investments

 3 0 1 3 6 0

Misc. Expenditure

 9 8 0 6**IV. Performance of Company (Amount in Rs.Thousands)**

Turnover *

 3 1 5 3 6 8 3

Total Expenditure*

 2 8 4 1 7 8 3*** Including Other Income**+ - Profit/Loss before tax
 3 1 1 9 0 0+ - Profit/Loss after tax
 2 1 0 8 2 0+ - Profit/Loss after tax for earlier years
 1 6 8 0 2 0+ - Earning Per Share in Rs.
 8 . 8 8+ - Earning Per Share after tax for earlier years in Rs.
 7 . 0 8Dividend rate %
 2 7 . 5 0**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**Item Code No. (ITC Code) Product Description
D O M E S T I C P R I O R I T Y
I N T E R N A T I O N A L
D A R T A P E X

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

Name of the Subsidiary Company	:	Blue Dart Aviation Limited
Holding Company's Interest	:	240,00,000 Equity Shares of Rs. 10 each fully paid up
Extent of Holding	:	100%
The "Financial Year" of the Subsidiary Company ended on	:	31st March, 2003
Net aggregate amount of the Subsidiary Company's profits/(losses) dealt with in the Holding Company's accounts	:	Nil
For the Subsidiary's aforesaid financial year	:	Nil
For the previous financial years	:	Nil
Net aggregate amount of the Subsidiary Company's profits/(losses) not dealt with in the Holding Company's accounts	:	
For the Subsidiary's aforesaid financial year (Rs. in thousand) (Profit before tax of earlier years)	:	3,578
For the previous financial years (Rs.in thousand)	:	1,927

For and on behalf of the Board of Directors

Tushar K.Jani
Chairman

Clyde C.Cooper
Managing Director

Khushroo M.Dubash
Director

Suresh G.Sheth
Director

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

Deepak Vaidya
Alternate Director
for Anil Thadani

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Tushar Gunderia
Company Secretary

Place: Mumbai
Dated: April 24, 2003

BOARD OF DIRECTORS

Tushar K. Jani	- Chairman
Clyde C. Cooper	- Managing Director
Khushroo M. Dubash	- Director

EXECUTIVE MANAGEMENT

Niteen M. Gupte	- Chief Operating Officer
Shaji Karunakaran	- Dy Chief Operating Officer & Chief Engineering Manager
Suresh Nair	- Dy Chief Operating Officer & Chief Ground Operations Manager
C. Bhavani Sankar	- Chief Finance Manager
Prem K. Thomas	- Chief Human Resources Manager
Ravi Rajan	- Chief Administration Manager
Hemant Bhatt	- Chief Flight Operations Manager - Training
Jatinder Paul Singh	- Chief Flight Operations Manager - Operations
P.A. Jeyaseelan	- Quality Control Manager
S.G. Thatte	- Chief Flight Safety Manager
Vishok Mansingh	- Sr. Manager- Materials
Suresh Balakrishnan	- Company Secretary & Manager Accounts

AUDITORS

Price Waterhouse

PRINCIPAL BANKERS

Corporation Bank

ICICI Bank Ltd.

SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe

DSK Legal

REGISTERED OFFICE

Blue Dart Centre

Sahar Airport Road

Andheri (E)

Mumbai - 400 099

Tel : 28396444

Fax : 28244131 / 28311184

www.bluedartaviation.com

DIRECTORS' REPORT

To the Members

The Directors take pleasure in presenting the Ninth Annual Report, along with the Audited Accounts, for the year ended March 31, 2003.

FINANCIAL RESULTS

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

	(Rs. in thousands) For the year ended	
	31st March, 2003	31st March, 2002
Revenues	9,91,493	8,31,297
Maintenance Services & Other Income	7,889	48,806
Total Income	9,99,382	8,80,103
Total Expenditure	(9,26,006)	(8,01,927)
Profit before Interest and Depreciation	73,376	78,176
Interest Expense	(28,977)	(32,131)
Depreciation	(40,821)	(42,938)
Profit before tax	3,578	3,107
Profit after tax	3,578	1,927

In view of accumulated loss, no dividend is recommended.

OPERATIONS

During the year, your Company has achieved a Profit after tax of Rs. 35.78 lacs as compared to a profit after tax of Rs. 19.27 lacs of the previous year.

CARGO AVIATION INDUSTRY

Your Company continues to be the only Domestic Express Cargo Airline in India, providing the infrastructure support, that contributes to the leadership position of Blue Dart's express services and enabling it to differentiate itself and establish competencies in express and courier door to door products, supply- chain management solutions, logistics and time-definite distribution.

The air network which is self-sustaining with its own airside and city side warehouses, bonded warehouses, security systems including modern X-ray systems, aircraft and ground handling and maintenance capabilities, also provides enhanced marketing and distribution capabilities for the carriage of global cargo of international airlines into and out of India from its five gateway hubs.

EXPANSION

The Company has received the permission from the Ministry of Civil Aviation to add two more aircraft to its existing fleet of three aircraft of which one aircraft is planned to be acquired and converted from Passenger to Freighter in this calendar year and commissioned into service in the second half of the Financial Year 2003 - 04. The addition of this aircraft will permit expansion of current routes and regional operations into Bangladesh and Sri Lanka.

The existing city side / airside warehouse at Mumbai and Delhi are also being refurbished and extended to cater for this expansion.

RIGHTS ISSUE

During the year, the Company has increased its Paid-up share capital from Rs. 14 crores to Rs. 24 crores by issue of 1 crore equity shares of Rs. 10 each at par on right basis. The shares were allotted to Blue Dart Express Limited, the Company's Holding Company as fully paid-up.

AIRCRAFT ENGINEERING AND MAINTENANCE

Your Company with its in-house Engineering, Structural and Technical expertise continues to provide maintenance support to the fleet of aircraft to ensure reliability and on-time performance.

During financial year 2003-2004, the Company has plans to carry out one Heavy Maintenance "D" Check on its fleet of aircraft.

DIRECTORS

Mr. Khushroo M. Dubash, Director, retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS

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

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

FIXED DEPOSIT

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

EMPLOYEES

The Directors hereby wish to place on record their appreciation of the efficient and loyal services rendered by all of its People force of the Company. The Company's belief in the philosophy of People, Service, Profit, is a key cornerstone of our success.

Information on particulars of employees' remuneration as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all Shareholders of the Company, excluding the statement of particulars of employees. The same 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' RESPONSIBILITY STATEMENT

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

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures ;
- ii) that the Directors have selected such accounting policies and applied them consistently and made 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 period;

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the Directors have prepared the Annual Accounts on a going concern basis.

AUDIT COMMITTEE

The Audit Committee of the Company constituted under the provisions of Section 292A of the Companies Act, 1956 continues to facilitate and contribute to the Board of Directors in their decision making.

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

The information pursuant to 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	:	634.44 Lacs

ACKNOWLEDGEMENT

Your Directors express their grateful appreciation for the assistance and co-operation received from customers, finance Institutions, suppliers, banks, Government authorities and solicitors for their ongoing support during the year under review.

For and on behalf of the Board of Directors

Tushar K. Jani
Chairman

Clyde C. Cooper
Managing Director

Place : Mumbai
Date : April 24, 2003

Khushroo M. Dubash
Director

AUDITORS' REPORT

To the Members of

BLUE DART AVIATION LIMITED

1. We have audited the attached Balance Sheet of Blue Dart Aviation Limited, as at March 31, 2003, 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. The financial statements of the Company for the year ended March 31, 2002 were audited and reported by another firm of Chartered Accountants, vide their unqualified report dated May 6, 2002. The balances as at March 31, 2002 as per the audited financial statements, regrouped or restated where necessary, have been considered as opening balances for the purpose of these financial statements.
4. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 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 as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 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 accounts together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2003;
 - (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.

Mumbai,
April 24, 2003

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 4 of the Auditors' Report of even date to the members of Blue Dart Aviation Limited on the financial statements for the year ended March 31, 2003)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. 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.
2. The fixed assets of the company have not been revalued during the year.
3. The stocks of consumables and loose tools of the company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to the book records were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of the stock records, in our opinion, the valuation of stocks of consumables and loose tools has been fair and proper in accordance with the normally accepted accounting principles in India and is on the same basis as in the preceding year.
7. The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act, where the rate of interest and other terms and conditions are, in our opinion, prima facie prejudicial to the interest of the company. In terms of sub-section (6) of Section 370 of the Act, provisions of this Section are not applicable to a company on or after October 31, 1998.
8. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act, where the rate of interest and other terms and conditions are, in our opinion, prima facie prejudicial to the interest of the company. In terms of sub-section (6) of Section 370 of the Act, provisions of this Section are not applicable to a company on or after October 31, 1998.
9. The company has given an interest free advance in the nature of loan to an employee who is repaying the principal amount as stipulated.
10. In our opinion, having regard to the explanation that some of the items purchased are of a special nature for which alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores including components, plant and machinery, equipment and other similar assets.
11. In our opinion, in respect of transactions of sale of services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000 or more in respect of each party, no comparison of prices could be made as the services rendered are of a special nature for which alternative quotations are not available. There are no transactions of purchase and sale of goods and materials, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000 or more in respect of each party.
12. The company has a regular procedure for the determination of unserviceable or damaged consumables and loose tools. Adequate provision has been made in the financial statements for the loss arising on the items so determined.
13. The company has not accepted any deposits from public.
14. The company's activities do not generate any realisable by-products or scrap.

15. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
16. The Central Government of India has not prescribed the maintenance of cost records by the company under clause (d) of sub-section (1) of Section 209 of the Act.
17. According to the records of the company examined by us, the company is regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
18. At the last day of the financial year, there were no amounts outstanding in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to Profit and Loss Account nor have we been informed of such case by the management, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.
21. In our opinion, the company has a reasonable system of recording receipts, issues and consumption of stores and allocating manhours utilised to the relative jobs and there is a reasonable system of authorisation at proper levels, and an adequate system of internal control on issue of stores and allocation of stores and labour to jobs, commensurate with the size of the company and nature of its business.

Mumbai,
April 24, 2003

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

BALANCE SHEET AS AT MARCH 31, 2003

	Schedule No.	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	240,000	140,000
Share Premium		60,000	60,000
		300,000	200,000
Loan Funds			
Secured Loans	2	168,730	198,510
Unsecured Loans	3	40,000	17,302
		208,730	215,812
Aircraft Payload Deposit (from Holding Company)		107,554	107,554
		616,284	523,366
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	541,324	508,356
Less: Depreciation		178,195	139,053
Net Block		363,129	369,303
Capital Work in Progress (including Capital Advances)		-	9,733
		363,129	379,036
Current Assets, Loans and Advances			
Inventories	5	61,093	54,943
Sundry Debtors	6	633	30
Cash and Bank Balances	7	13,222	10,982
Loans and Advances	8	185,793	165,085
		260,741	231,040
Less: Current Liabilities and Provisions			
Liabilities	9	61,342	142,011
Provisions	10	4,126	3,395
		65,468	145,406
Net Current Assets		195,273	85,634
Deferred Tax Asset (Net) [Refer Notes 2(g), 6 & 7 - Schedule 17]			
Deferred Tax Asset		34,749	34,749
Less : Deferred Tax Liability		2,534	2,534
		32,215	32,215
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	11	11,455	9,209
Profit and Loss Account			
		14,212	17,272
		616,284	523,366
Notes to Accounts	17		

Schedules 1 to 11 and 17 referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to
in our report of even date.

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

Tushar K. Jani
Chairman

Khushroo M. Dubash
Director

C. Bhavani Sankar
Chief Finance Manager

Clyde C. Cooper
Managing Director

Niteen M. Gupte
Chief Operating Officer

Suresh Balakrishnan
Company Secretary

Place: Mumbai
Dated: April 24, 2003

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003

	Schedule No.	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
INCOME			
Express air cargo services [Refer Note 2(d)-Schedule 17]		991,493	831,297
Other Income	12	7,889	48,806
		999,382	880,103
EXPENDITURE			
Operating Costs	13	696,386	586,123
Employee Costs	14	167,418	151,723
Other Costs	15	62,202	64,081
		926,006	801,927
Profit before Interest, Depreciation and Taxation		73,376	78,176
Interest Expense (Net)	16	28,977	32,131
Depreciation / Amortisation		40,821	42,938
Profit before Taxation		3,578	3,107
Provision for Taxation [Refer Note 2(g)-Schedule 17]			
For the year - Deferred tax		-	1,180
		-	1,180
Profit after Taxation		3,578	1,927
Taxation in respect of earlier years		(518)	-
Balance brought forward from previous year		(17,272)	(52,594)
Adjustment of Deferred Tax Asset as at April 1, 2001 (Net)		-	33,395
Balance carried to Balance Sheet		(14,212)	(17,272)
Earnings Per Share (Refer note 5 - Schedule 17)			
Basic and Diluted Earnings Per Share before taxation in respect of earlier years		Re. 0.25	Re. 0.14
Basic and Diluted Earnings Per Share after taxation in respect of earlier years		Re. 0.22	Re. 0.14
(Face Value of Rs. 10/-)			

Notes to Accounts

17

Schedules 12 to 17 referred to above form an integral part of the Profit and Loss Account

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

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Dated: April 24, 2003

Tushar K. Jani
Chairman

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Director

C. Bhayani Sankar
Chief Finance Manager

Clyde C. Cooper
Managing Director

Niteen M. Gupte
Chief Operating Officer

Suresh Balakrishnan
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
A. Cash flow from Operating activities:		
Profit before Taxation	3,578	3,107
Adjustments for:		
Depreciation	40,821	42,938
Interest Expense	29,954	34,485
Interest Income	(977)	(2,354)
Profit on sale of Fixed Assets	(1,706)	-
Miscellaneous Expenditure written off	5,454	5,598
Operating profit before working capital changes	77,124	83,774
Adjustments for changes in working capital :		
(Increase)/Decrease in Inventories	(6,150)	(5,525)
(Increase)/Decrease in Sundry Debtors	(603)	4,748
(Increase)/Decrease in Other Receivables	(36,096)	(29,430)
Increase/(Decrease) in Trade and Other Payables	(65,709)	(46,891)
Cash generated from operations	(31,434)	6,676
Share Issue Expenses incurred	(1,500)	-
Air Crew Augmentation Expenses incurred	(6,200)	(8,631)
Taxes Paid	69	1,646
Net cash used in operating activities	(39,065)	(309)
B. Cash flow from Investing activities:		
Purchase of fixed assets	(37,708)	(43,043)
(Additions)/Deletions to Capital Work in Progress	9,733	(9,733)
Proceeds from Sale of fixed assets	4,767	2,197
Interest Received (Revenue)	1,364	1,210
Net cash used in investing activities	(21,844)	(49,369)
C. Cash flow from Financing activities:		
Proceeds from fresh issue of Share Capital (Refer Note 6 below)	100,000	-
Proceeds from long term borrowings		
Receipts	-	86,394
Payments	(34,460)	-
Proceeds from short term borrowings		
Receipts	40,000	-
Payments	(17,302)	(4,914)
Proceeds from Aircraft payload deposit	-	4,566
Proceeds from Bank Overdrafts (Net)	3,893	2,033
Interest Paid	(28,982)	(31,858)
Net cash from financing activities	63,149	56,221
Net Increase/(Decrease) in Cash and Cash Equivalents	2,240	6,543
Cash and cash equivalents at the beginning of the year	10,982	4,439
Cash and cash equivalents at the end of the year	13,222	10,982
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	3,023	139
Balance with Scheduled Banks		
on current accounts	383	844
on deposit accounts	8,293	7,297
on margin money accounts	1,523	2,702
	13,222	10,982

Notes :

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.
3. Previous year figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
4. Following non cash transactions have not been considered in the cash flow statement.
- Tax deducted at source (on interest income) Rs.159 ('000) (previous year - Rs.221 ('000))
5. Cash and cash equivalents includes Rs. 9,816 ('000) (Previous year : Rs. 9,999 ('000) which are not available for use by the Company. (Refer schedule 7 in the financial statements)
6. Investment has been made in the equity share capital of the Company by Blue Dart Express Limited, the holding company, aggregating to Rs. 100,000 ('000) with net cash payment of Rs. 2,826 ('000). The gross cash flows in respect of the said transaction have been reflected under respective items and activities as follows :

	Rs.('000)
Proceeds from fresh issue of Share Capital	100,000
Decrease in Other Payables (advance recoverable)	(44,565)
Decrease in long term borrowings (Unsecured loans)	(14,845)
Decrease in Other Payables (Current Account/Inter Corporate Deposit)	(57,272)
Interest Paid (on Current Account/Inter Corporate Deposit)	(4,424)
Deletions to Capital Work in Progress	23,932
Net Cash flow	2,826

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

Thomas Mathew
Partner
For and on behalf of
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Chartered Accountants

Tushar K. Jani
Chairman

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Director

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Chief Finance Manager

Clyde C. Cooper
Managing Director

Niteen M. Gupte
Chief Operating Officer

Suresh Balakrishnan
Company Secretary

Place: Mumbai
Dated: April 24, 2003

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SCHEDULE 1		
CAPITAL		
Authorised		
40,000,000 [Previous Year - 20,000,000] Equity Shares of Rs. 10/- each	400,000	200,000
Issued and Subscribed		
24,000,000 [Previous Year - 14,000,000] Equity Shares of Rs. 10/- each fully paid up	240,000	140,000
Total	<u>240,000</u>	<u>140,000</u>

Notes:

- a) During the year, 10,000,000 Equity Shares of Rs. 10/-each, fully paid up, were issued to Blue Dart Express Limited, the holding company.
- b) The entire amount of Share Capital of the Company is held by Blue Dart Express Limited, the Holding Company and its nominees.

SCHEDULE 2**SECURED LOANS**

Loans From Banks

Bank Overdraft (Refer Note 1 below)	27,637	23,744
Term Loans (Refer Note 2 below) [Payable within a year Rs. 68,333('000),(Previous Year Rs.33,333('000))]	136,667	170,000
Interest accrued and due on Term Loans	4,047	3,260
Obligations under hire purchase contracts (Refer Note 3 below) [Payable within a year Rs.379('000),(Previous Year Rs. 1,127('000))]	379	1,506
Total	<u>168,730</u>	<u>198,510</u>

Notes :

- Bank Overdraft is secured by the hypothecation of inventories and book debts, both present and future, and a second charge on the fixed assets of the Company.
- Term Loans from a bank are secured by a charge on all the movable property of the Company, except the movable property offered as a security to the Company's bankers, for Bank Overdraft requirements.
- Obligations under hire purchase contracts are secured by the fixed assets acquired under these contracts.

SCHEDULE 3**UNSECURED LOANS**

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
Short Term		
Four Mibor linked privately placed Non Convertible Debentures of Rs.10,000('000) each, with a bank,redeemable at par on June 9, 2003 (Refer Note 13 - Schedule 17)	40,000	-
Others		
From Blue Dart Express Limited, the holding Company	-	17,302
	<u>40,000</u>	<u>17,302</u>

The maximum amount due to Blue Dart Express Limited, the Holding Company, during the year was Rs. 257,628('000) (Previous Year - Rs.282,395('000))

Schedule forming part of the Balance Sheet

SCHEDULE 4

FIXED ASSETS

[Refer Notes 2(b) and 2(f) - Schedule 17]

Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at April 1, 2002	Additions	Deductions	As at March 31, 2003	As at April 1, 2002	For the year	On Deductions	As at March 31, 2003	As at March 31, 2002
Aircraft Engines	22,266	-	-	22,266	9,754	3,563	-	8,949	12,512
Aircraft Rotable Parts [Refer Notes (b) and (d) below]	154,687	24,515	3,563	175,639	40,065	13,967	1,147	122,754	114,622
Ground Equipment	116,847	1,937	-	118,784	27,598	6,227	-	84,959	89,249
Office Equipment	6,624	641	-	7,265	1,717	506	-	5,042	4,907
Electrical Equipment	21,102	1,668	689	22,081	5,354	1,446	221	15,502	15,748
Computers	25,090	1,178	-	26,268	19,915	2,134	-	4,219	5,175
Furniture and Fittings	64,181	7,157	-	71,338	18,730	4,427	-	48,181	45,451
Vehicles	19,331	612	488	19,455	8,316	2,034	311	9,416	11,015
Capital expenditure for Aircraft acquired on lease [Refer note (c) below]	78,228	-	-	78,228	7,604	6,517	-	64,107	70,624
Total	508,356	37,708	4,740	541,324	139,053	40,821	1,679	363,129	369,303
Previous year	468,619	43,043	3,306	508,356	97,224	42,938	1,109	369,303	

Notes :

- The net book value of Fixed Assets includes an amount of Rs. 2,993('000) [Previous Year - Rs. 6,303('000)] in respect of assets held under hire purchase contracts.
- Aircraft rotatable parts include expenditure incurred on overhauling which enhances/ reinstates their estimated useful lives.
- Capital Expenditure for Aircraft acquired on lease includes certain expenses incurred to make aircraft operational, which primarily consist of finance charge, training costs, salaries and consultancy charges.
- Additions to Aircraft Rotable parts include the effect of foreign currency fluctuation gain of Rs.73 ('000)[Previous year foreign currency fluctuation loss of Rs.36 ('000)]

Schedules forming part of the Balance Sheet

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SCHEDULE 5		
INVENTORIES		
(Refer Note 2(h) - Schedule 17)		
Consumables	57,652	51,597
Loose Tools	3,441	3,346
Total	<u>61,093</u>	<u>54,943</u>
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	11	-
Other debts	622	30
Total	<u>633</u>	<u>30</u>

SCHEDULE 7

CASH AND BANK BALANCES

Cash and cheques on hand	3,023	139
Balance with scheduled banks :		
on current accounts	383	844
on deposit accounts	8,293	7,297
on margin money accounts	1,523	2,702
Total	<u>13,222</u>	<u>10,982</u>

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 for certain facilities availed from the Airport Authority of India.

SCHEDULE 8

LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received	4,385	2,875
Prepaid Expenditure	118,989	84,188
Maintenance expense recoverable	47,721	62,135
Deposits	10,015	10,776
Advance Tax (Net of Provision)	4,683	5,111
Total	<u>185,793</u>	<u>165,085</u>

SCHEDULE 9

LIABILITIES

	As at March 31, 2003 RS. ('000)	As at March 31, 2002 RS. ('000)
Acceptances for Aviation Turbine Fuel	30,000	48,500
Sundry creditors		
Small Scale Industrial Undertakings	196	42
(Refer Note 12-Schedule 17)		
Others*	25,284	27,824
Advances from Blue Dart Express Limited, the holding Company	-	62,135
Other liabilities	5,677	3,510
Interest accrued but not due on loans	185	-
Total	<u>61,342</u>	<u>142,011</u>

* Includes Rs. 130('000) [Previous Year Rs.321('000)] due to Blue Dart Express Limited, the Holding Company.

SCHEDULE 10

PROVISIONS

(Refer Note 2(e) - Schedule 17)

Provision for Gratuity	-	991
Provision for Superannuation	1,806	774
Provision for Leave Encashment	2,320	1,630
Total	<u>4,126</u>	<u>3,395</u>

SCHEDULE 11

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

(Refer Note 2(e)-Schedule 17)

Share Issue Expenses

At the beginning of the year	-	-
Additions during the year	1,500	-
Amortised during the year	(300)	-
At the end of the year	<u>1,200</u>	<u>-</u>

Air crew augmentation expenses

At the beginning of the year	9,209	6,176
Additions during the year	6,200	8,631
Amortised during the year	(5,154)	(5,598)
At the end of the year	<u>10,255</u>	<u>9,209</u>

Total	<u>11,455</u>	<u>9,209</u>
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Schedules forming part of the Profit and Loss Account

	Year ended March 31,2003 Rs. ('000)	Year ended March 31,2002 Rs. ('000)		Year ended March 31,2003 Rs. ('000)	Year ended March 31,2002 Rs. ('000)
SCHEDULE 12			SCHEDULE 15		
OTHER INCOME			OTHER COSTS		
Maintenance service income	2,249	41,937	Rent	12,393	11,284
Profit on sale of fixed assets (Net)	1,706	-	Electricity	2,935	3,241
Miscellaneous income	3,934	6,869	Repairs and maintenance - others	5,135	4,524
Total	<u>7,889</u>	<u>48,806</u>	Insurance	1,184	1,182
			Rates and taxes	470	601
SCHEDULE 13			Lease rentals	3,318	4,735
OPERATING COSTS			(Refer Notes 2(i) & 9-Schedule 17)		
Aircraft fuel and operating costs	468,882	378,037	Travelling and Conveyance	19,581	19,550
(Refer Note 2(d)-Schedule 17)			Communication	2,345	3,693
Aircraft Lease Rentals	122,042	119,575	Legal and Professional Charges	3,459	3,173
(Refer Note 2(i)-Schedule 17)			Miscellaneous expenditure written off	5,454	5,598
Engineering maintenance costs	30,919	23,808	Miscellaneous expenses	5,928	6,500
(Refer Note 11 -Schedule 17)			Total	<u>62,202</u>	<u>64,081</u>
Consumption of stores and spare parts	18,624	17,124			
Cost of spares for job work	-	9,801	SCHEDULE 16		
Aircraft Insurance	37,188	19,723	INTEREST EXPENSE (NET)		
(Refer Note 2(d)-Schedule 17)			On term loans from Banks	18,591	23,029
Handling, clearing and baggage charges	18,731	18,055	On current account with Blue Dart Express Limited,the holding Company (net)	4,424	189
Total	<u>696,386</u>	<u>586,123</u>	On Bank Overdraft	1,242	4,097
			On Non-Convertible Debentures	3,010	-
SCHEDULE 14			On hire purchase	315	2,548
EMPLOYEE COSTS			On Others	2,372	4,622
(Refer Note 2(e)-Schedule 17)				<u>29,954</u>	<u>34,485</u>
Salaries, allowances, bonus and leave encashment	150,739	136,911	Less:		
Contribution to Provident and other funds	5,896	5,142	Interest income on deposits with banks [Tax deducted at source Rs. 159 ('000) (Previous Year-Rs.221 ('000))]	977	2,354
Staff welfare expenses	10,783	9,670	Total	<u>28,977</u>	<u>32,131</u>
Total	<u>167,418</u>	<u>151,723</u>			

Schedule forming part of the Accounts

SCHEDULE 17

NOTES TO ACCOUNTS

1. Background

Blue Dart Aviation Limited ('the Company') is a wholly owned subsidiary of Blue Dart Express Limited ('Blue Dart Express') and was incorporated on May 31, 1994. The Company is authorised by the Director General of Civil Aviation to operate aircraft and provide aircraft maintenance services. A substantial amount of "Express Air Cargo Services" income is generated from the cargo charter flight services rendered to Blue Dart Express Limited.

2. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

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

(b) Fixed Assets and Depreciation / Amortisation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all costs relating to acquisition, installation and substantial modifications which enhance the operating performance or extend the useful lives of fixed assets (including those relating to assets acquired on lease).

Capital expenditure incurred for Aircraft acquired on lease is amortised over the term of such lease.

Interest cost on borrowings and other related expenses for acquiring and modifying the fixed assets, upto the date such assets are ready for their intended use are also capitalised.

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 the rates are higher than the prescribed Schedule XIV rates so as to ensure that such assets are written off over their estimated useful lives:

Description of Assets	Depreciation Rate per annum %
Aircraft Engines	16.00
Aircraft Rotable Parts (including overhaul cost)	8.33
Capital expenditure incurred on Aircraft acquired on lease	8.33
Office Equipment	6.33
Electrical Equipment	6.33

(c) Miscellaneous expenditure

Air crew augmentation expenses incurred in connection with the upgradation and expansion of the Company's flight crew are proportionately amortised under the Straight Line method over a period of three years.

Share issue expenses are amortised over a period of five years, beginning from the year in which they are incurred.

(d) Express Air Cargo Services

Service charges for the express air cargo services are recognised upon completion of daily flights and constitute income earned in connection with operating aircraft, primarily for Blue Dart Express Limited, the holding Company. These include reimbursement towards aircraft fuel and insurance costs incurred by the Company on behalf of Blue Dart Express Limited.

(e) Retirement benefits

Retirement benefits to employees comprise of payments to gratuity, superannuation and provident funds in accordance with the approved schemes of the Company and leave encashment entitlements in accordance with the policies of the Company.

The Company's employees are covered under the group gratuity scheme with the Life Insurance Corporation of India ('LIC'). The group gratuity scheme is funded in line with the LIC's actuarial valuation carried out during the year.

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

Contributions to the above funds/schemes are charged to the Profit and Loss Account.

(f) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit and Loss Account, except those relating to the acquisition of fixed assets, which are adjusted to the cost of such assets.

Schedule forming part of the Accounts

(g) Income-tax

Provision for income-tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognised for future tax consequences attributable to timing differences between income as determined by the financial statements and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised under income using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(h) Inventories

Inventories of loose tools and consumables are valued at cost on a specific identification basis. The cost is calculated at purchase price and expenditure directly attributable to the acquisition of such inventories.

(i) Lease Rentals

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

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
3. Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	833	1,821
4. Contingent Liability		
Bank Guarantees issued in favour of customs authorities in relation to Trans-shipment Cargo	15,222	15,519

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
--	--	--

5. Earnings per share

(a) Profit after tax for the year	3,578	1,927
(b) Profit after tax for the year and tax in respect of earlier years	3,060	1,927
(c) Weighted average number of shares	14,191,781	14,000,000
(d) Nominal value of shares outstanding	Rs. 10	Rs. 10
(e) Earnings per share - (basic and diluted) considering (a) above	Re. 0.25	Re. 0.14
(f) Earnings per share - (basic and diluted) considering (b) above	Re. 0.22	Re. 0.14

6. Deferred Tax Asset (Net)

(Refer Note 2(g) above)

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

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
Assets		
Unabsorbed Depreciation	27,069	27,069
Depreciation / Amortisation	7,680	7,680
Total	34,749	34,749
Liabilities		
Others (Air crew augmentation expenses deferred etc.)	2,534	2,534
Total	2,534	2,534
Net Deferred Tax Asset	32,215	32,215

7. The company has received the permissions from the Ministry of Civil Aviation to add two more aircraft to its existing fleet of three aircraft. The proposed addition of the aircraft will permit expansion of current routes and addition of new routes to its operations thereby increasing its revenues and profitability.

The deferred tax asset on account of unabsorbed depreciation has been recognized in the earlier year on the basis of the projected future profitability of the company and the financial and operating proposals and expansion plans under consideration by the management.

Schedule forming part of the Accounts**8. Related party disclosures****(a) Parties where control exists:**

Blue Dart Express Limited, 100% Holding Company

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

i) Holding Company :

Blue Dart Express Limited

ii) Enterprises where Key Management Personnel have significant influence :

Skyline International

(c) Transactions with related parties during the year

Nature of Transaction	Year ended	Year ended
	March 31,2003	March 31,2002
	Rs. ('000)	Rs. ('000)
(i) With Holding Company		
Express Air Cargo Service Income & Recoveries	991,493	858,157
Interest expense on current account (net)	4,424	189
Courier charges incurred	3,702	1,903
Lease rent expense	1,500	1,500
Aircraft charter deposit received	-	4,566
Reimbursement of capital expenditure (CWIP) incurred on behalf of holding Company	23,932	-
Reimbursement of excess baggage & handling charges	4,112	-
Issue of Share Capital	100,000	-
Repayment of advance received and unsecured loans	59,410	-
Aircraft components and overhaul	-	43,394
(ii) With enterprises where Key Management Personnel have significant influence		
Bills Discounted	-	17,500
Bills Discounting Charges incurred	-	436
Reimbursement of expenses	2,173	4,788
Agency charges incurred for customs clearing	972	2,565

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

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
Payable to Holding Company	107,684	187,312
Payable to enterprises where Key Management Personnel have significant influence	6	-

(e) Corporate Guarantee provided by Blue Dart Express Limited, the holding Company on behalf of the Company and outstanding as at the year end amounts to Rs. 411,581 ('000)[Previous year Rs.373,581 ('000)]**9. Commitments under lease agreements**

The Company has entered into agreements for acquiring aircraft on lease. These lease agreements are for a period of seven to twelve years. As at the year end, the Company had commitments under such non-cancellable leases as follows:

Period	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
Upto one year	158,072	158,090
One to five years	473,940	631,993
Beyond five years	4,000	4,000

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

	Year ended March 31,2003 Rs. ('000)	Year ended March 31,2002 Rs. ('000)
a. Auditor's remuneration (under Miscellaneous expenses) includes as follows:		
Audit Fees * (Statutory Audit and Tax Audit)	450	600
Reimbursement of expenses	6	33
	<u>456</u>	<u>633</u>

* The statutory audit fees for the current year is Rs.400('000).

Schedule forming part of the Accounts

	Year ended March 31,2003 Rs. ('000)	Year ended March 31,2002 Rs. ('000)
b. Value of imports calculated on C & F basis*		
Consumables and loose tools	21,166	55,464
Aircraft Rotable parts (Capital Goods)	24,788	33,884
	<u>45,954</u>	<u>89,348</u>

* The above information is disclosed on C&F basis since the company has taken a global insurance policy for all stocks and it is not possible to allocate the same to individual purchases.

	Year ended March 31,2003 Rs. ('000)	Year ended March 31,2002 Rs. ('000)
c. Expenditure in foreign currency		
Consultancy Services	-	1,135
Training	740	-
Membership and Subscription	1,096	1,012
	<u>1,836</u>	<u>2,147</u>
d. Value of imported and indigenous stores and spares consumed		
Imported (Value)	15,845	35,522
%	74	87
Indigenous (Value)	5,569	5,271
%	26	13
Total (Value)	<u>21,414</u>	<u>40,793</u>
%	<u>100</u>	<u>100</u>

Note:

Consumption of Stores and Spares charged to Profit and Loss Account is net of adjustments in relation to stores and spares issued for capitalisation and for heavy maintenance checks to the aircraft.

11. Engineering maintenance costs include the effect of net foreign exchange gain amounting to Rs.142('000) [Previous year : Net loss of Rs. 264('000)]

12. Outstanding dues to Small Scale Industrial Undertakings

The names of Small Scale Industrial Undertakings to whom the Company owes any amount, which is outstanding for a period exceeding 30 days as at the Balance Sheet date are:

Sabari Screen Printers
Instrulab
Essae Teroka Limited

The above information and as provided under Schedule 9 - 'Liabilities', regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

13. The Non-Convertible Debentures were redeemed by the company on April 24, 2003, and therefore no Debenture Redemption Reserve was created as at the year end.

14. Segment Information

The Company is primarily engaged in a single segment business to operate aircraft and provide aircraft maintenance services within India for the business of integrated air and ground transportation and distribution of time-sensitive packages of its holding Company, Blue Dart Express Limited.

15. Previous year's figures have been regrouped / rearranged wherever necessary, to conform to the current year's classification.

Schedule forming part of the Accounts

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

I. Registration Details

Registration No.

State Code

Balance Sheet Date

Date

Month

Year

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

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Secured Loans

Aircraft Payload deposit

Reserves & Surplus

Unsecured Loans

Application of Funds

Net Fixed Assets

Deferred tax asset

Misc. Expenditure

Investments

Net Current Assets

Accumulated losses

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

Turnover *

Total Expenditure

* Including Other Income

+ - Profit/Loss before tax

+ - Profit/Loss after tax

+ - Profit/Loss after tax for earlier years

+ - Earning Per Share in Rs.

+ - Earning Per Share after tax for earlier years in Rs.

Dividend rate %

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

Item Code No. (ITC Code)

Product Description
E x p r e s s A i r C a r g o
S e r v i c e s ,
A i r c r a f t S e r v i c i n g
a n d M a i n t e n a n c e .

AUDITORS' REPORT ON CONSOLIDATED ACCOUNTS

To the Board of Directors of BLUE DART EXPRESS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, as at March 31, 2003, the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of Blue Dart Express Limited'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. The consolidated financial statements of the Company for the year ended March 31, 2002 were audited and reported by another firm of Chartered Accountants, vide their unqualified report dated May 7, 2002. The balances as at March 31, 2002 as per the consolidated audited financial statements, regrouped or restated where necessary, have been considered as opening balances for the purpose of these financial statements.

4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, included in the consolidated financial statements.

5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, as at March 31, 2003;

 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated result of the operations of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, for the year ended on that date;

 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Blue Dart Express Limited and its subsidiary, Blue Dart Aviation Limited, for the year ended on that date.

Mumbai, April 24, 2003

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2003

	Schedule No.	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	904,715	803,239
		1,142,343	1,040,867
Loan Funds			
Secured Loans	3	484,057	756,589
Unsecured Loans	4	240,000	50,000
		724,057	806,589
Deferred Tax Liability (Net) (Refer notes 1(h) and 5 - Schedule 19)			
Deferred Tax Liability		150,636	154,146
Less : Deferred Tax Asset		35,580	34,951
		115,056	119,195
Total		1,981,456	1,966,651
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	1,979,964	1,849,265
Less: Depreciation		522,680	420,071
Net Block		1,457,284	1,429,194
Capital work in progress (including capital advances)		27,460	10,389
		1,484,744	1,439,583
Investments			
	6	1,360	1,360
Current Assets, Loans and Advances			
Inventories	7	72,379	62,221
Sundry Debtors	8	341,654	320,421
Cash and Bank balances	9	93,074	86,269
Interest accrued on Investments		1,022	888
Loans and advances	10	347,634	351,030
		855,763	820,829
Less: Current Liabilities and Provisions			
Liabilities	11	287,226	239,085
Provisions	12	94,446	67,797
		381,672	306,882
Net Current Assets		474,091	513,947
Miscellaneous Expenditure	13	21,261	11,761
(to the extent not written off or adjusted)			
Total		1,981,456	1,966,651
Notes to Accounts	19		

Schedules 1 to 13 and 19 referred to above form an integral part of the Balance Sheet.

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

Thomas Mathew

Partner

For and on behalf of

Price Waterhouse

Chartered Accountants

Tushar K.Jani

Chairman

Suresh G.Sheth

Director

Yogesh Dhingra

Senior Vice President - Finance
& Chief Financial Officer

Clyde C.Cooper

Managing Director

Air Marshal S.S.Ramdass (Retd.)

Director

Tushar Gunderia

Company Secretary

Khushroo M.Dubash

Director

Deepak Vaidya

Alternate Director
for Anil Thadani

Place : Mumbai

Dated: April 24, 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003

	Schedule No.	Year ended March 31, 2003 Rs. ('000)	Year ended 31, 2002 Rs. ('000)
INCOME			
Service Charges (Refer note 1(e) - Schedule 19)		3,146,233	2,864,745
Other Income	14	10,137	11,512
		3,156,370	2,876,257
EXPENDITURE			
Freight, Handling and Servicing Costs	15	1,646,913	1,490,954
Employee Costs	16	659,904	589,564
Other Costs	17	327,616	317,262
		2,634,433	2,397,780
Profit before Interest, Depreciation and Taxation		521,937	478,477
Interest Expense (Net)	18	85,845	118,485
Depreciation / Amortisation		116,606	103,323
Profit before Taxation		319,486	256,669
Provision for Tax (Refer notes 1(h) and 5 - Schedule 19)			
Current Tax		105,219	39,463
Deferred Tax		(4,139)	34,355
		101,080	73,818
Profit after Taxation		218,406	182,851
Taxation in respect of earlier years		43,318	-
Balance brought forward from previous year		314,726	215,380
Available for appropriation		489,814	398,231
Proposed dividend		65,252	53,505
Tax on proposed dividend		8,360	-
Transfer to General Reserve		30,000	30,000
Balance carried forward		386,202	314,726
Earnings per share (Refer note 4 - Schedule 19)			
Basic and diluted Earnings Per Share before taxation in respect of earlier years (In Rupees)		9.20	7.71
Basic and diluted Earnings Per Share after taxation in respect of earlier years (In Rupees)		7.38	7.71
Nominal value per equity share (In Rupees)		10.00	10.00
Notes to Accounts	19		

Schedules 14 to 19 referred to above form an integral part of the Profit and Loss Account. This is the Profit and Loss Account referred to in our report of even date.

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

Tushar K.Jani
Chairman

Suresh G.Sheth
Director

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Clyde C.Cooper
Managing Director

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

Tushar Gunderia
Company Secretary

Khushroo M.Dubash
Director

Deepak Vaidya
Alternate Director
for Anil Thadani

Place : Mumbai
Dated: April 24, 2003

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
A. Cash flow from Operating activities:		
Profit before Taxation	319,486	256,669
Adjustments for:		
Depreciation	116,606	103,323
Interest Expense	89,085	125,268
Interest Income	(3,240)	(6,783)
(Profit)/Loss on Fixed Assets sold (net)	(25)	(1,397)
Miscellaneous Expenditure written off	9,095	10,702
Bad Debts Written off	18,643	16,669
Operating profit before working capital changes	549,650	504,451
Adjustments for changes in working capital :		
(Increase)/Decrease in Inventories	(10,158)	(4,390)
(Increase)/Decrease in Sundry Debtors	(39,876)	(4,220)
(Increase)/Decrease in Other Receivables	(18,294)	(12,455)
(Increase)/(Decrease) in Trade and Other Payables	54,318	(31,846)
Cash generated from operations	535,640	451,540
Long term contract negotiations costs	(10,895)	-
Share Issue Expenses incurred	(1,500)	-
Air Crew Augmentation Expenses incurred	(6,200)	(8,631)
Taxes Paid	(123,509)	(56,826)
Net cash from operating activities	393,536	386,083
B. Cash flow from Investing activities:		
Purchase of Fixed Assets	(150,998)	(181,890)
Additions to Capital Work in Progress	(17,071)	(7,512)
Proceeds from Sale of Fixed Assets	6,327	4,798
Proceeds from Sale of Investments	-	400
Interest Received (Revenue)	1,681	6,763
Net cash used in investing activities	(160,061)	(177,441)
C. Cash flow from Financing activities:		
Proceeds form fresh issue of Share Capital (including Share Premium)	-	308
Proceeds from long term borrowings		
Receipts	70,000	-
Payments	(172,043)	(20,504)
Proceeds from short term borrowings		
Receipts	190,000	-
Payments	-	(50,000)

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
Proceeds from Bank Overdrafts (Net)	(170,489)	58,990
Interest Paid	(89,114)	(127,952)
Dividend Paid	(53,224)	(47,218)
Foreclosure charges paid	(1,800)	(8,403)
Net cash used in financing activities	(226,670)	(194,779)
Net Increase/(Decrease) in Cash and Cash Equivalents	6,805	13,863
Cash and cash equivalents at the beginning of the year	86,269	72,406
Cash and cash equivalents as at the end of the year	93,074	86,269
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	46,025	20,754
Balance with Scheduled Banks		
on current accounts	29,846	47,363
on deposit accounts	11,196	10,412
on margin money accounts	4,630	6,903
on unpaid dividend accounts	1,377	837
	93,074	86,269

Notes :

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.
3. Previous year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
4. Following non cash transactions have not been considered in the cash flow statement. Tax deducted at source (on interest income) Rs.1425 ('000) (Previous year - Rs.288 ('000))
5. Cash and cash equivalents includes Rs.17,203 ('000) (Previous year : Rs.18,152 ('000)) which are not available for use by the Company. (Refer schedule 9 in the financial statements)

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

Thomas Mathew
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

Tushar K.Jani
Chairman

Suresh G.Sheth
Director

Yogesh Dhingra
Senior Vice President - Finance
& Chief Financial Officer

Clyde C.Cooper
Managing Director

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

Tushar Gunderia
Company Secretary

Khushroo M.Dubash
Director

Deepak Vaidya
Alternate Director
for Anil Thadani

Place : Mumbai
Dated: April 24, 2003

SCHEDULES

Schedules forming part of the Balance Sheet

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
40,000,000 equity shares of Rs. 10/- each	400,000	400,000
Issued and Subscribed		
23,727,934 equity shares of Rs. 10/- each fully paid	237,280	237,280
Add : Forfeited Shares	348	348
	<u>237,628</u>	<u>237,628</u>

Note:

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

SCHEDULE 2**RESERVES AND SURPLUS**

Share Premium		
At the beginning of the year	394,058	512,433
Add: Received during the year	-	832
Less: Issue of bonus shares	-	(119,207)
At the end of the year	<u>394,058</u>	<u>394,058</u>
General Reserve		
At the beginning of the year	94,455	149,295
Less: Adjustment of deferred tax liability	-	(84,840)
Add: Transfer from Profit and Loss Account	30,000	30,000
At the end of the year	<u>124,455</u>	<u>94,455</u>
Profit and Loss Account	386,202	314,726
	<u>904,715</u>	<u>803,239</u>

SCHEDULE 3**SECURED LOANS**

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
Term Loans [Refer note (a) below]		
From Banks	310,017	238,800
Interest accrued and due on above	4,047	-
From Financial Institutions	110,000	283,260
Bank Overdrafts [Refer note (b) below]	59,167	229,656
Obligations under hire purchase	826	4,873
	<u>484,057</u>	<u>756,589</u>

[Amount payable within a year Rs. 214,789('000) (Previous Year - Rs 129,840 ('000)]

- a) Term Loans from banks and financial institutions are secured by pari passu first charge on movable and immovable properties of the Company.
- b) Bank Overdrafts are secured by hypothecation of book debts, collateral security on the Company's property at Bhiwandi and second charge on the Company's movable and immovable properties.
- c) Obligations under hire purchase are secured by fixed assets acquired under these contracts.

SCHEDULE 4**UNSECURED LOANS**

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
Short term		
Commercial Paper from a bank [10 (Previous Year - 5) Certificates of Rs.10,000 ('000) each]	100,000	50,000
Non-Convertible Debentures [10 Mibor linked Redeemable Non-Convertible Debentures of Rs.10,000 ('000) each privately placed with a Bank, redeemable at par on June 28,2003] (Refer note 10 - Schedule 19)	100,000	-
[4 Mibor linked Redeemable Non-Convertible Debentures of Rs.10,000 ('000) each privately placed with a Bank, redeemable at par on June 9,2003] (Refer note 10 - Schedule 19)	40,000	-
	<u>240,000</u>	<u>50,000</u>

Schedule forming part of the Balance Sheet

SCHEDULE 5

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

Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at April 1, 2002	Additions	Deductions	As at March 31, 2003	As at April 1, 2002	For the year	Deductions	As at March 31, 2003	As at March 31, 2002
Goodwill	30,000	-	-	30,000	16,500	1,500	-	12,000	13,500
Land - Freehold	392,055	-	-	392,055	-	-	-	392,055	392,055
Buildings	160,437	274	1,798	158,913	7,881	2,590	(34)	148,408	152,556
Office Equipment	60,259	9,275	1,154	68,380	14,750	4,756	(184)	48,690	45,509
Electrical Equipment	122,464	11,449	2,536	131,377	27,691	9,745	80	94,021	94,773
Computers	262,854	29,825	6,492	286,187	168,497	24,710	8,687	101,667	94,357
Furniture and Fittings	192,097	26,760	3,627	215,230	51,430	13,176	1,708	152,332	140,667
Vehicles	55,024	4,009	3,204	55,829	24,310	5,565	1,834	27,788	30,714
Assets given on lease	18,680	-	-	18,680	6,436	1,495	(2)	10,747	12,244
Aircraft Engines	130,663	22,694	-	153,357	24,892	11,530	761	117,696	105,771
Aircraft Components and Overhaul	69,991	20,573	(2,075)	92,639	2,417	14,854	-	75,368	67,574
Aircraft Rotable parts	154,687	24,202	3,563	175,326	40,065	13,941	1,147	122,467	114,622
Ground Equipment	116,847	1,937	-	118,784	27,598	6,227	-	84,959	89,249
Capital expenses for Aircraft acquired on lease	83,207	-	-	83,207	7,604	6,517	-	69,086	75,603
TOTAL	1,849,265	150,998	20,299	1,979,964	420,071	116,606	13,997	522,680	1,429,194
Previous Year	1,675,635	181,890	8,260	1,849,265	321,607	103,323	4,859	1,429,194	1,354,028

Notes :

- Aircraft Components and Overhaul includes cost of modifications of airframes not owned by the Company, which the Company is contractually liable to pay .
- The net book value of fixed assets shown above includes an amount of approximately Rs.15,484 (2002 - Rs.23,094) in respect of assets held under hire purchase contracts.
- Depreciation for the year is net of adjustments in respect of excess depreciation of Rs. 3,748 ('000) for earlier years.
- Deductions include adjustments made on account of reclassification between the asset heads.
- Aircraft rotable parts include expenditure incurred on overhauling which enhances/ reinstates their estimated useful lives.
- Capital Expenditure for Aircraft acquired on lease includes certain expenses incurred to make aircraft operational, which primarily consist of finance charge, training costs, salaries and consultancy charges.
- Additions to Aircraft Rotable parts include the effect of foreign currency fluctuation gain of Rs.73 ('000)[Previous year foreign currency fluctuation loss of Rs.36 ('000)]

Schedules forming part of the Balance Sheet

	As at March 31,2003 Rs. ('000)	As at March 31,2002 Rs.('000)		As at March 31,2003 Rs. ('000)	As at March 31,2002 Rs.('000)
SCHEDULE 6			SCHEDULE 8		
INVESTMENTS			SUNDRY DEBTORS		
(Long Term, Unquoted, At Cost)			(Unsecured, considered good)		
(Refer Note 1(c) - Schedule 19)			Debts outstanding for a period exceeding six months	3,884	21,773
Trade			Other debts	337,770	298,648
1,000 (Previous Year- 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50		<u>341,654</u>	<u>320,421</u>
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	SCHEDULE 9		
Non - Trade			CASH AND BANK BALANCES		
<i>In Government Securities</i>			Cash, cheques on hand and remittances in transit	46,025	20,754
National saving certificates (6 year NSCs - VIII issue)	1,300	1,300	Balance with scheduled banks		
<i>Others (Current)</i>			on current accounts	29,846	47,363
Purchased and Sold during the year			on deposit accounts	11,196	10,412
1,11,45,349 Units of IL & FS Liquid Fund Growth Plan	-	-	on margin money accounts	4,630	6,903
1,27,79,272 Units of HDFC Liquid Fund Growth Plan	-	-	on unpaid dividend accounts	1,377	837
19,40,348 Units of Prudential ICICI Liquid Fund Growth Plan	-	-		<u>93,074</u>	<u>86,269</u>
	<u>1,360</u>	<u>1,360</u>			
SCHEDULE 7			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 banks and for certain facilities availed from Airport Authority of India.		
INVENTORIES				As at March 31,2003 Rs. ('000)	As at March 31,2002 Rs.('000)
(Refer Note 1(i) - Schedule 19)			SCHEDULE 10		
Packing and Stationery	11,286	7,278	LOANS AND ADVANCES		
Consumables			(Unsecured, considered good)		
Consumables	57,652	51,597	Maintenance expense recoverable	40,721	52,452
Loose Tools	3,441	3,346	Advances recoverable in cash or in kind or for value to be received	36,382	36,751
	<u>72,379</u>	<u>62,221</u>	Prepaid expenditure	149,549	110,652
			Deposits	90,506	95,671
			Advance Tax	30,476	55,504
			(net of provision)	<u>347,634</u>	<u>351,030</u>

Schedules forming part of the Balance Sheet

	As at March 31,2003 Rs. ('000)	As at March 31,2002 Rs.('000)
SCHEDULE 11		
LIABILITIES		
Acceptances for Aviation Turbine Fuel	30,000	48,500
Sundry creditors		
Small scale industrial undertakings (Refer Note 10 - Schedule 19)	4,122	1,622
Others	129,853	68,249
Unclaimed dividend	1,194	913
Others	121,632	119,461
Interest accrued but not due	425	340
	<u>287,226</u>	<u>239,085</u>
SCHEDULE 12		
PROVISIONS		
(Refer Note 1(f) - Schedule 19)		
Provision for Gratuity	-	991
Provision for Superannuation	1,806	774
Provision for Leave Encashment	19,028	12,527
Proposed Dividend Tax payable on Proposed Dividend	65,252	53,505
	8,360	-
	<u>94,446</u>	<u>67,797</u>
SCHEDULE 13		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
(Refer Note 1(d) - Schedule 19)		
Advertising costs		
At the beginning of the year	1,190	4,181
Amortised during the year	(1,190)	(2,991)
At the end of the year	-	1,190
Long-term Contract Negotiation costs		
At the beginning of the year	1,362	3,475
Additions during the year	10,895	-
Amortised during the year	(2,451)	(2,113)
At the end of the year	9,806	1,362
Air crew augmentation expenses		
At the beginning of the year	9,209	6,176
Additions during the year	6,200	8,631
Amortised during the year	(5,154)	(5,598)
At the end of the year	10,255	9,209
Share Issue Expenses		
At the beginning of the year		
Additions during the year	1,500	-
Amortised during the year	(300)	-
At the end of the year	1,200	-
	<u>21,261</u>	<u>11,761</u>

Schedules forming part of the Profit and Loss Account

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
SCHEDULE 14		
OTHER INCOME		
Maintenance Service Income	2,249	-
Profit on sale of fixed asset, net	1,706	1,397
Miscellaneous income	6,182	10,115
	<u>10,137</u>	<u>11,512</u>
SCHEDULE 15		
FREIGHT, HANDLING AND SERVICING COSTS		
Aircraft Operating Costs	689,078	571,788
Domestic network operating costs	373,030	348,558
International servicing charges	346,444	361,013
Domestic excess baggage	127,847	105,110
Printing and stationery	53,844	51,662
Handling and clearing charges	56,670	52,823
	<u>1,646,913</u>	<u>1,490,954</u>
SCHEDULE 16		
EMPLOYEE COSTS		
(Refer Note 1(f) - Schedule 19)		
Salaries, wages, bonus and leave encashment	507,000	446,065
Contribution to provident and other funds	51,205	43,339
Staff welfare expenses	101,699	100,160
	<u>659,904</u>	<u>589,564</u>
SCHEDULE 17		
OTHER COSTS		
Rent	82,645	78,435
Electricity charges	30,765	27,623
Repairs and maintenance, others	24,523	20,054
Insurance	4,548	4,289
Rates and taxes	15,221	11,676
Lease rentals	13,942	19,769
(Refer Notes 1(j) and 8 - Schedule 19)		
Bad debts written off	18,643	16,669
Communication	36,700	44,821
Legal and Professional charges	22,000	20,565
Office expenses	15,483	14,809
Travelling and Conveyance	25,750	25,501
Sales promotion and advertising	5,390	7,746
Miscellaneous expenditure written off	9,095	10,702
Loss on sale of Fixed Assets	1,681	-
Miscellaneous expenses	21,230	14,603
	<u>327,616</u>	<u>317,262</u>

Schedule forming part of the Profit & Loss Account

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
SCHEDULE 18		
INTEREST EXPENSE (NET)		
On Term Loans from Banks	66,745	83,474
On Commercial Paper	12,617	9,045
On Bank Overdraft	2,702	8,311
On Non - Convertible Debentures	2,863	14,175
On Others	2,372	5,763
On Hire purchase	1,786	4,500
	89,085	125,268
Less : Interest income on deposits with banks [Tax deducted at source Rs. 1,425 (2002 - Rs. 300)]	3,240	6,783
	85,845	118,485

Schedule forming part of the Accounts

SCHEDULE 19

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

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

(b) Fixed Assets and Depreciation/Amortisation

Fixed assets are stated at cost less accumulated depreciation/amortisation. The Company capitalises all costs relating to the acquisition, installation and substantial modifications to fixed assets.

Modifications that enhance the operating performance or extend the useful lives of fixed assets used but not owned by the Company are also capitalised, where there is a certainty of deriving future economic benefits from the use of such assets.

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

Depreciation is provided on fixed assets under the Straight Line Method at the rates prescribed under Schedule XIV of 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 economic useful lives :

Assets	Depreciation Rate per annum %
Aircraft Engines	7.14
Aircraft Rotable parts	8.33
Capital Expenditure incurred on Aircraft	8.33
Assets given on lease	8.00
Office Equipment	6.33
Electrical Equipment	6.33

Cost related to airframe engine overhauls and components are stated under fixed assets as 'Aircraft Components and Overhaul'. Such costs are depreciated on the basis of hours flown or the life cycle of the overhaul program, as applicable.

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.

(c) Investments

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

(d) Miscellaneous expenditure

Miscellaneous expenditure primarily comprises advertising costs directly linked to the introduction of new products, long-term contract negotiation costs, costs directly incurred in upgrading the Company's computerised domestic tracking system, air crew augmentation expenses incurred in connection with upgradation and expansion of the companies flight crew and share issue expenses.

Schedule forming part of the Accounts

Advertising costs and air crew augmentation expenses are deferred and amortised under the Straight Line Method over a period of three years, beginning from the financial year in which these expenses are incurred. Costs incurred in upgrading the Company's computerised domestic tracking system and long-term contract negotiation are deferred and amortised under the Straight Line Method over a period of five years, beginning from the date on which the system/contract became operational/effective.

Share issue expenses are amortised over a period of five years, beginning from the year in which they are incurred.

(e) Service charges

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

(f) Retirement benefits

Retirement benefits to employees comprise payments to gratuity, superannuation and provident fund in accordance with the approved schemes of the Company and leave encashment entitlements, in accordance with the policies of the Company.

The Company's employees are covered under the group gratuity and superannuation schemes with the Life Insurance Corporation of India ('LIC'). The group gratuity scheme is funded in line with the LIC's actuarial valuation carried out during the year.

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

Contributions to the above funds/schemes are charged to the Statement of Profit and Loss.

(g) Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates prevailing on the dates of the transactions. Foreign currency denominated assets and liabilities are translated into rupees at the exchange rates prevailing at the date of the Balance Sheet. All exchange differences are dealt with in the Profit and Loss Account, except those relating to the acquisition of fixed assets, which are adjusted to the cost of such assets.

(h) Income-tax

Provision for income-tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognised for future tax consequences attributable to timing differences between income as determined by the financial statements and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised under income using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets will be recognised and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(i) Inventories

Inventories primarily consist of packing, stationery consumables, loose tools and consumables. Packing & Stationery consumables are valued at lower of cost (First In First Out method) and net realisable value. Loose tools and consumables are valued at cost (specific identification basis). The cost is calculated at purchase price including expenditure directly attributable to the acquisition of such inventories.

(j) Leases

All lease rentals are accounted for on accrual basis over the term of the lease and charged / credited to the Profit and Loss Account under the Straight Line Method.

	As at March 31, 2003 Rs. ('000)	As at March 31, 2002 Rs. ('000)
2. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,815	15,065
3. Contingent Liabilities not provided for :		
(a) Bank Guarantees	24,669	27,878
(b) The Company has not made any provisions for stamp duty consequent to the amendments made under the Bombay Stamp Act, 1994 and the Karnataka Stamp Act, 1995 based on the legal counsel advise received challenging the constitutional validity of the above amendments.		

Schedule forming part of the Accounts

	Year ended March 31, 2003	Year ended March 31, 2002
	Rs. ('000)	Rs. ('000)
4. Earnings per share :		
a. Profit after taxation for the year	218,406	182,851
b. Profit after taxation for the year and in respect of earlier years	175,088	182,851
c. Weighted average number of shares	23,727,934	23,727,934
d. Nominal value of shares outstanding	Rs.10	Rs.10
e. Earnings per share – (basic and diluted) considering profit after taxation for the year	Rs.9.20	Rs.7.71
f. Earnings per share – (basic and diluted) considering profit after taxation for the year and in respect of earlier years	Rs.7.38	Rs.7.71
5. Deferred Tax Liability (Net)		
Major components of deferred tax liabilities and assets arising on account of timing differences		
	As at March 31, 2003 in Rs. ('000)	As at March 31, 2002 in Rs. ('000)
Liabilities		
Depreciation / Amortisation	141,890	131,972
Heavy maintenance expenditure	6,212	19,640
Others (Air crew augmentation expenses deferred etc.)	2,534	2,534
Total	150,636	154,146
Assets		
Unabsorbed depreciation	27,069	27,069
Depreciation/Amortisation	7,680	7,680
Others (Expenses allowable on payment basis etc.)	831	202
Total	35,580	34,951
Net Deferred Tax Liability	115,056	119,195

Blue Dart Aviation Limited has received the permission from the Ministry of Civil Aviation to add two more aircraft to its existing fleet of three aircraft. The proposed addition of the aircraft will permit expansion of current routes and addition of new routes to its operations thereby increasing its revenues and profitability.

The Deferred Tax Asset on account of unabsorbed depreciation has been recognized in the earlier year on the basis of its projected future profitability and the financial and operating proposals and expansion plans under consideration by the management.

6. Segment Information

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

7. Related party disclosures

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

(i) Key Management Personnel

Mr Tushar K Jani	Chairman
Mr Clyde C Cooper	Managing Director
Mr Khushroo M Dubash	Whole-time Director
Mr Deepak Vaidya	Alternate Director to Mr. Anil Thadani
Air Marshal S S Ramdas (Retd.)	Director
Mr Suresh G Sheth	Director

(ii) Relative of Key Management Personnel

Farida C.

(iii) Enterprises where Key Management Personnel or their relatives have significant influence.

Concorde International, Managing Director is a partner

Skyline International, Chairman and Managing Director are partners

Schedule forming part of the Accounts

	Year ended March 31, 2003 Rs. ('000)	Year ended March 31, 2002 Rs. ('000)
<i>(b) Transactions with related parties during the year :</i>		
Description of Transactions		
<i>(i) With key management personnel :</i>		
(a) Managerial remuneration		
Salary	8,880	7,080
Commission	5,006	4,367
Contribution to Provident and Other Funds	1,066	850
Perquisites	3,948	3,860
Directors' sitting fees	130	80
	19,030	16,237
(b) Professional Fees paid to Air Marshal S.S.Randh (Retd.)	1,050	1,050
(c) Professional fees paid to Suresh G. Sheth	1,000	1,000
<i>(ii) With relatives of key management personnel :</i>		
Consultancy charges paid to Farida C.	1,260	1,260
<i>(iii) With Enterprises where key management personnel or their relatives have significant influence :</i>		
Reimbursement of establishment charges	2,631	5,247
Bills discounted	-	17,500
Bill discounting charges incurred	-	436
Clearing and handling charges incurred	6,815	8,206
<i>(c) Related party balances</i>		
Payable to enterprises where key management personnel or their relatives have significant influence	6	301

8. Commitments under lease agreements

The Company had entered into operating and finance lease agreements for the rental of property, vehicles, computers, equipment and other assets. Typically, lease agreements are for a period of three to five years. At March 31, 2003, the Company had commitments under non-cancellable leases of approximately Rs.636,544 ('000) [Previous Year - Rs.800,666 ('000)] out of which Rs.158,634 ('000) [Previous Year - Rs.164,179 ('000)] is payable within a year.

9. Outstanding dues to Small Scale Industrial (SSI) undertakings

The small scale industrial undertakings to whom amounts are outstanding for more than 30 days at March 31, 2003 are :

Alpha Carbonless Paper Manufacturing Co. Pvt.Ltd.	Sago Paper Products Supac Packaging Pvt.Ltd
Desai Industries	United Plastic Corporation
Jolly Polymers Pvt Ltd	Sabari Screens
Mehra Computer Systems Ltd	Instrulab
Rambhia Industries	Essae Teraoka
Royal Art	

The above information and as provided under Schedule 9 - 'Liabilities', regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

10. The Non Convertible Debentures of Rs. 100,000 ('000) issued by the Company and of Rs. 400,000 ('000) issued by its subsidiary, Blue Dart Aviation Limited, were redeemed on April 16, 2003 and April 24, 2003 respectively and therefore no Debenture Redemption Reserve has been created as at the year end.

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

IN YOUR OWN INTEREST

1. Please buy or sell the shares through an authorised Broker registered with Securities & Exchange Board of India (SEBI). His stamp with SEBI registration Number must appear on the reverse of the T transfer Deed.
2. The Transfer Deed must be filled in legibly and completely, preferably in Block Letters. The address should always contain PIN Code.
3. Please always hold the shares jointly and convert single holding to joint holding or file nomination(s).
4. At the time of name deletion, you may add a joint holder for the sake of convenience by transferring the shares in joint names, or file nomination(s).
5. You may preserve photocopies of all documents lodged with the Company, including Share Certificates, Transfer Deeds.
6. Your signature on the Transfer Deed, as a seller (Transferor), should match with the Specimen Signature registered with the Company.
7. Please consolidate all your holdings in one folio. Holding shares in many folios does not confer any benefits and you may lose track of Dividend Warrants and important mails.
8. Please always keep the Share Certificates in safe custody as they are valuable documents.
9. Please sign the Transfer Deed(s) only at the time of selling and after the deed(s) is/are filled in with necessary details.
10. Always quote your Folio No./ Client ID in all your correspondence relating to your holdings.
11. Instant receipts are issued for documents lodged at our Registrars M/s. IIT Corporate Services Ltd , Protoprima Chambers, 2nd Floor, Suren Road, Andheri (E), Mumbai – 400 093.
12. Whenever there is a change in address or change in Bank details, please write to our Registrars giving complete address with PIN Code. Members whose shareholding is in the electronic mode are requested to send the intimation for change in address to their respective Depository Participant.
13. In order to ensure minimum movement of documents and to avoid delay, kindly lodge your documents/letters at the office of the Registrars at the above mentioned address. The Registrars can be contacted on Tel Nos.26838240-41, 26835599 and Telefax Nos.26838240-41, 26848375.
14. Please claim your previous dividends, if any, not encashed. If the dividend warrants have been lost, please apply for duplicate dividend warrants.
15. In case of deceased shareholders, their relatives are requested to file a death certificate, probate and such other documents for transmission of shares. Kindly contact our Secretarial Department for necessary formalities.



Blue Dart Centre, Mumbai

Fact Sheet

Description	:	South Asia's leading courier and integrated air express package distribution company.
Began Operations	:	November, 1983
Headquarters	:	Mumbai, India
Revenues (FY 2002-2003)	:	Rs. 3,150 million
International Destinations Served	:	228 countries
Domestic Locations Served	:	Over 13,600 locations
Air Fleet	:	3 Boeing 737 freighters
Ground Fleet	:	2,717 vehicles
Number of shipments handled (FY 2002-2003)	:	International : Over 0.9 million Domestic : Over 28.5 million
People Force (as on 31st March, 2003)	:	3,712
World Wide Web address	:	http://www.bluedart.com



Registered Office : Blue Dart Centre, Sahar Airport Road, Andheri (East), Mumbai 400 099.
Tel.: 2839 6444 □ Fax.: 2824 4131 □ [www .bluedart.com](http://www.bluedart.com)

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