



CONTINUOUS INNOVATION



SEAMLESS INFRASTRUCTURE



DEDICATED WORKFORCE



UNMATCHED LEADERSHIP

SIXTEENTH
ANNUAL REPORT
2006



IT TAKES A LEADER TO DELIVER

BLUE DART

Blue Dart received an award from 'The Institute of Chartered Accountants of India' (ICAI) for Annual Report and Excellence in Financial Reporting for the year ended December 31, 2005, at a special gathering organised by ICAI at New Delhi on January 19, 2007.



The Chief Guest, His Excellency Dr S.S. Sidhu, Honourable Governor of Manipur (left), handing over the trophy to Tushar Gunderia (right), Company Secretary, Blue Dart Express Limited.

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BLUE DART EXPRESS LIMITED

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CONCORDE AIR LOGISTICS LIMITED

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CONSOLIDATED ACCOUNTS

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Our Vision

To be the best and set the pace in the air express integrated transportation and distribution industry, with a business and human conscience.

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

Our Guiding Principles

We will treat each other fairly and with respect and dignity.

We will encourage freedom in communication of thoughts and ideas in all our interactions.

We value integrity and we will be uncompromising in upholding it at all times.

We will give due importance to the health, safety and well being of our people.

We will ensure that our PSP philosophy serves as a driving force behind the success of our organisation.

We will encourage and inculcate in all a winning attitude.

We will encourage learning, self-development and building effective leadership.

We will expect our people to be accountable for all their actions related to the company.

We will provide a workplace where each and every employee is nurtured and who in turn will nurture the organisation, thereby creating wealth for stakeholders.

We will drive the First Time Right concept to achieve 100% Quality and Customer satisfaction.

We will encourage passion and enthusiasm for Work, Service Quality and Customer Care.

We will project a positive, caring and professional image of ourselves and our service at all times.

We will avoid waste by being conscious of the impact of all our actions on the environment.

We will continue to be a law abiding, apolitical and secular company.



Blue Dart Centre, Mumbai

Corporate Information

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Canara Bank
Citibank N.A.
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.

AUDITORS

Price Waterhouse

SOLICITORS

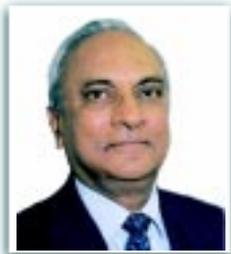
Mulla & Mulla & Craigie Blunt & Caroe
DSK Legal

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.

Board of Directors

(As on March 5, 2007)



Air Marshal S.S. Ramdas (Retd.)
PVSM, AVSM, VM, VSM
Chairman



Anil Khanna
Managing Director



Malcolm Monteiro
Director



Clyde C. Cooper
Director



Greg Tanner
Director



Suresh G. Sheth
Director



Ross Allen
Alternate Director to Greg Tanner

Executive Management



Yogesh Dhingra
Finance Director & Group
Chief Financial Officer



Tulsi Nowlakra Mirchandaney
Sr. V.P.- Marketing & Projects



Arun Kulkarni
Sr. V.P.- Administration
& Ground Operations



V.N. Iyer
V.P.- Corporate Accounts



Arun Nangpal
V.P.- Customer Service



Anil Gambhir
V.P.- Internal Audit



A.S. Ananth
V.P.- Human Resources



Tushar Gunderia
Company Secretary



Ashoka Kumar Jain
Sr. V.P.- North Region



Gopinath Menon
Sr. V.P.- South 2 Region



Balfour Manuel
V.P.- West 1 Region



K. Gopa Kumar
V.P.- South 1 Region



Amod Dasgupta
V.P.- East Region

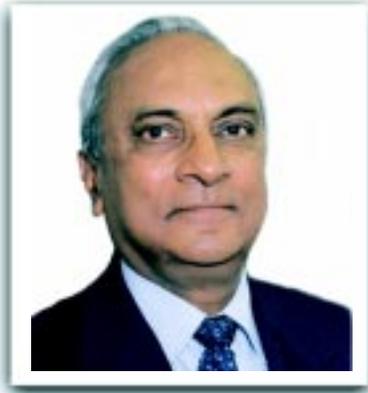


Samir Shah
G.M.- West 2 Region



T.A. Krishnan
V.P.- North Region

Chairman's Statement



Dear Shareholders,

I wish each one of you a very cordial and warm welcome to the sixteenth Annual General Meeting of the Company.

Your Company has come a long way since its early days in 1983. Blue Dart is 23 years young today and, from a fledgling courier company with limited operations, your company has now become South Asia's premier courier and integrated air express package distribution organisation. During this exciting and challenging journey, your company has created many milestones that have now become industry benchmarks.

I would like to take this opportunity to share with you the progress achieved by your Company during the financial year ended December 31, 2006.

Your Company posted a Rs. 502.28 million profit after tax for the year ended December 31, 2006, compared to Rs. 434.09 million for the nine-month period ended December 31, 2005 of the previous year. Income from operations for the year ended December 31, 2006 was Rs. 6,680 million, compared to Rs. 4,151 million for the nine-month period ended December 31, 2005 of the previous year. For the nine month period, April to December, 2006, the Company's sales have grown by 24.32% over the corresponding period of the previous year. The Board of Directors of your Company has recommended a dividend of 10% for the year ended December 31, 2006.

The Indian economy continues to report healthy growths. According to the Centre for Monitoring of Indian Economy (CMIE), the GDP has grown at a compounded annual growth rate (CAGR) of 8.1 per cent in the last three years from a CAGR of 4.6 per cent in the previous three years. Projections by the Reserve Bank of India (RBI), the Centre for Monitoring of Indian Economy and the National Council of Applied Economic Research (NCAER) peg the growth rates at 8-10% over the next few years. It is heartening to note that our country is listed among the top 10 FDI destinations in the world.

Growth in the express industry in India mainly depends on the extent of business activity. Historically, growth of the express industry was dependent on the growth of domestic and international trade. However, recent years have seen a high growth of emerging areas in new sectors

such as services, IT, automotive, lifestyle, pharma, agricultural, retail, banking and financial services. The growth in these sectors has also paved the way for the emergence of new value-added services, accelerating the growth of the express industry. Further, the rapidly growing Indian economy and the steady rise in per capita income and improving consumption volumes of the Indian population will boost the country's warehousing sector. As more and more multibrand retail outlets / hyper malls open in India, and multinational retail giants such as Wal-Mart, Carrefour, Tesco, Metro set up their operations, more complex warehousing and distribution services will become an immediate necessity. Warehousing will become an overall extension of supply chain management. India will witness a boom in logistics and modern warehousing technology.

Blue Dart, today, is South Asia's premier courier and integrated air express package distribution company that offers secure and reliable delivery of consignments to over 14,400 plus locations in India and 220 countries worldwide. During the year 2006, your Company carried more than 57 million domestic and 630,000 international shipments weighing 152,000 tonnes.

An integrated air support and ground network that involves 600,000 sq.ft. of facilities, seven aviation hubs and bonded warehouses, eight domestic hubs, eight surface hubs, dedicated air services with a fleet of five Boeing 737-200 freighters and two Boeing 757-200 freighters are part of the Company's own infrastructure.

During the year, your Company announced the induction of two Boeing 757-200 freighters into its existing fleet of five Boeing 737-200 freighters. The addition of the Boeing 757s has increased capacity from 166 tonnes to 250 tonnes per night and increased the air route connections from the existing 39 to 60.

As part of our ongoing drive to bring international quality services to the domestic market, your Company inaugurated its new super hub facilities in Bangalore and Chennai. Your Company also announced the opening of its seventh aviation hub at Ahmedabad. This new aviation hub facility, located at the cargo complex near the old airport, facilitates faster transportation of larger loads to and from the Gujarat region, thereby enhancing Blue Dart's flexibility to meet the supply chain needs of businesses and industries.

During the year, your Company also opened its outbound gateway at Hyderabad with flights connecting the city to the rest of the country. This complements the inbound gateway opened in 2004-05, and enables the shipment of loads into and from Hyderabad and the rest of Andhra Pradesh. As part of its Business Contingency and Continuity Plan (BCCP), your Company established a back-up technology hub in Bangalore. The BCCP is aimed towards ensuring that all centralised applications and the web interface for customers are made seamlessly available to them, in the event of any unforeseen event, disaster or act of God.

Information Technology is an integral and vital part of our product offerings and is a backbone to our operations. During the year, your Company

launched an upgraded version of Mobile Dart™, a unique SMS-based service that enables customers to track their shipments via SMS from anywhere in the country. This service provides greater convenience and control to customers, keeping in mind their increased mobility and demand for real-time information. Our technology has been developed to address different business needs of the customer. We are the only Indian express company to have developed, inhouse, an advanced state-of-the-art track and trace system (COSMAT-II) for all our consignments. Our Customer Service Cells are equipped with Automated Call Distribution Systems (ACDs) to provide quick response and support to our customer. Our competence lies in the business of superior express delivery services. We have been successful in maintaining reliability levels of 99.96 per cent and technology has played an important role to help us achieve this goal.

Growing customer awareness and demand, as well as an intensified competitive environment, have led to greater quality orientation. The customer-service provider relationship has to necessarily upgrade from tactical to strategic and from transactional to consultative. Since its early years of development, Blue Dart has always attempted to probe the consumer mindset through extensive market research by an independent research agency and the findings have served as a reality check on performance, perception, customer satisfaction, imagery and importance of various parameters that impact customer loyalty, satisfaction and advocacy. This regular exercise continues to help Blue Dart keep its ear to the ground and align its service improvements to market needs.

The focus of all activities at Blue Dart is to add 'value'. The company strongly believes that real value can be added only if these are first ingrained in our people through communication and training. "YOU CAN MAKE THE DIFFERENCE" was the programme for the year 2006 where over 1,200 employees were trained across various functions to highlight the contribution capability of each person in the organisation and to bring about a greater line of sight to the Customer.

I am glad to inform you that your Company's Annual Report and Accounts for the year ended December 31, 2005, was awarded the 'Silver Shield' under the specified 'Service Sector' category of 'ICAI Awards for Excellence in Financial Reporting' by the Institute of Chartered Accountants of India (ICAI). During the year 2006, your Company was once again selected a Business Superbrand from over 1699 brands across 169 product categories.

Some of the challenges faced by your Company include continuing to match up to the rising expectations of our customers, expanding our network to reach hitherto uncovered areas, containing rising fuel and freight costs, and retention of manpower. The proposed amendments to the Postal Act seek to confer an exclusive privilege to the Postal Department to handle all document parcels weighing less than 300 gms, which, if implemented, would have a significant impact on the Company's business. The Express Industry Council of India (EICI), of which your Company is a member, has been making strong representations to various ministries for an amicable solution. In addition, the high growth prospects of the Indian economy have attracted the attention of both domestic and foreign competitors into the transportation industry, and your Company will have to brace itself for the impact of increased competitive pressures over the next years. As a prudent organisation, your Company views risk as an important item on its agenda and constantly reviews areas of concern.

With its existing air and ground infrastructure, the latest state of the art technology and wide geographical coverage, your Company is ideally placed in the Indian market to support India's growth and development, distribution and third party logistics and supply chain management needs.

The Company plans to enhance capacities within the network by induction of additional dedicated air and ground carriage capacities, over a period of time, to capitalise on the future growth of the express industry. Your Company also plans to expand into the ground transportation segment to seize the opportunities provided by the Golden Quadrilateral Project, North-South and East-West corridors, strong domestic consumption and improving infrastructural landscape. Your Company will enhance its existing expertise in surface services and build the ground positioning on its strong brand equity, operational prowess, technology capability, customer responsiveness and leadership positioning in the air express market and emerge as a strong player in the ground transportation segment.

The alliance of Blue Dart and DHL brought together two strong brands with premier offerings in the domestic and international air express and logistics domain, and offers increasing future opportunities.

The basic philosophy of Corporate Governance at Blue Dart is to achieve business excellence, to create and enhance value for its stakeholders, customers, employees, and business associates, thereby making a significant contribution to the economy and society. Good Corporate Governance enables firms to compete internationally, and prosper over the long term. We continue to deliver value to our stakeholders through our People Philosophy, based on distinctive customer service, business ethics, accountability and profitability.

Our people have been, and continue to be, our greatest differentiator, because they deliver the quality of services that distinguish and sustain our brand.

I take this opportunity to thank all our people for their exemplary dedication and hard work, and for rendering impeccable services to every constituent of your Company's customers, without which our reputation for service excellence would not have been possible.

Mr. Malcolm Monteiro, Managing Director, tendered his resignation at the conclusion of the Board Meeting of the Company held on February 21, 2007, consequent to his appointment as Senior Vice President and Area Director – South Asia, DHL Express. I take this opportunity to thank Mr. Malcolm Monteiro, on behalf of the Board Members, on behalf of your Company and on my own behalf, for his valuable contribution for the growth and success of the Company. Mr. Anil Khanna, Senior Vice President – Western Region, has assumed the position of Managing Director with effect from February 21, 2007.

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

I deeply appreciate and thank you for the confidence and faith that you have reposed in Blue Dart, thereby providing us with the impetus to grow.

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

Warm regards,

Mumbai
March 5, 2007

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

Financial Summary

Financial Summary of Last Five Years

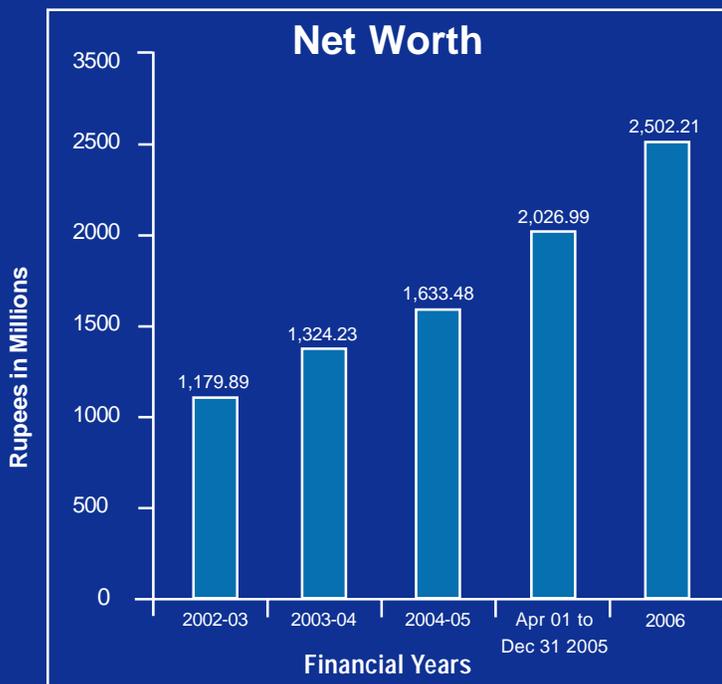
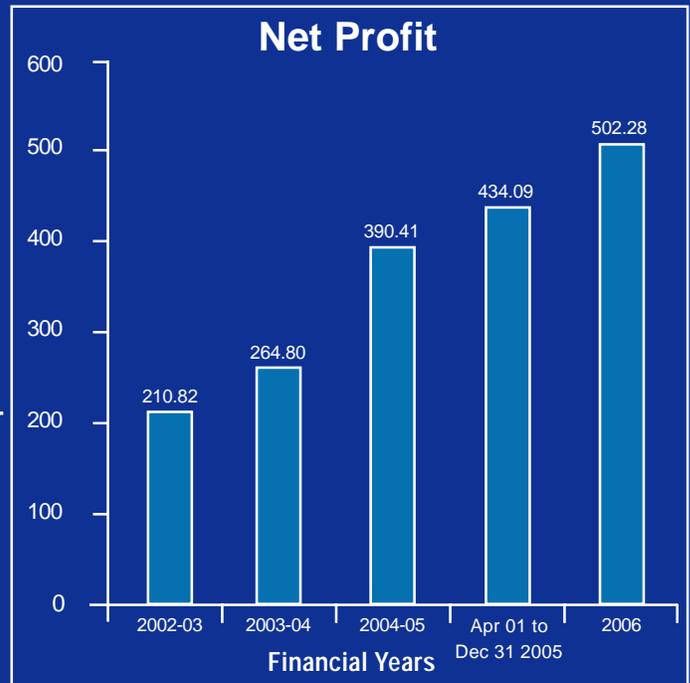
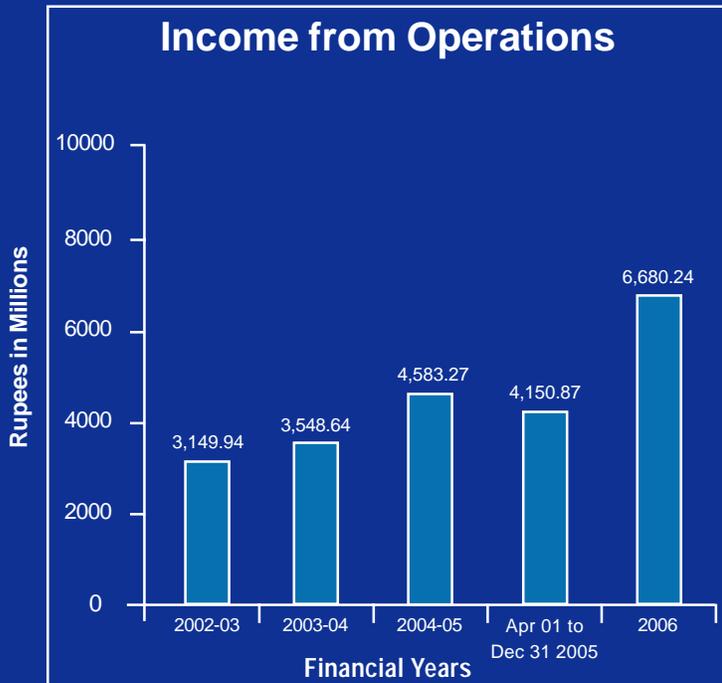
Rupees in Millions

Particulars	2002-03	2003-04	2004-05	Apr 01 to Dec 31 2005	2006
Income from Operations	3,149.94	3,548.64	4,583.27	4,150.87	6,680.24
Other Income	3.75	4.69	37.87	75.79	17.44
Total Income	3,153.69	3,553.33	4,621.14	4,226.66	6,697.68
Total Expenditure	2,706.71	2,996.71	3,820.14	3,411.07	5,683.10
Operating Profit	446.98	556.62	801.00	815.59	1,014.58
Interest (net)	56.87	43.52	46.51	22.59	15.76
Gross Profit	390.11	513.10	754.49	793.00	998.81
Depreciation	78.21	100.14	153.20	131.41	220.11
Profit Before Tax	311.90	412.96	601.29	661.59	778.70
Taxation	101.08	148.16	210.88	227.50	276.42
Profit After Tax	210.82	264.80	390.41	434.09	502.28
Equity	237.63	237.63	237.63	237.63	237.63
Reserves	942.26	1,086.60	1,395.85	1,789.36	2,264.58
Gross Fixed Assets	1,460.57	1,869.04	2,330.58	2,413.16	2,440.41
Book Value (Rs.)	49.30	55.47	68.60	85.27	105.39
ROCE (in percentage)	25.76	28.95	35.42	32.73	32.92
Debt Equity (in times)	0.44	0.49	0.33	0.21	0.04
Networth	1,179.89	1,324.23	1,633.48	2,026.99	2,502.21

Note: The figures of the current year are not comparable to those of the previous period as the figures of the previous period are for a period of nine months from April 1, 2005 to December 31, 2005.

Financial Summary

Five Years In Review



Note: The figures of the current year are not comparable to those of the previous period as the figures of the previous period are for a period of nine months from April 1, 2005 to December 31, 2005.

Brand Story

Blue Dart has grown to become South Asia's largest integrated air express package and distribution company.

Background

In the past two decades, logistics management has undergone a paradigm shift from the days when the transfer of valuable shipments was the sole prerogative of angadiyas, who carried them on their person, to the present day competitive scenario where numerous domestic and international players are foraying into this segment and trying to establish themselves. The evolution has been quite phenomenal.

India's express industry is on the path of positive growths in an environment which provides interesting opportunities for logistics. GDP growth, to which distribution has a direct co-relation, is one of the main drivers of the express industry, and is projected at an estimated 9.2%*. Exports as a percentage of GDP still accounts for only 14.5%** (2005-06), which implies a greater contribution of domestic consumption. In such a scenario, an increasing demand for a delivery capability which extends beyond a mode of transportation to a solution that meets a dynamic need can be foreseen.

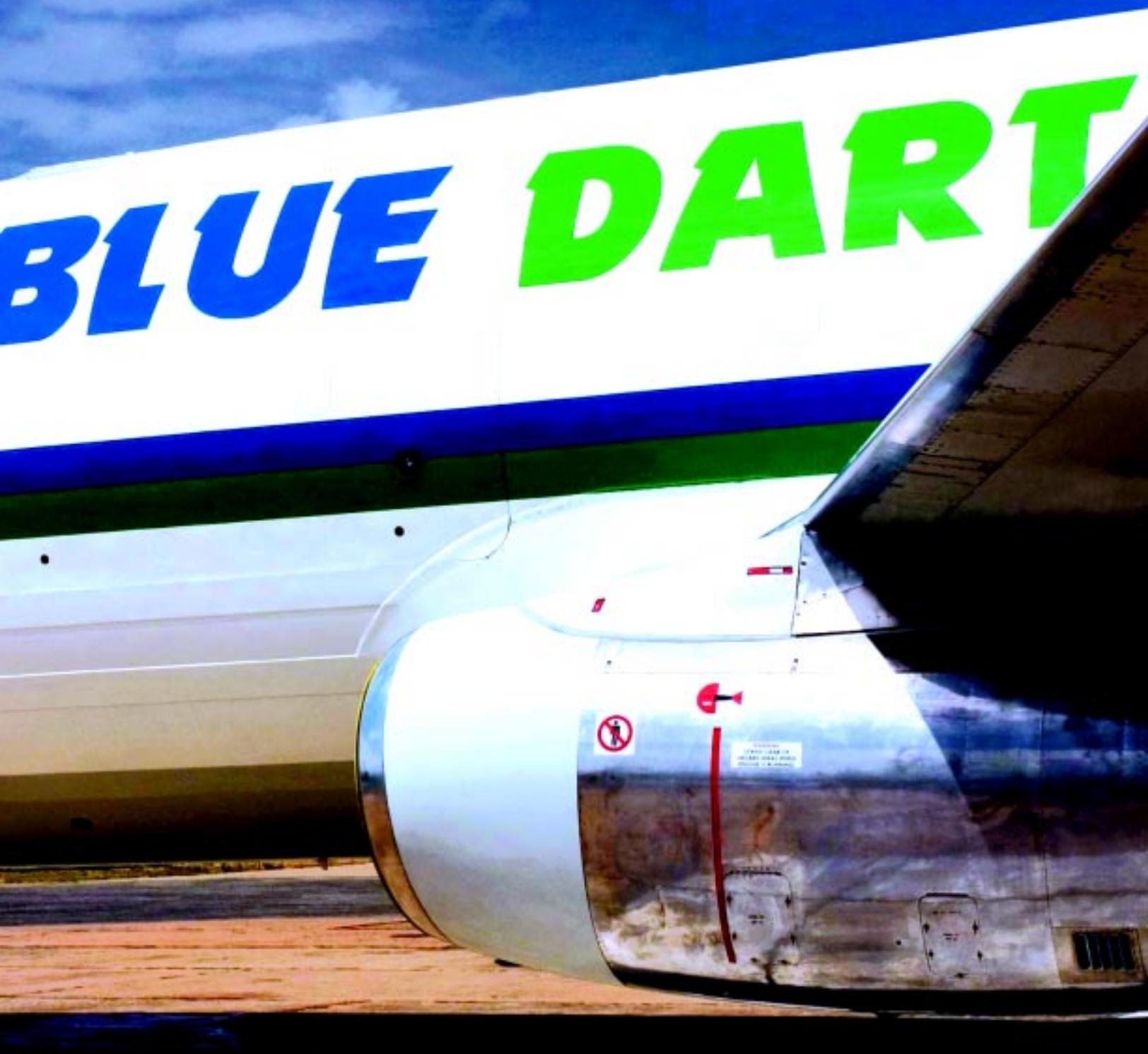
Blue Dart is strategically positioned as the undisputed leader in the domain to participate in India's growth story and deliver to support business and trade.

Brand History

Born out of the courage, vision, confidence and creative genius of three young entrepreneurs, Clyde Cooper, Tushar Jani and Kushroo Dubash, and with a modest capital of Rs 30,000, Blue Dart has been a prime mover towards the modernising of the age-old delivery and pick up service in the country. Blue Dart recognised the untapped potential of the nascent logistics market way back in 1983 and commenced operations to help deliver growth for India. Today, Blue Dart has set the pace, as a quality service provider with all its offerings benchmarked against global standards.

* CSO ** CMIE/CSO

BLUE DART



In 2005, DHL Express (Singapore) Pte. Ltd. completed the acquisition of 81.03% equity capital in Blue Dart Express Limited.

Over the past two decades, Blue Dart has grown to become South Asia's largest integrated air express package and distribution company, offering the entire spectrum of distribution solutions. Along its journey, it has created many firsts in the industry.

Blue Dart was the first courier service in India to provide domestic and international on-board couriers, a hub-and-spoke system and delivery guaranteed for 10:30 a.m. In 1991, the company developed an indigenous tracking system, COSMAT I, and launched its ground service, Dart Surfaceline. In 1994, Blue Dart went public with an IPO of 2.55 million shares. It also launched its multi-modal, premium package delivery service, Dart Apex™ (Air Package Express), and COSMAT II™, an advanced tracking and ERP system. Blue Dart Aviation was registered and became the very first private company to receive government permission for the operation of cargo aircraft in India. In 1995, SMART (Space Management Allocation Reservations and Tracking), the first cargo reservation system in India was developed. In 1996, Blue Dart Aviation, then a 100% subsidiary of the company, launched India's first domestic cargo airline, and Blue Dart's turnover crossed the Rs one billion mark. Till today, Blue Dart Aviation is the only freighter to operate a fleet of 7 Boeing freighters (2 B757s and 5 B737s). In 1996, Blue Dart became India's first express company to receive an ISO: 9001 certification. 1997 saw the launch of domestic charter operations and signing of interline agreements with international airlines for distribution of bonded cargo within its network. In 1998, Blue Dart developed India's first Load and Trim software for its aircraft and launched SmartBox, its economical, packaged door-to-door product. In 1999, Blue Dart moved to its state-of-the art administrative, technology, operations Superhub and Headquarters, the Blue Dart Centre, at Mumbai. In 2002, Blue Dart entered into a sales alliance with DHL Worldwide Express and was also re-certified to the new global ISO 9001-2000 standards for 'design, management, and operations of countrywide express transportation and distribution services within the Indian Subcontinent and to international destinations serviced through multinational express companies'. In 2003, Blue Dart Aviation became the first private operator in India to receive approval from the Director General of Civil Aviation (DGCA) for undertaking heavy maintenance D-checks on its aircraft. In 2005, DHL Express (Singapore) Pte. Ltd.



The core value of the brand 'Blue Dart' has always been 'Reliability'.

completed the acquisition of 81.03% of the equity capital in Blue Dart Express Limited. Blue Dart continues to operate as an independent brand and provides a complete spectrum of domestic and international express services through synergies with DHL. In 2006, Blue Dart introduced two Boeing 757 freighters, a first in the Indian skies.

Today, the Blue Dart is a leader in its category, an innovator with a committed and professional workforce.

Brand Attributes

The name 'Blue Dart' signified brand attributes identified with Blue Diamonds – rare and exclusive, Blue Chip – premium and classy, Blue Steel – strong and enduring, Blue Sky – endless opportunities. 'Dart' connotes speed, movement, accuracy and precision.

The core value of the brand 'Blue Dart' has always been 'Reliability'. In Blue Dart 'reliability' is a religion. Every Blue Darter is internally driven, focused, trained to be proactive, responsive, dependable, caring, friendly, honest, customer centered and technologically driven to fulfill the core brand value in an increasingly competitive environment. The motivation to deliver the brand promise is driven further by the desire to not just go through the motions of delivering consignments but on how well it is done, and the customer delighted.

Brand Positioning

Blue Dart is a pioneer, innovator and leader and is positioned as a reliable, secure company which always delivers on time and has strong customer service. It is benchmarked with International players on parameters of timely delivery, customer service and professionalism.



BLUE DART

Smart

BOX

25 Kgs.



3

BLUE DART

Smart

'Blue Dart' signifies brand attributes identified with Blue Diamonds – rare and exclusive, Blue Chip – premium and classy, Blue Steel – strong and enduring, Blue Sky – endless opportunities. 'Dart' connotes speed, movement, accuracy and precision.

Brand Benefits

The Blue Dart brand edge stems from continuous efforts to develop new processes, technology and products and services that enable greater speed, more visibility for the customers.

Blue Dart continues to invest in technology and people to identify and deliver world-class services that exceed customer expectations, and ensure continued success for the customer.

Innovation is the key to maintaining brand leadership.

Blue Dart has the largest market share in the domestic express market with robust product offerings ranging from moving a simple document, to a large package, and a full charter load. The product range comprises of express and freight services. The Domestic Priority Services offers delivery for domestic document and small packages under 32 kgs. Dart Apex is a door-to-door, time-definite, supply-chain and logistics distribution service for commercial shipments that require regulatory clearances. Dart Surfaceline, provides ground transportation for shipments that are not time-sensitive. Smart Box is a convenient door-to-door service for shipments in two sizes: 10kgs and 25 kgs. 'Freight Services' include domestic early morning, airport-to-airport deliveries for domestic freight and interline shipment to the seven cities of Kolkata, Delhi, Ahmedabad, Mumbai, Bangalore, Chennai and Hyderabad, serviced by Blue Dart flights. Chartered services are offered during the day.

Blue Dart has been a first mover in technology innovations. Among the innovations are TrackDart™ (to monitor shipment status), MailDart™ (tracking shipments over email), InternetDart™ (memory bank for shipments), PackTrack™ (tracking software for medium and large customers), ShopTrack™ (tracking and CRM tool for e-business portals), ImageDart™ (online download of proof of delivery and delivery challans/documents, to speed up the customers' bill process and recovery cycle), ShipDart™ (customer control over shipping process, waybill issuance capability, customer directory, data upload, and download of tracking information) and SENTOR (software to facilitate tracking and feedback from far-flung locations).

When a shipment is urgent and important only Blue Dart can be trusted. It has been like the proverbial rock, standing firm and delivering, through floods, riots, strikes and earthquakes, and continues to be the customers' FIRST CHOICE.



South 2

KK3 804791

Category	Item	Value	Unit	Remarks	STATUS
Passenger	1st Class	12	12	1st Class	OK
	2nd Class	18	18	2nd Class	OK
Cargo	Weight	1500	kg	1500	OK
	Volume	15	m³	15	OK
Fuel	Weight	15000	kg	15000	OK
	Volume	15	m³	15	OK
Maintenance	Engine	1	1	Engine	OK
	Landing Gear	1	1	Landing Gear	OK
Weather	Temperature	25	°C	25	OK
	Humidity	60	%	60	OK
Air Traffic	Altitude	10000	ft	10000	OK
	Speed	400	kt	400	OK

DIRECTORS' REPORT

To the Members,

The Directors have great pleasure in presenting the Sixteenth Annual Report of your Company for the year ended December 31, 2006.

FINANCIAL RESULTS

Particulars	(Rs. in millions)	
	For the year ended December 31, 2006	For nine months ended December 31, 2005
Revenues		
Service Charges	6,680	4,151
Other Income	18	76
Less : Operating Expenses	5,683	3,411
Operating Profit (EBIDTA)	1,015	816
Less : Interest Cost (Net)	16	23
Depreciation /Amortisation	220	131
Earnings before tax	779	662
Less : Provision for Income tax (including FBT)	277	228
Earnings after tax	502	434
Profit & Loss A/c. balance brought forward	1,164	792
Profit available for appropriation	1,666	1,226
Proposed Dividend	24	36
Tax on Proposed Dividend	3	5
Transfer to General Reserves	13	21
	1,626	1,164

REVIEW OF PERFORMANCE

India is today riding on an 8% GDP growth, possibly increasing to 10%, spurred by domestic consumption. Your Company has been building its integrated air and surface infrastructure to be ideally positioned to support such growth. The year 2006 was one of consolidation and expansion. In this year, we have invested in infrastructure and services, to strengthen our position as the market leader, and provide our customers with innovative services and accessible locations.

During the year, your Company announced the induction of two Boeing 757-200 freighters into its air express fleet. The aircraft are acquired on lease by Blue Dart Aviation Ltd., which has an agreement with your Company for utilisation of its aircraft for dedicated domestic air services. With this, the air infrastructure has been reinforced, augmenting the existing fleet of five Boeing 737 aircraft.

The addition of the two Boeing 757s has increased capacity from 166 tonnes to 250 tonnes per night and increased the air route network from 39 to 60, with the addition of 21 route connections.

Your Company today is the market leader with world-class services in the domestic sector. As part of our ongoing drive to bring international quality services to the domestic market, your Company inaugurated its new super hub facilities in Bangalore and Chennai, which allows its proximity to its clientele for greater efficiency and customer convenience.

During the year, your Company also announced the opening of its seventh Aviation Hub at Ahmedabad. This new aviation hub facility, located at the cargo complex near the old airport, facilitates faster transportation of larger loads to and from the Gujarat region, thereby enhancing the flexibility of service to meet the supply chain needs of businesses and industries.

Your Company also opened its outbound gateway at Hyderabad with flights connecting the city to the rest of the country. This complements the inbound gateway opened in 2004-05, and enables the shipment of loads into and from Hyderabad and the rest of Andhra Pradesh.

During the year, your Company has successfully added to its network 30 new facilities, two ground superhubs and an airside facility across the country, taking the total number of facilities to 227.

Your Company has, since inception, used advanced technology to provide the Indian customer a competitive edge with globally benchmarked technology tools developed in-house. As another step in this direction, your Company launched an upgraded version of Mobile Dart™, a unique SMS-based service that enables customers to track their shipments via SMS from anywhere in the country. This service provides greater convenience and control to the customer, keeping in mind his increased mobility and demand for real-time information.

Information Technology is an integral part of our product offerings and is a backbone to our operations.

As part of a Business Contingency and Continuity Plan (BCCP), your Company set up a back-up technology hub in Bangalore. The BCCP is aimed towards ensuring that all centralized applications and the web interface for customers are made seamlessly available to them. Through this, Bangalore will serve as the hot standby site with real

time switchover, in the event of any eventuality at Blue Dart's Mumbai Headquarters which hosts the entire centralized applications and bluedart.com website.

Your Company continued to improve its performance on all parameters during the year. Your Company has effectively leveraged its assets, infrastructure and investments, resulting in improved productivity and performance for the year under review.

Your Company continues to strengthen its pre-eminent position in domestic markets. Your Company is customer-led, and continues to be driven by their needs. Your Company's results are an endorsement of our customers' faith in us. During the year, your Company recorded a growth of over 24% in the income from operations. Even though the year 2006 was of substantial investment and expansion, which included the induction of two Boeing 757-200 freighter aircraft, your Company posted profit after tax of Rs. 502 million, as compared to Rs. 434 million for the nine months ended December 31, 2005.

Your Company has an internal hedging mechanism by way of a sliding Fuel Surcharge mechanism for its service charges that mitigates the impact of spiraling Air Turbine Fuel (ATF) costs due to the volatility in crude oil prices, which had touched a peak of US\$ 77 per barrel during the year.

Your Company has been certified to the ISO 9001 standards since 1996 and has been successfully re-certified in September 2005 for 3 years, to the new global ISO 9001-2000 standards for "design, management and operations of countrywide express transportation and distribution services within the Indian sub-continent and to international destinations serviced through multinational express Companies."

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 13 million to General Reserves. An amount of Rs. 1,626 million is proposed to be carried forward to the Profit & Loss Account.

DIVIDEND

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

Your Directors wish to conserve resources for future expansion and growth of the Company.

The dividend, once approved by the members at the ensuing Annual General Meeting will be paid out of the profits of the Company for the year and will sum up to a total of Rs. 27 million, including dividend distribution tax, as compared to Rs. 41 million in the previous year.

OPERATIONS REVIEW

Your Company is India's leading express Company offering services to over 14,000 locations across the country, and to over 220 countries worldwide through its Sales Alliance with DHL Express (India) Pvt. Ltd.

Your Company is also South Asia's premier courier and integrated air express distribution company 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 customers has enabled it to provide unmatched standards of service quality, with over *99.96% 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. Your Company continues to strengthen its domestic markets with an over 40% market share of domestic air express market.

During the year under review, your Company carried over 57 million domestic shipments and 630,000 international shipments weighing over 152,000 tonnes.

AVIATION SYSTEM

The Company's ACMI Contract with Blue Dart Aviation Limited, its Associate Company, for dedicated air carriage capacities helped to sustain Blue Dart's leadership position despite severe turbulence in the Indian aviation segment, with infrastructure and human resources failing to cope with the demands of numerous low-cost start-up carriers. Blue Dart Aviation Ltd. posted an excellent **99.31% technical despatch reliability during the year. In keeping with plans for expansion during the year, Blue Dart Aviation added two Boeing 757-200 freighters to its existing fleet of five Boeing 737-200, taking its air capacity to 250 tonnes per night across 60 route connections.

FACILITIES

During the year, your Company has successfully added 30 new facilities, two ground superhubs and an airside facility across the country to its network, taking the total number of facilities to 227, with a total area of approximately 560,579 sq.ft. across the country. Your company further plans to strengthen its infrastructure, including its air and ground fleet.

FINANCE

Your Company continues with various initiatives for bringing down the cost of borrowings, which includes application of new dynamic short-term instruments and efficiently using temporary excess funds by

*The yardsticks for measuring Net service levels i.e. Reliability levels are making the right pickup, efficiently moving it on the network, delivering within the Company's defined transit times and updating COSMAT2 on time and excludes circumstances beyond our control e.g. floods, bad weather, flight delays, flight cancellation, misroutes by commercial airlines as well as railways etc.
** Technical despatch reliability indicates the efficiency and proficiency of maintenance to despatch the aircraft and it excludes circumstances beyond our control.

DIRECTORS' REPORT

investing into various liquid schemes of mutual funds for an optimum working capital management.

Your Company has a healthy liquidity position. During the year, your Company repaid its entire Unsecured Loans.

The Company's Return on Capital Employed for the year was at 32.92 % and Earning Per Share was Rs. 21.17.

CREDIT RATING

Your Company continues to enjoy the highest credit quality rating for its Commercial Paper programme/ Short Term debt programme;

1. "A1+" (A one plus) assigned by ICRA Ltd. for Company's Commercial Paper/ Short Term debt programme of Rs.250 million (outstanding-Nil). The ratings indicate highest credit quality rating.
2. "F1+(ind)" (F one plus (ind)) assigned by Fitch Ratings India Private Ltd. for the Company's short-term programme of Rs. 300 million (outstanding-Nil), indicating very high certainty of timely payment.

SUBSIDIARY COMPANY AND ASSOCIATE COMPANY

During the year under review, your Company divested 60,000 (Sixty Thousand) Equity Shares (face value Rs.10/-) constituting 100% of Equity Capital of Skyline Air Logistics Ltd., Wholly Owned Subsidiary of the Company, for total consideration of Rs. 4.42 million. Consequent to divestment, Skyline Air Logistics Ltd. ceased to be a Subsidiary of the Company with effect from August 10, 2006.

The audited statements of accounts for the year ended December 31, 2006 of Concorde Air Logistics Ltd., the Company's Wholly Owned Subsidiary together with the reports of Directors' and Auditors, as required pursuant to the provisions of Section 212 of the Companies Act, 1956, are attached.

The Consolidated Financial Results represents those of Blue Dart Express Limited and its Wholly Owned Subsidiary, viz; Concorde Air Logistics Ltd. and its Associate Company, Blue Dart Aviation Ltd. The Company has consolidated its results based on the Accounting Standard on Consolidation of Financial Statements (AS-21) and Accounting Standard on Accounting for Investments in Associates in Consolidated Financial Statements (AS-23) issued by the Institute of Chartered Accountants of India.

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

As Shareholders are aware, DHL Express (Singapore) Pte. Ltd. (DHLSG) holds 81.03% of the Equity Capital of the Company. The acquisition of majority shares by DHLSG during the year 2005, provides the Company and its customers with a firm strategic advantage. The service offerings that would emanate from both organisations cover the entire spectrum of distribution within India and

between India and the rest of world. Blue Dart is a leading brand in the country with an unmatched domestic network, infrastructure and people. DHL is an acknowledged global leader with a strong and long-standing presence in India. Together, both present a powerful backbone to business and trade success for India and its trading partners.

During the year, DHLSG had proposed to delist Equity Shares of the Company from the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. in accordance with the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, by acquiring all outstanding equity shares not owned by the Promoters.

Accordingly, a Public Announcement for acquisition of shares was made by DHLSG to acquire the balance equity shares and shareholders were invited to tender their shares on the terms and conditions as indicated in the Bid letter dated October 27, 2006, dispatched to the shareholders.

As the 'Discovered Price' determined under 'Reserve Book Building' Process stipulated under the provisions of SEBI Guidelines exceeded the 'offer price', DHLSG, vide its 'Public Announcement' dated November 13, 2006, decided not to proceed with the proposal in respect of delisting of shares.

OUTLOOK FOR THE FUTURE

Your Company is ideally placed in the Indian market, with a trained and committed force of over 4,950 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 the Industry.

The Company plans to enhance capacities within the network by induction of additional dedicated air and ground carriage capacities over a period of time, to capitalize on the future growth of the express industry.

Your Company also plans to expand into the ground transportation segment to seize the opportunities provided by the Golden Quadrilateral Project, strong domestic consumption and a trend towards outsourcing to India and expansion into Tier II and Tier III cities. Your Company will enhance its existing expertise in ground services and build the ground positioning on the strong brand equity, operational prowess, technology capability, customer responsiveness and leadership positioning in the air express market and emerge as a strong player in ground transportation segment. This may require substantial investments by the Company in an increasingly competitive market. As more players enter this market, the increased competition would serve to stimulate the market. However, higher low-cost capacity would create a pressure on yields.

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

DIRECTORS' REPORT

AWARDS AND RECOGNITION

A superbrand is a brand that listens to its customers, is always responsive, and continuously innovates, while relentlessly raising the service quality bar to build a relationship of trust.

During the year 2006, your Company was once again selected a Business Superbrand from over 1699 brands across 169 product categories. The Superbrands organisation is committed to recognizing enduring brands and encouraging brand development.

Your Directors are pleased to inform you that your Company's Annual Report and Accounts for the year ended December 31, 2005, have been awarded 'Silver Shield' under the specified 'Service Sector' category of 'ICAI Awards for Excellence in Financial Reporting' by 'The Institute of Chartered Accountants of India' (ICAI). The ICAI Award confirms once again that the accounting policies followed by your Company are amongst the best and endorses our commitment towards the pursuit of excellence, not limited to just the services we offer, but encompassing our complete business operations.

During the year, your Company was also awarded the Reader's Digest Most Trusted Brand Gold Award, and was nominated for the prestigious NDTV Business Leadership Awards. Your Company was listed in the top 500 companies in India by Dun & Bradstreet and also won the Centre for Asia Pacific Aviation (CAPA) Cargo Airline of the Year- Merit Award in the same year. Your Company's Regional Office at Bangalore was awarded the Best Service Provider and Valued Partner Award for 2005, by Titan Industries Ltd., one of its prestigious clients. LG Electronics India Pvt. Ltd., another prestigious client, also recently conferred the "Best Logistics Service Provider" Award to Blue Dart's Pune office.

DIRECTORS

During the year ended December 31, 2006, Mr. Malcolm Monteiro, Chief Operating Officer, was appointed as Managing Director of the Company with effect from March 13, 2006.

Mr. Clyde Cooper resigned as a Managing Director of the Company with effect from March 13, 2006. The Board accepted his resignation and placed on record, its sincere appreciation and thanks for valuable contribution of Mr. Cooper to the growth and success of the Company. Mr. Cooper continues as a Non-Executive Director with effect from March 13, 2006.

Consequent to the presence of Mr. Ross Allen, the Director, at the Board Meetings of the Company held on February 7, 2006, October 26, 2006 and December 13, 2006, Mr. Stephen Fenwick, the Alternate Director to Mr. Ross Allen ceased to be a Director under the statutory provisions of the Companies Act, 1956, and was re-appointed by the Board as an Alternate Director to Mr. Ross Allen with effect from February 8, 2006, October 27, 2006 and December 14, 2006 respectively. Also, due to the presence of Mr. Ross Allen, the Director, in the State

of Maharashtra, where meetings of the Board are ordinarily held, Mr. Stephen Fenwick, the Alternate Director to Mr. Ross Allen ceased to be a Director on April 27, 2006 under the statutory provisions of the Companies Act, 1956, and was re-appointed by the Board as an Alternate Director to Mr. Ross Allen with effect from April 28, 2006.

Consequent to his appointment as Senior Vice President and Area Director – South Asia, of DHL Express (Singapore) Pte. Ltd., Mr. Malcolm Monteiro, Managing Director, tendered his resignation at the conclusion of the Board Meeting of the Company held on February 21, 2007. The Board accepted his resignation and placed on record, its sincere appreciation and thanks for his valuable contribution during his tenure as Managing Director. Mr. Monteiro will, however, continue to function as a Non Executive Director on the Board of the Company with effect from February 21, 2007.

In the Board Meeting of the Company held on February 21, 2007, Mr. Anil Khanna has been appointed as Managing Director of the Company with effect from February 21, 2007. Mr. Anil Khanna holds office upto the ensuing Annual General Meeting. The Company has received a notice under the provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Anil Khanna as a Director of the Company.

Mr. Ross Allen, Nominee Director of DHL Express (Singapore) Pte. Ltd. tendered his resignation as a Director with effect from February 21, 2007. Consequently, Mr. Stephen Fenwick, the Alternate Director to Mr. Ross Allen ceased to be a Director with effect from February 21, 2007, under the statutory provisions of the Companies Act, 1956.

Mr. Ross Allen, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Alternate Director to Mr. Greg Tanner with effect from February 23, 2007 at the Board Meeting of the Company held on February 21, 2007.

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

AUDIT COMMITTEE

The Company has an Audit Committee comprising of three Non-Executive Directors viz; Air Marshal S.S. Ramdas (Retd.), Mr. Greg Tanner and Mr. Suresh Sheth. The Chairman of the Committee is Air Marshal S.S. Ramdas (Retd.). Mr. Tushar Gunderia, Company Secretary, acts as the Secretary to the Committee.

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

As Mr. Monteiro, Managing Director, tendered his resignation, effective from the conclusion of Board Meeting held on February 21, 2007,

DIRECTORS' REPORT

Mr. Anil Khanna who assumes the position of Managing Director, has been appointed as the permanent invitee to the Audit Committee in place of Mr. Monteiro.

The Board of Directors of the Company at its Meeting held on February 21, 2007, appointed Mr. Malcolm Monteiro as a Permanent Invitee for attending Audit Committee Meetings of the Company.

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 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 year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

LISTING ARRANGEMENT

The Company's equity shares are listed on the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE). The Company has paid its Annual Listing fees to the above Stock Exchanges for Financial Year 2006 – 2007.

CORPORATE GOVERNANCE

Your Company follows the principles of good and effective corporate governance over the years. The endeavour of your Company is not only to comply with the regulatory requirements but also to practice Corporate Governance principles that lay a strong emphasis on integrity, transparency and overall corporate accountability.

Your Company is fully committed to good corporate governance and has complied with the Corporate Governance Code as stipulated under the provisions of the Listing Agreement entered into with the Stock Exchanges. A separate Section on Corporate Governance, along with a certificate from the Auditors confirming compliance, is annexed and forms part of the Directors' Report.

CEO AND CFO CERTIFICATION

In accordance with the provisions of Listing Agreement pertaining to corporate governance norms, Mr. Malcolm Monteiro, Managing Director and Mr. Yogesh Dhingra, Finance Director and Group Chief Financial Officer, have certified inter-alia, about reviewing of financial statements and establishing and maintaining internal controls for financial reporting for the year ended December 31, 2006 and the said certificate forms an integral part of the Annual Report.

FIXED DEPOSITS

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

AUDITORS

The Statutory Auditors of the Company M/s. Price Waterhouse, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offers themselves for re-appointment. Your Company has received the necessary certificate from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

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

HUMAN RESOURCE DEVELOPMENT

Employees are vital to the Company. Our 'People' Philosophy and harmonious employee relations continues to prevail in the Company. The Company continues its focus on training and development of people through internal and external management development programmes.

"YOU CAN MAKE THE DIFFERENCE" was the programme for the year 2006 where over 1,200 employees were trained across various functions to highlight the contribution capability of each person in the organisation and to bring about a greater line of sight to the Customer.

During the year 2006, the Employees Satisfaction Survey mean score also rose notably to 4.54 (on a scale of 1 to 5) from the previous year's mean score of 4.49, and pride in the Company, once again, emerged with the highest mean score of 4.90, validating the people's commitment and passion towards their Company.

EMPLOYEES

Information on particulars of employees' remuneration as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars

DIRECTORS' REPORT

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, which is available for inspection at the Registered office of the Company during working hours. Any shareholder interested in such particulars may inspect the same.

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

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

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 place on record their appreciation of the contribution made by every member of the Blue Dart family across the Country. The enthusiasm and unstinting efforts of the employees at all levels have enabled the Company to maintain and

sustain its position in the industry in spite of increased competition and has clearly positioned the Company as South Asia's premier courier and integrated air express distribution Company. Your Company's consistent growth has been made possible by their hard work, service excellence, solidarity, co-operation, commitment and support.

Your Directors also express their deep sense of gratitude to our Customers, Associates, Banks and Financial Institutions, Suppliers, Solicitors, Advisors 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

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

Malcolm Monteiro
Managing Director

Greg Tanner
Director

Suresh G. Sheth
Director

Stephen Fenwick
Alternate Director to Ross Allen

Mumbai,
February 21, 2007

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 'A'

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

A) Conservation of Energy : Not applicable

B) Technology absorption : Not applicable

C) Foreign Exchange Earnings and Expenditure :

Earnings in Foreign Currency

Earnings in foreign currency during the year were Rs. 33.40 million (Previous Period – Rs. 43.51 million)

Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs. 11.36 million (Previous Period – Rs. 4.79 million)

REPORT ON CORPORATE GOVERNANCE

1. Blue Dart's philosophy on Corporate Governance

Effective corporate governance is necessary to maintain public trust and to achieve business success. Corporate Governance is about commitment to values and ethical business conduct. It is about how an organisation is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. As shareholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage of the way the corporate world functions.

For Blue Dart, Corporate Governance is a continuous journey, seeking to provide an enabling environment to harmonise the goals of maximizing stakeholder value and maintaining a customer centric focus.

The basic philosophy of Corporate Governance at 'Blue Dart' is to achieve business excellence and to create and enhance the value for its Stakeholders, Customers, Employees and business associates and thereby to make a significant contribution to the Economy. Blue Dart Corporate Governance principles uphold its standing at the forefront of Corporate Governance best practices. The Company endeavours to achieve the highest levels of transparency, accountability, integrity and responsibility and continues to focus on good corporate governance, in line with local and global standards.

2. Board of Directors

During the year ended December 31, 2006, Mr. Malcolm Monteiro, Chief Operating Officer, was appointed as Managing Director of the Company with effect from March 13, 2006.

Mr. Clyde Cooper resigned as a Managing Director of the Company with effect from March 13, 2006 and continues as a Non-Executive Director with effect from March 13, 2006.

Consequent to the presence of Mr. Ross Allen, the Director, at the Board Meetings of the Company held on February 7, 2006, October 26, 2006 and December 13, 2006, Mr. Stephen Fenwick, the Alternate Director to Mr. Ross Allen ceased to be a Director under the statutory provisions of the Companies Act, 1956, and was re-appointed by the Board as an Alternate Director to Mr. Ross Allen with effect from February 8, 2006, October 27, 2006 and December 14, 2006 respectively. Also, due to the presence of Mr. Ross Allen, the Director, in the State of Maharashtra, where meetings of the Board are ordinarily held, Mr. Stephen Fenwick, the Alternate Director to Mr. Ross Allen ceased to be a Director as on April 27, 2006 under the statutory provisions of the Companies Act, 1956, and was re-appointed by the Board as an Alternate Director to Mr. Ross Allen with effect from April 28, 2006.

Mr. Malcolm Monteiro, Managing Director, tendered his resignation at the conclusion of the Board Meeting of the Company held on February 21, 2007 and requested that he be relieved from his responsibilities as Managing Director with effect from the said date. Mr. Monterio will, however, continue to function as a Non-Executive Director on the Board of the Company with effect from February 21, 2007.

In the Board meeting of the Company held on February 21, 2007, Mr. Anil Khanna has been appointed as Managing Director of the Company with effect from February 21, 2007.

Mr. Ross Allen, Nominee Director of DHL Express (Singapore) Pte. Ltd. resigned as a Director with effect from February 21, 2007. Consequently, Mr. Stephen Fenwick, the Alternate Director to Mr. Ross Allen ceased to be a Director with effect from February 21, 2007 under the statutory provisions of Companies Act, 1956.

Mr. Ross Allen, a nominee of DHL Express (Singapore) Pte. Ltd. has been appointed as an Alternate Director to Mr. Greg Tanner with effect from February 23, 2007.

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

As on December 31, 2006, the composition of the Board of Directors consists of one Executive Director and five Non-Executive Directors. All key decisions are taken only after detailed deliberations and discussions by the Board. The Board Members possess adequate experience, expertise and skills necessary to manage affairs of the Company in the most efficient manner. The Board acts with autonomy and independence in exercising strategic decision-making process and discharging its fiduciary responsibilities.

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

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

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

REPORT ON CORPORATE GOVERNANCE

During the year under review, six Board Meetings were held viz; February 7, 2006, April 27, 2006, July 13, 2006, August 17, 2006, October 26, 2006 and December 13, 2006.

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

Name of Director	Position	Designation	Attendance Particulars		Directorship in Other Indian Companies	Committee Memberships in Other Indian Companies	
			Board Meetings	Last AGM		Member	Chairman
Air Mshl. S. S. Ramdas (Retd.)	Independent & Non Executive Director	Chairman	6	Yes	Nil	Nil	Nil
Mr. Malcolm Monteiro	Executive Director	Managing Director (from March 13, 2006)	5	Yes	Nil	1	Nil
Mr. Clyde Cooper	Non Independent & Non Executive Director	Director	2	No	2	1	Nil
Mr. Greg Tanner	Non Independent & Non Executive Director	Director	5	Yes	Nil	Nil	Nil
Mr. Suresh G Sheth	Independent & Non Executive Director	Director	6	Yes	2	Nil	Nil
Mr. Ross Allen*	Non Independent & Non Executive Director	Director	4	No	1	Nil	Nil
Mr. Stephen Fenwick** (Alternate to Mr. Ross Allen)	Non Independent & Non Executive Director	Director	1	Yes	Nil	Nil	Nil

* Mr. Ross Allen, Nominee Director of DHL Express (Singapore) Pte. Ltd. resigned as a Director with effect from February 21, 2007. Mr. Ross Allen has been appointed as an Alternate Director to Mr. Greg Tanner with effect from February 23, 2007.

** Consequent to resignation of Mr. Ross Allen as a Director with effect from February 21, 2007, Mr. Stephen Fenwick, the Alternate Director to Mr. Allen also ceased to be a Director with effect from February 21, 2007.

- Notes :**
- 1) Mr. Malcolm Monteiro resigned as Managing Director with effect from February 21, 2007.
 - 2) Mr. Anil Khanna has been appointed as an Additional Director with effect from February 21, 2007 and he assumes the position of Managing Director with effect from the said date.
 - 3) Mr. Stephen Fenwick ceased to be an Alternate Director to Mr. Ross Allen on February 7, 2006, April 27, 2006, October 26, 2006 and December 13, 2006 and was re-appointed by the Board as an Alternate Director to Mr. Ross Allen with effect from February 8, 2006, April 28, 2006, October 27, 2006 and December 14, 2006, respectively.

3. Audit Committee

The Audit Committee of the Board deals with all matters relating to financial reporting, internal controls, risk management etc. and reports to the Board from time to time. The Board of Directors of the Company had constituted an Audit Committee in its Board Meeting held on May 8, 2001. The Audit Committee presently comprises two Independent Non-Executive Directors viz; Air Marshal S.S. Ramdas (Retd.) and Mr. Suresh Sheth and one Non-Independent and Non-Executive Director, Mr. Greg Tanner. The Chairman of the Committee is Air Marshal S. S. Ramdas (Retd). Mr. Tushar Gunderia, Company Secretary, acts as the Secretary to the Committee.

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

As Mr. Monteiro, Managing Director, tendered his resignation, effective from the conclusion of the Board Meeting of the Company

held on February 21, 2007, Mr. Anil Khanna, who assumes the position of Managing Director, will be the permanent invitee to the Audit Committee in place of Mr. Monteiro.

The Board of Directors of the Company at its Meeting held on February 21, 2007, appointed Mr. Malcolm Monteiro, Director as a Permanent Invitee for attending Audit Committee Meetings of the Company.

The terms of reference of 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 financial reporting process and ensuring correct disclosure of financial information.
- (b) Reviewing with the management the annual financial statements that specially emphasise on accounting policies and practices, compliance with the accounting standards, qualifications, if any, in the draft audit report and other legal requirements concerning financial statements.

REPORT ON CORPORATE GOVERNANCE

- (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) Reviewing with the Management, statutory and internal auditors, the adequacy of internal control systems.
- (f) Recommending appointment and removal of External and Internal Auditors and recommendation of their fees.
- (g) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is a suspected fraud or irregularities or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (h) Reviewing with the management, the quarterly financial statements prior to submission to the Board for its approval.
- (i) Reviewing related party transactions.
- (j) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (k) Discussion with internal auditors on any significant findings and follow up thereon.
- (l) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any areas of concern.

The constitution of Audit Committee and other related information as on December 31, 2006 is as under:

Name of Director	Position	No. of Meetings	
		Held	Attended
Air Mshl.S.S. Ramdas(Retd.)	Chairman	4	4
Mr. Greg Tanner	Member	4	4
Mr. Suresh G. Sheth	Member	4	4

4. Compensation Committee

The Board of Directors of the Company had constituted 'Compensation Committee' of Directors in the Board Meeting held on May 7, 2002. The Compensation Committee comprises of two Independent Non - Executive Directors viz; Mr. Suresh Sheth and Air Marshal S. S. Ramdas (Retd.) and Mr. Greg Tanner, Non-Independent and Non-Executive Director. The Committee is chaired by Mr. Suresh Sheth, Director.

The details of attendance of each Member at the Compensation Committee Meetings held during the year 2006, are as under:

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Suresh G. Sheth	Chairman	2	2
Air Mshl.S.S. Ramdas(Retd.)	Member	2	2
Mr. Greg Tanner	Member	2	1

The Executive Directors are paid remuneration in terms of resolution passed by the members at the General Meetings.

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

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

In terms of amended provisions of clause 49 of the Listing Agreement, the Board is required to have at least one third of the members of the Board as Independent Directors, if the Chairman is Non-Executive. The Company's present Board comprises of Air Marshal S. S. Ramdas (Retd.) and Mr. Suresh Sheth, who are Independent Directors on the Board of the Company.

Air Marshal S. S. Ramdas (Retd.), the Independent Director has an honours degree in Mechanical and Electrical Engineering from Pune University. He was the Chairman and Managing Director of Indian Airlines and Vayudoot, Director on the Board of Air India, and a member on the Board of the National Airports' Authority. He is a Fellow of the Aeronautical Society of India (FAeSI), Fellow of the Institution of Engineers-India (FIE) and Chartered Engineer (CEng). He has been decorated by the President of India with the Param Vishisht Seva Medal (PVSM), the Ati Vishisht Seva Medal (AVSM), the Vayu Sena Medal (VM) and the Vishisht Seva Medal (VSM).

Mr. Suresh Sheth, the Independent Director is a Commerce graduate from Sydenham College, and a Fellow Chartered Accountant (FCA) and Member of the Institute of Chartered Accountants for the past 36 years. Mr. Sheth is a partner in the firm of Chartered Accountants viz; M/s. Sheth & Company.

REPORT ON CORPORATE GOVERNANCE

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

The Compensation Committee Meetings of the Company were held on February 7, 2006 and March 28, 2006 to consider and recommend remuneration for Mr. Malcolm Monteiro, Managing Director of the Company who has since resigned as Managing Director after conclusion of the Board Meeting held on February 21, 2007. A meeting of the Compensation Committee was also held on February 21, 2007 to consider and recommend remuneration for Mr. Anil Khanna, appointed as Managing Director of the Company with effect from February 21, 2007.

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

1. Mr. Clyde Cooper – Managing Director (upto March 12, 2006)

Category A

1. Salary : Rs.7,80,000/- (Rupees Seven Lacs Eighty Thousand only) per month.
2. Special Allowance: Rs.2,06,000/- (Rupees Two Lacs Six Thousand only) per month.
3. Perquisites :
 - a. Housing : An Unfurnished residential accommodation or an amount of Rs.3,30,000/- per month as House Rent Allowance in lieu thereof.
 - b. Medical Re-imbusement : Re-imbusement of medical expenses (including insurance premium for medical and hospitalization policy, if any) for self and family, subject to one month's salary in a year or five months salary over a period of five years.
 - c. Personal Accident Insurance : Personal Accident Insurance for self and his family, the premium of which shall not exceed Rs.75,000/- per annum.
 - d. Chauffeur Driven Car : Company will provide a Chauffeur driven car.
 - e. Leave and Travel Concession : For self and family, once in a year incurred in accordance with rules specified by the Company from to time.

- f. Club fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

Category B

Commission :

At the rate of One percent (1%) of net profits of the Company for each financial year of the Company 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 equivalent to salary for that year.

Category C

- (a) The Company's contribution to Provident Fund in accordance with the Rules and Regulations of the Company. Such Contribution will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.
- (b) Gratuity as per the provisions of Payment of Gratuity Act or as per the Gratuity Scheme of the Company, whichever is higher.
- (c) Encashment of unavailed leave at the end of the tenure of the term. Such encashment shall not be included in the computation of ceiling on remuneration specified in Schedule XIII to the Companies Act, 1956.

Category D

The Company shall provide telephone, telefax and other communication facilities at the residence of the Managing Director.

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

2. a) Mr. Malcolm Monteiro – Managing Director (with effect from March 13, 2006 to March 31, 2006)

Basic - Rs. 3.00 lacs p.m.

HRA - Rs. 2.07 lacs p.m.

Special Allowance – Rs. 2.06 lacs p.m

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

- (iii) Encashment of unavailed leave at the end of each year.

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

- a) Running and Maintenance expenses of motorcar including motor car insurance.

- b) Telephone expenses at residence.

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

- (vi) Club Membership fees:

Fees of club subject to a maximum of one club. This will not include admission and life membership fees.

- (vii) Corporate Credit Card

Subscription and Annual fees for the Corporate Credit Card.

- (viii) One time Special Incentive Amount for the period from April, 2006 to December, 2006 not exceeding the sum of Rs. 85.17 Lacs.

- (ix) In addition to the above, if the Company's Budgeted Profit figures are achieved, Managing Director shall be entitled to an Incentive of Rs.45.68 lacs for the financial year ending December, 2006.

- (x) Increment for each year from April 2006, shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and by shareholders of the Company in the General Meeting of Shareholders.

- (xi) Special Incentive for each year shall be determined each year by the 'Compensation Committee' subject to approval of the Board of Directors and Shareholders of the Company.

- (xii) In case, if Mr.Monteiro opts for the contribution to superannuation fund, the corresponding amount contributed shall be reduced from the 'Special Allowance'. Such contribution to superannuation fund will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.

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

2. b) **Mr. Malcolm Monteiro – Managing Director**
(with effect from April 1, 2006 to February 21, 2007)

Basic - Rs. 3.36 lacs p.m.

HRA - Rs. 2.56 lacs p.m.

Special Allowance – Rs. 2.56 lacs p.m.

Save and except as indicated hereinabove, other remuneration terms of Mr. Monteiro, Managing Director, remains the same as indicated hereinabove.

3. a) **Mr. Anil Khanna – Managing Director**
(with effect from February 21, 2007 to March 31, 2007)

Basic - Rs. 3.00 lacs per month

House Rent Allowance - Rs. 0.29 lacs per month

Special Allowance – Rs.1.75 lacs per month

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

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

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

- a) Running and Maintenance expense of motorcar for official purposes including motorcar insurance.
- b) Telephone expenses at residence for official purposes.
- (vi) Coverage under Company's Group Insurance Cover.
- (vii) Club Membership fees:
Fees of club subject to a maximum of one club. This will not include admission and life membership fees.
- (viii) Corporate Credit Card
Subscription and Annual fees for the Corporate Credit Card.
- (ix) One time Special Incentive Amount payable during the year 2007 not exceeding the sum of Rs. 101.35 Lacs.
- (x) Increment for each year from April 2008, shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and by members of the Company in the General Meeting of members.
- (xi) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of Rs.3.5 lacs per annum.

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

3. b) Mr. Anil Khanna – Managing Director (with effect from April 1, 2007 to March 31, 2008)

Basic - Rs. 3.20 lacs per month

House Rent Allowance - Rs. 0.33 lacs per month

Special Allowance – Rs.1.90 lacs per month

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

- (i) The Company's contribution to Provident Fund, in accordance with the Rules and Regulations of the Company.
Such contribution will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.

- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. Such amount shall not be included in the computation of ceiling on remuneration as specified in Schedule XIII to the Companies Act, 1956.
- (iii) Superannuation at a rate of 15%. Such contribution to superannuation fund will not be included in the computation of ceiling on perquisites to the extent not taxable under the provisions of Income Tax Act, 1961.
- (iv) Encashment of unavailed leave at the end of each year. Such amount shall not be included in the computation of ceiling on remuneration as specified in Schedule XIII to the Companies Act, 1956.
- (v) In addition to the above, the following amounts will be reimbursed:
 - a) Running and Maintenance expense of motorcar for official purposes including motorcar insurance.
 - b) Telephone expenses at residence for official purposes.
- (vi) Coverage under Company's Group Insurance Cover.
- (vii) Club Membership fees:
Fees of club subject to a maximum of one club. This will not include admission and life membership fees.
- (viii) Corporate Credit Card
Subscription and Annual fees for the Corporate Credit Card.
- (ix) Managing Director would also be entitled to incentive payment based on the achievement of profitability levels for the year ended December 31, 2007 upto maximum of Rs.70 lacs.
- (x) Increment for each year from April 2008, shall be determined by the 'Compensation Committee' and which shall be subject to approval of the Board of Directors and by members of the Company in the General Meeting of members.
- (xi) Such other benefits in accordance with the schemes and rules as applicable from time to time and not exceeding the sum of Rs.3.5 lacs per annum.

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

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

REPORT ON CORPORATE GOVERNANCE

5. Investors' Grievance Committee

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

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

As Mr. Monteiro, Managing Director, tendered his resignation, effective from the conclusion of the Board Meeting of the company held on February 21, 2007, Mr. Anil Khanna, who assumes position of Managing Director, has been inducted in the 'Investors Grievance Committee' in place of Mr. Monteiro.

During the year under review, 467 correspondences were received from investors. All Investors 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 pending requests for transfer of Equity Shares as on December 31, 2006.

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

Nature of Correspondence	No. of Correspondence received	No. of Correspondence resolved/attended
Revalidation / Non Receipt of Dividend Warrants	166	166
Non Receipt of Share certificate/ Transfer / Transmission	29	29
Change of Address	39	39
Request for loss / duplicate/ replacement of Share Certificates	41	41
Others *	192	192
Total	467	467

*Others include correspondence pertaining to updating of new signatures, non receipt of rejected dematerialisation request forms, registration of power of attorneys, procedure for transmission of shares, dividend mandate instructions, request for Annual Reports and such other administrative matters.

The Company and the Registrar & Transfer Agents have attended to most of the investors correspondence within a period of 8 days from the date of receipt of correspondence during the year ended December 31, 2006.

M/s. Intime Spectrum Registry Limited are Registrars and Share Transfer Agents of the Company.

In accordance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted, and implemented 'Blue Dart Code of Conduct for Prevention of Insider Trading' and the 'Code for Corporate Disclosure Practices' and the same are strictly adhered to by all designated personnel notified for the purpose of application of aforesaid Codes.

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

6. General Body Meetings

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

AGM for Financial Year ended	Date	Time	Location
2003 – 2004	22.07.04	4.30 p.m	Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai 400 020
2004 – 2005	19.07.05	4.00 p.m	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East) Mumbai – 400 099
December 31, 2005	27.04.06	4.30 pm	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East) Mumbai – 400 099

b) The Company had convened Extra-ordinary General Meeting of shareholders of the Company on September 20, 2006 for the purpose of considering proposal received from DHL Express (Singapore) Pte. Ltd. (the 'Acquirer') to purchase the outstanding publicly held shares of the Company and to delist the Company under the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

REPORT ON CORPORATE GOVERNANCE

As the 'Discovered Price' determined under 'Reserve Book Building' Process as stipulated under the provisions of SEBI Guidelines exceeded the 'offer price', DHL Express (Singapore) Pte. Ltd., vide its 'Public Announcement' dated November 13, 2006, decided not to proceed with 'Delisting Proposal'.

c) All the resolutions set out in the respective Notices were passed by the Members. No Postal Ballot was conducted during the year. None of the resolutions are proposed to be passed by 'postal ballot' at the ensuing Annual General Meeting of the Company.

d) The following Special Resolutions were passed by members during the previous three Annual General Meetings :

At Annual General Meeting held on April 27, 2006 :

To approve payment of remuneration in the form of commission to Non-Executive Directors of the Company for the period of five years with effect from August 1, 2006.

At Annual General Meeting held on July 19, 2005 :

To approve alternation of Articles of Association of the Company.

At Annual General Meeting held on July 22, 2004 :

To approve keeping of register of members, index of members, copies of Annual returns and copies of certificates and documents at the office of M/s. Intime Spectrum Registry Limited, the Company's Registrar & Share Transfer Agents.

To delist Company's shares from 'The Stock Exchange Ahmedabad' and 'The Delhi Stock Exchange Association Limited'.

7. Subsidiary Company

The Company does not have a material non-listed Indian subsidiary whose turnover or networth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or networth respectively, of the Company and its subsidiary in the immediately preceding accounting year.

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

* The Financial Statements of the unlisted subsidiary company are reviewed by the Audit Committee of the Company.

* The Minutes of Board Meetings of the Subsidiary Company are placed before the Board Meetings of the Company.

* Details of significant transactions and arrangements entered into by an unlisted subsidiary company are placed before the Board of the Company.

8. Disclosures

None of the transactions entered into by the Company with any of the related parties were in conflict with the interests of the Company.

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

The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures.

9. Code of Conduct

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

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

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

All Board members and members of Senior Management have affirmed compliance with the provisions of The 'Code of Conduct' for the year ended December 31, 2006.

10. Auditors' Certificate on Corporate Governance

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

11. CEO and CFO Certification

CEO and CFO certification on the Financial Statements, the Cash Flow Statement and the Internal Control System for financial reporting for the year ended December 31, 2006 has been provided in the Annual Report in terms of the provisions of Listing Agreement.

REPORT ON CORPORATE GOVERNANCE

12. Means of Communication

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

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

The Quarterly, Half yearly and Yearly results are published in the Newspapers with adequate disclosures for the knowledge of

shareholders. The Company does not have a system of intimating shareholders individually about the financial results, but the queries, if any, are replied immediately.

'Management Discussion and Analysis' Report forms an integral part of Directors' Report.

In terms of the provisions of Clause 51 of the Listing Agreement pertaining to 'Electronic Data Information Filing and Retrieval' (EDIFAR) System, the requisite quarterly financial results, Corporate Governance Reports, Shareholding Pattern Statements and Annual Financial Statements are posted immediately on the website viz ; www.sebiedifar.nic.in.

13. General Shareholder Information

Annual General Meeting

: April 17, 2007 at 4.30 p.m at Hotel Le Royal Meridien, Chancellor II Sahar Airport Road, Andheri (East), Mumbai - 400 099

Financial Calendar (tentative and subject to change)

Schedule of Board Meetings	Date
First Quarter ending March 31, 2007	April 17, 2007
Second Quarter & Half Year ending June 30, 2007	July 17, 2007
Third Quarter ending September 30, 2007	October 16, 2007
Last Quarter & Year ending December 31, 2007	January 29, 2008

Financial Calendar (tentative and subject to change)

Schedule of Audit Committee Meetings	Date
First Quarter ending March 31, 2007	April 17, 2007
Second Quarter & Half Year ending June 30, 2007	July 17, 2007
Third Quarter ending September 30, 2007	October 16, 2007
Last Quarter & Year ending December 31, 2007	January 29, 2008

Book Closure period

: April 10, 2007 to April 17, 2007

Dividend Payment Date

: April 20, 2007

Listing on Stock Exchanges

: 1. The Bombay Stock Exchange Limited
2. The National Stock Exchange of India Limited

(The Company has paid its Annual Listing fees to all the above Stock Exchanges for the Financial Year 2006 – 2007)

REPORT ON CORPORATE GOVERNANCE

Stock Market Performance

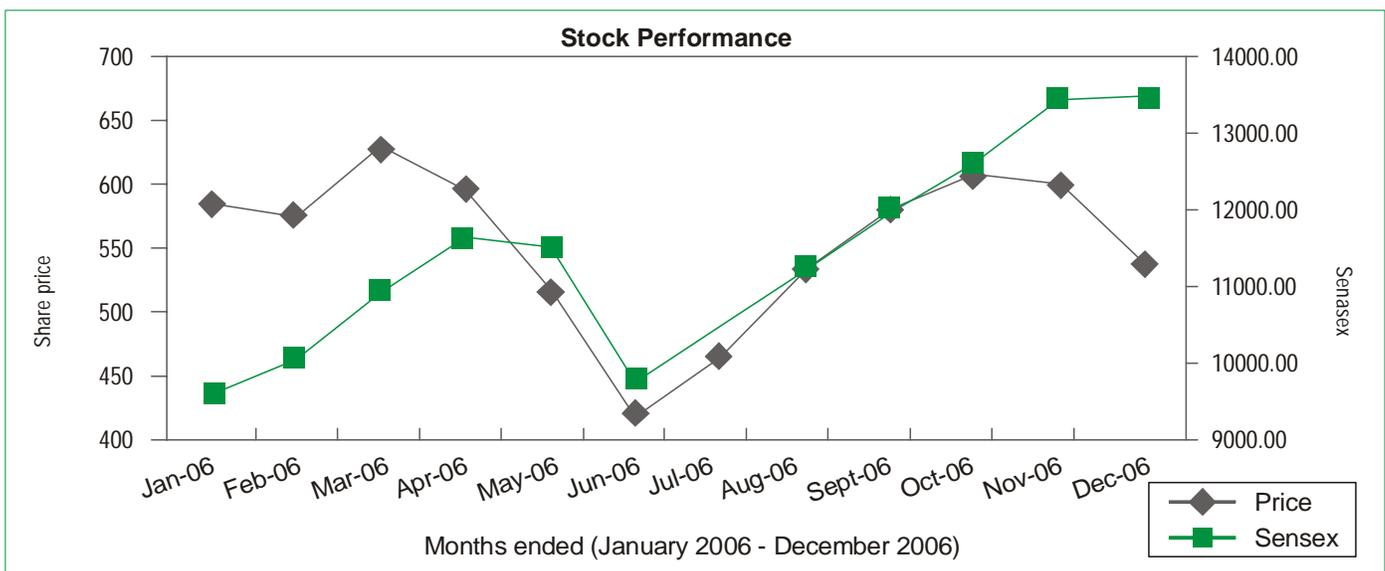
Stock Code / Symbol : BSE : 526612
 : NSE : Symbol - BLUEDART
 Series – EQ
ISIN : INE233B01017

Stock Market Data:

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

Year - 2006	BSE		NSE	
	High	Low	High	Low
January – 2006	625.00	545.00	635.00	540.10
February – 2006	600.00	550.00	634.00	538.60
March – 2006	704.75	557.00	702.60	561.45
April – 2006	650.00	540.00	670.00	520.00
May – 2006	625.00	409.80	610.00	381.50
June – 2006	519.00	315.70	539.00	285.25
July – 2006	492.95	436.00	492.00	430.10
August – 2006	614.00	451.00	655.40	455.00
September – 2006	600.00	554.10	600.00	522.30
October – 2006	660.60	555.00	624.50	536.10
November – 2006	666.00	530.00	664.00	516.30
December – 2006	559.80	516.50	565.00	510.35

Stock Price Performance in comparison to the BSE Sensex :



REPORT ON CORPORATE GOVERNANCE

Registrar & Share Transfer Agent

: M/s. Intime Spectrum Registry Ltd
C-13, Pannalal Silk Mill Compound,
L.B.S Marg, Bhandup (W),
Mumbai - 400 078
Phone: 022 - 2596 3838
Fax : 022 - 2594 6969
Email : isrl@intimespectrum.com

Share Transfer System

: The Share Transfers, which are received in physical form, are processed well within the statutory prescribed period from the date of receipt, subject to documents being valid and complete. All share transfers are approved in the Investors' Grievance Committee Meeting, which is held once in a fortnight.

Distribution of Shareholding as on December 31, 2006

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	4,210	92.47	525,787	2.22
501 - 1000	163	3.58	129,206	0.55
1001 - 2000	75	1.65	115,669	0.49
2001 - 3000	29	0.64	75,654	0.32
3001 - 4000	9	0.19	31,481	0.13
4001 - 5000	9	0.19	43,298	0.18
5001 - 10000	21	0.46	168,685	0.71
10001 - Above	36	0.82	22,638,154	95.40
Total	4,552	100.00	23,727,934	100.00

Categories of shareholders as on December 31, 2006

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoter	1	19,227,887	81.0348
Foreign Body Corporate	1	200	0.0008
Banks, Financial Institutions and Mutual Funds	20	2,235,313	9.4206
Individuals	4,207	1,063,428	4.4818
Companies	240	446,280	1.8808
NRIs & FIIs	58	752,094	3.1697
Clearing Members	25	2,732	0.0115
Total	4,552	23,727,934	100.0000

REPORT ON CORPORATE GOVERNANCE

Dematerialisation of Shares and Liquidity :

The trading in the Company's equity shares is compulsory in the dematerialised mode for all investors with effect from August 28, 2000. As on December 31, 2006, 23,486,907 Equity Shares of the Company representing 98.98% of the paid up Equity Share Capital of the Company are in the dematerialised mode.

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

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

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

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

Outstanding GDR /ADR

: NIL

Plant Location

: The Company does not carry any manufacturing activities. The Company offers its existing range of integrated transportation and distribution of shipments through its network of 227 offices spread across India.

Address for communication

: Investors should address their correspondence to the Registrar & Share Transfer Agents, M/s. Intime Spectrum Registry Limited at the address mentioned hereinabove.

Contact Person :

Mr. Raghunath Poojari, Executive - Corporate Registry

Mr. Sandeep Nayak, Sr. Assistant - Corporate Registry

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

Telephone : 022 - 2839 6444

Ext. Nos. : 3422

Email : Prabhas@bluedart.com

Analyst Contact

: Mr. Yogesh Dhingra – Finance Director & Group Chief Financial Officer

General Information Contact

: Ms. Tulsi Nowlakha Mirchandaney – Sr. V. P. Marketing & Projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

Post the economic liberalisation of 1991, India has registered growth rates ranging from the earlier ¹⁴4-5% to ²⁸8% in the past two years. Projections by the Reserve Bank of India (RBI), Centre for Monitoring of Indian Economy (CMIE), National Council of Applied Economic Research (NCAER) peg the growth rates at 8-10% over the next few years. This, together with the opportunities presented by the ongoing reforms, has led to a renewed interest in India by many countries.

The booming economy was stimulated by growths in manufacturing and services. The index of industrial production grew at a healthy ³⁸8% and is projected at over ⁴⁹9% in fiscal 2007. The services sector grew from ^{56.6}6.6% in 2001-02 to ^{610.3}10.3% in 2005-06 and is estimated at over ⁷¹¹11% for the next few years.

India is ranked the second most favoured destination for FDI after Russia amongst the top 30 emerging markets, according to an ^{8A}A T Kearney's FDI Confidence Index that tracked investor confidence among global executives to determine their order of preferences. It is evident that the investment scenario in India has changed. India attracted thrice the foreign investment over the previous year at USD ^{97.96}7.96 bn during the first half of 2005-06 fiscal, and USD ^{105.1}5.1 bn of portfolio investments through Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Institutional Investments (FIIs) and offshore funds among others. All macro economic indicators show an upward swing implying a positive outlook for India.

With all these developments, the logistics sector is poised for strong growths. Estimated at about ¹¹¹³13% of India's GDP, logistics need to be strengthened and made more efficient to cater to the evolving needs of the Indian industry. Therein lie huge opportunities in key industries like automotive, pharmaceuticals, IT, food processing, industrial machinery, retail and other emerging industries which are poised to feed growing consumption.

The Government of India is focused on building and improving the basic infrastructure of the country with more penetration in Tier III cities and rural areas. New highway projects, modernization of airports, improved port facilities and rail networks are being undertaken to extend to and include India's masses in its growth plans. The government is also committed to rationalising the tax structure and streamlining customs and excise procedures. These steps would positively impact the logistics industry as it would widen its net and facilitate distribution.

Industry Structure and Developments

The ¹²Organised Domestic Express market was estimated at ¹³Rupees 8.64 billion in 2005-06, growing to ¹⁴Rupees 19.44 billion by 2010-11 at a CAGR of 17.2%. The ¹⁵Domestic Airfreight base for 2005-06 was estimated at ¹⁶Rupees 4.86 billion, growing to ¹⁷Rupees 6.48 billion in 2010-11 at a CAGR of 7.4%, as per an A.T. Kearney Report.

In the present dynamic business environment, Blue Dart is uniquely positioned as a premium air express operator with a domestic market share of 40%. A key component of Blue Dart's success has been its air infrastructure with dedicated air services, and the strategy to meet its planned growths over the period 2007 to 2010 is to continue with this unique and formidable market differentiation. Blue Dart has been growing faster than the express industry and, with a positive macro-economic environment, it intends to hold firm its position in the Indian marketplace.

There is an increased interest in India's business potential from across the globe. The same trend has been witnessed in the Indian express industry during the year with several multinational express players acquiring home-grown organisations to ramp up their presence in the country. An increased activity is observed in brand building efforts by other Indian express companies who are probably hopeful of greater valuation pre-acquisition by other international or domestic companies keen to gain a foothold into what is perceived as a lucrative space. The reason: The express industry ranks amongst the fastest growing segments of the Indian economy and, over the next five years, it is expected to register growth rates higher than industries such as retail, banking, financial, chemicals and automobiles.

With some international players getting into domestic operations, the focus is on building networks and growing inorganically. Branding and investments in infrastructure are on the agenda of most players in the industry to attract investors and customers.

The boom in the aviation sector in India can be gauged by the fact that the government is serious in revamping airport infrastructure. It plans to make Nagpur an important cargo hub. With the privatisation of Mumbai and Delhi airports and with the on-going development work at Hyderabad and Bangalore airports, it is envisaged that the much-needed infrastructure, which is a tremendous constraint to growth, will support the needs of this industry.

Logistics majors have earmarked substantial CAPEX for investments in warehousing in the next two years to reinforce their facility requirements in anticipation of the projected boom.

Express players are expanding into the ground segment to cash in on the opportunities provided by (a) better road connectivity between major metros as a result of Golden Quadrilateral coupled with the North-South and East-West corridors (b) the resurgence of the manufacturing sector as a result of strong domestic consumption and a trend towards outsourcing to India and (c) the focus of various companies to expand into Tier II and Tier III cities.

Challenges faced by the industry include matching up to the rising expectations of the customer, expanding the network to reach hitherto uncovered areas, containing costs that are inevitably impacted by the volatile fuel prices, and retention of manpower.

Sources : 1, 2, 3, 4, 5, 6, 7 - CMIE
8 - A T Kearney
9, 10 - CII
11 - McKinsey

Sources : 12 - Organised Domestic Express Base: AC Nielsen Report
13, 14, 16 and 17 - A T Kearney
15 - Domestic Airfreight Base: DGCA Statistics 2002- 03

Review of Performance

The year 2006 continued to be one of achievement, exceptional performance, forward strategising, and stakeholder recognition, driving Blue Dart to greater heights.

In 2006, 30 new facilities, 2 ground superhubs and an airside facility, were added across the country to Blue Dart's network, taking the total number of facilities to 227 and the locations serviced to over 14,400.

The highlight of the year was, undoubtedly, the induction of the two Boeing 757s to the existing fleet of five Boeing 737s on the 1st of June 2006, augmenting Blue Dart's air network to 60 route connections with a revenue payload of 250 tonnes each night. The Boeing 757 induction has reinforced the freighter fleet to meet the growing demand for air capacity, and network load factors within four months of induction were over 80%.

As a response to increased customer demand, Ahmedabad was added as the seventh aviation hub to Blue Dart's aviation network, facilitating the shipment of larger loads with reduced transit times. Hyderabad was connected as an outbound gateway, complementing the inbound flight network launched two years ago. Both the initiatives were aimed at providing enhanced distribution for customers in these regions.

The seven metros of Kolkata, Delhi, Mumbai, Bangalore, Chennai, Hyderabad and Ahmedabad currently connected by Blue Dart, account for 90% of the total air cargo distribution in the country. Interestingly, despite much media coverage on plans to launch air cargo operations in the past year by other players, Blue Dart Aviation remains the largest domestic air cargo operator and the only one with jet freighters 10 years after its inception. The only other player with recently introduced ATP freighters operates with much smaller capacity.

During the year 2006, Blue Dart carried 57 million domestic and 630,000 international shipments weighing over 152,000 tonnes.

Blue Dart was an early adopter of technology and this has proved to be one of the key drivers of customer loyalty. To fortify this very important pillar of the organisation and assure continuity of operations, Blue Dart initiated a back-up technology hub at Bangalore for seamless service to its customers in case of any malfunction or disaster. The hot stand-by site went live in July 2006. The year also saw the launch of an advanced and friendlier version of MobileDart™ – SMS service to enhance customer tracking at greater convenience.

In 2006, Blue Dart started a unique Key Accounts initiative to further strengthen its customer relationships. The Key Accounts team, which provides dedicated services to the top 100 customers of the company, has played a tremendous role in nurturing, developing and growing a strong customer base. The current key accounts initiative challenges the cross functional teams to further develop its scope for increased customer centricity.

Blue Dart's market leadership position has been the result of its dedicated and committed people who are the company's pride, its most valuable asset and its greatest differentiator. On the training front, 2006 was the year of the 'YOU CAN MAKE THE DIFFERENCE' programme, where over 1,200 employees were trained across functions to highlight the contribution capability of each person in the organisation and bring about a greater line of sight to the customer. Recruitments were at an all time high, and the HR team sourced and selected 727 employees within short timelines. The Employee Satisfaction Survey mean scores also rose notably in 2006 to 4.54 (on a scale of 1 to 5) from the previous year's 4.49, and pride in the company, once again, emerged with the highest score of 4.90, validating the people's commitment and passion towards their company.

In 2006, Blue Dart added another successful product to its service portfolio – Import Express. Available from more than 210 countries worldwide, Import Express offers the customer total control of their imports worldwide through a single partner with proven customs expertise. Blue Dart's strong sales forces backed by their proven leadership, and the customer service and operations teams, are involved in taking this unique and beneficial product to customers across the country.

The Blue Dart brand today is synonymous with trust, reliability, service excellence and professionalism. In 2006, continuation of product innovations like Rakhi Express and Student Express once again proved to be key manifestations of owning the leadership and innovation platform. Timely media interactions have sought to sustain the brand communication, and Blue Dart's share of voice was consistently ahead of competition, reflecting its premium market leadership position.

The company changed its financial year from a fiscal year to a calendar year (January-December) basis during the year 2005 and the finance function completed this closure within the required timelines. The results were audited by Price Waterhouse within a short span of time. In view of the change to a calendar year basis, there was a requirement to have an additional audit conducted based on the financial year as required by Indian tax laws (April-March). Without any distraction and without adding any further resources, the finance function successfully achieved audit of the company under the required Indian tax laws.

Blue Dart outpaced the market with a growth of *28.95%, led by strong performance in its core products of Domestic Priority and Dart Apex. Blue Dart Aviation played a critical role in ensuring world-class, dedicated air carriage capabilities with an impressive despatch reliability of over 99%.

The Company posted a Rs. 502.28 million profit after tax for the year ended December 31, 2006, compared to Rs. 434.09 million for the

* For the nine month period (Apr-Dec '06) over the corresponding previous year's period.

MANAGEMENT DISCUSSION AND ANALYSIS

nine-month period ended December 31, 2005 of the previous year. Income from operations for the year ended December, 2006 was Rs.6,680 million, compared to Rs.4,151 million for the nine-month period ended December 31, 2005 of the previous year. For the nine month period, April to December, 2006, the Company's sales grew by 24.32% over the corresponding period of the previous year.

This remarkable progress is a testimony of the company's ability to stay ahead of times and competition by providing seamless and relevant services to its customers.

Risk and Concerns

Aviation Turbine Fuel Costs

Volatility in the crude oil prices are a cause of major concern globally, and the price of fuel touched record levels of above ¹⁸US\$ 77 per barrel during the year. Blue Dart has a fuel surcharge mechanism, in place since December 2002, to neutralise the impacts of the ATF costs and was able to manage the phenomenal increase in costs.

Traffic Congestion and On-Time Performance of BDA Aircraft

India's aviation boom has given rise to a spate of start-up carriers inducting large numbers of aircraft. Without sufficient improvement in airport infrastructure to support their operations, air operators are subjected to long queues for take-off and landing, resulting in increased ATF and operations costs as well as delays.

Airport Facilities and Parking/Transit Bays

Another fallout of the growth in Indian Aviation is the severe constraint in infrastructure facilities such as airport warehouses, as well as parking and transit bays. Two of the largest airports, Mumbai and Delhi, have been privatised and are in the process of being upgraded, and greenfield airports are under construction at Bangalore and Hyderabad. Representations to the heads of both airports with requests for facilities and parking and transit bays upto 2015 have been made by Blue Dart, impressing upon them the inadequacy of facilities to support current and future growths, and the necessity for improvements to facilitate Indian trade and business.

Postal Amendment Bill

The proposed amendment to the Postal Bill of 1878 has been the subject of much debate and discussion over the past two years. Some of the proposals put forward have been a restriction on courier companies for carriage of documents under 300gms., instituting a regulatory body for the courier industry, mandatory registration with corresponding fees, and a Universal Service Obligation Fee that could adversely impact the courier companies' revenues by 10%. This matter currently rests with the industry body, the Express Industry Council of India (EICI), which is strongly opposing this move and has initiated constructive dialogue with the Government.

Competition

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

Opportunities

The ground network was primarily set up to cater to the last mile delivery of the air express business of Blue Dart. Blue Dart has successfully leveraged its quality, express ground network to provide customers with an express ground option and has posted good growths, though its focus and competency has been in its unmatched air express service offerings.

With the government's thrust on road infrastructure, together with the escalating demand of key industries to seek greater cost efficiencies, and the easing of regulatory constraints of ground transportation across state borders, it is envisaged that the demand for organised ground transportation would greatly increase. Customer Loyalty would rest with the service provider offering the widest range of service offerings to fulfil customers' supply chain demands. Given these trends, which are projected to generate a substantial demand for ground services, it would be opportune for Blue Dart to expand and enhance its existing expertise in ground services and emerge as a strong player in this segment.

This would give Blue Dart and the group a unique delivery capability in the Indian market that would be difficult to replicate by any other service provider in the country. The capability would extend to a complete range of distribution services, encompassing air express - both domestic and international, airfreight (domestic and international), air charters, logistics and warehousing, and integrated solutions.

Blue Dart has been a pioneer in establishing processes and infrastructure to support the express and logistics business model, and this is another step in the same direction.

Brand Building Initiatives

Blue Dart's key strategy has been one of differentiation, where the key components and the four pillars, have been Leadership, Technology, Value and Services. Blue Dart has led the domestic express industry in its aviation infrastructure, quality services, professional people and its brand. Blue Dart has developed its own tracking and ERP systems as well as customer software and is unmatched in this area. Service excellence has been a driving force and the net service levels are at 99.96%, even as it continues to be in close touch with its customers through regular, quarterly customer satisfaction surveys. Consistent marketing research has been used as an important tool to listen to the customer's voice and respond to the customer's feedback, and anticipate his needs.

Source: 18 - WT1 Index updated on the site of "Energy Information Administration" of the US Government.

MANAGEMENT DISCUSSION AND ANALYSIS

Blue Dart today has an unrivalled delivery capability to deliver from a document to a charter load, a claim no other industry player can make. The new tagline 'It takes a leader to deliver' was extensively used in external and internal communications to reinforce its vision to always lead the express segment. The focus during the year was on 'leadership through innovation', and the brand has sustained its thought leadership during the year in various aviation conferences, logistics and supply chain forums. 'The Living the brand' initiative aims at taking the brand further through instilling a positive culture in the organisation, where professionalism backed by warmth and empathy, ownership, proactiveness and team building, ensures complete alignment of the people with the brand's core promise.

The brand continuously builds on this strong foundation to sustain service excellence, strengthen its value proposition to customers and increase its distance from competition.

Human Resources

Quality, trained and motivated employees are the backbone of Blue Dart. The people philosophy strives to attract and retain the best talent in the industry. Employee Satisfaction scores for the year 2006 increased to 4.54 (on a scale of 1 to 5) from the previous year's score of 4.49. The percentage 'satisfied' to 'very satisfied' increased to 92.52% this year from a score of 91.93% last year. The mean score for Grade II staff, who constitute the bulk of Blue Dart's people, was the highest amongst all grades and, at 4.58, was higher than last year's score of 4.50. All dimension and item scores are above 4 out of a maximum of 5, indicating an overall high level of satisfaction, and 'pride in working for Blue Dart' remains the highest scoring item, increasing from 4.8 in 2005 to 4.9 in 2006.

Awards and Recognition

The innumerable efforts of Blue Dart in pursuit of endless excellence were rewarded with prestigious recognition throughout 2006. Blue Dart was awarded the Reader's Digest Most Trusted Brand Gold Award, voted by consumers; it was nominated for the prestigious NDTV Business Leadership Awards; Blue Dart was once again selected a Consumer Superbrand and was listed amongst the top 500 companies in India by Dun & Bradstreet. Blue Dart won the Centre for Asia Pacific Aviation (CAPA) Cargo Airline of the Year Merit Award for 2006. Blue Dart, Bangalore, was also awarded the Best Service Provider and Valued Partner Award for 2005 by Titan, one of its prestigious clients. Appreciation by its customers and stakeholders serve to strengthen Blue Dart's resolve to always maintain its lead in the express industry, to provide value to Indian trade and business and to be always relevant to customers' evolving needs.

Cautionary Statement

The statements forming part of this Report may contain certain forward looking remarks within the meaning of applicable Securities Laws and Regulations. Many factors could cause the actual results, performances, or achievements of the Company to be materially different from any future results, performances or achievements.

Significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in Government regulations, tax regime and other statutes.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Blue Dart Express Limited,

We have examined the compliance of conditions of Corporate Governance by Blue Dart Express Limited, for the year ended December 31, 2006, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

Mumbai, February 21, 2007

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

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

To the Board of Directors,

BLUE DART EXPRESS LIMITED

We, Malcolm Monteiro, Managing Director and Yogesh Dhingra, Finance Director and Group Chief Financial Officer of Blue Dart Express Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and cash flow statement of Blue Dart Express Limited for the year ended December 31, 2006 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - a. significant changes, if any, in the internal control over financial reporting during the year.
 - b. significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Malcolm Monteiro
Managing Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Mumbai, February 21, 2007

DECLARATION REGARDING CODE OF CONDUCT

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

Malcolm Monteiro
Managing Director

Mumbai, February 21, 2007

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 December 31, 2006, and the related Profit and Loss Account and Cash Flow Statement for the year ended December 31, 2006 annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on December 31, 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2006;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended December 31, 2006; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended December 31, 2006.

Mumbai, February 21, 2007

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Blue Dart Express Limited on the financial statements for the year ended December 31, 2006)

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. a) The inventory of consumables and spares has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under that section. As there are no contracts or arrangements referred to in Section 301 of the Act, clause (v)(b) of paragraph 4 of the Order is not applicable to the Company for the current year.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The matter specified in clause (viii) of paragraph 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act is not applicable to the Company.
9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, cess and other material statutory dues with the appropriate authorities in India. As informed to us, excise duty and sales tax are not applicable to the Company for the current year.
b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, wealth tax, service tax, customs duty and cess as at December 31, 2006, which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at December 31, 2006 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial period.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

ANNEXURE TO AUDITORS' REPORT

13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its associate company, Blue Dart Aviation Limited from banks and financial institutions during the year, considering the service agreement between the two companies, in our opinion, is not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud by the Company, noticed or reported during the year. *Further a few cases of frauds on the Company committed by way of theft/ misutilisation of credit cards meant to be delivered to third parties and misappropriation of cash by certain employees were noticed and reported, which as represented to us do not involve material amounts and are specifically covered by insurance/ recovered from said employees.*

Mumbai, February 21, 2007

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

BALANCE SHEET AS AT DECEMBER 31, 2006

	Schedule No.	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	2,264,577	1,789,359
		2,502,205	2,026,987
Loan Funds			
Secured Loans	3	101,800	219,743
Unsecured Loans	4	-	200,000
		101,800	419,743
Deferred Tax Liabilities (Net) [Refer Notes 1(h) and 7 - Schedule 19]			
Deferred Tax Liabilities		220,456	206,016
Less : Deferred Tax Assets		26,423	8,583
		194,033	197,433
TOTAL		2,798,038	2,644,163
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,440,411	2,413,158
Less: Depreciation/Amortisation		753,430	620,721
Net Block		1,686,981	1,792,437
Capital Work in Progress (including capital advances)		17,770	4,118
		1,704,751	1,796,555
Investments			
	6	285,660	182,010
Current Assets, Loans and Advances			
Inventories	7	17,634	16,124
Sundry Debtors	8	887,984	671,107
Cash and Bank Balances	9	119,052	107,740
Loans and Advances	10	474,751	383,140
		1,499,421	1,178,111
Less: Current Liabilities and Provisions			
Liabilities	11	610,223	444,610
Provisions	12	83,205	71,717
		693,428	516,327
Net Current Assets		805,993	661,784
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	1,634	3,814
TOTAL		2,798,038	2,644,163
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
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

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

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Malcolm Monteiro
Managing Director

Stephen Fenwick
Alternate Director to Ross Allen

Tushar Gunderia
Company Secretary

Greg Tanner
Director

Place : Mumbai
Dated : February 21, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2006

	Schedule No.	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
INCOME			
Service Charges [Refer Note 1(e) - Schedule 19]		6,680,235	4,150,872
Other Income	14	17,444	75,790
		6,697,679	4,226,662
EXPENDITURE			
Freight, Handling and Servicing Costs	15	4,265,788	2,482,397
Employee Costs	16	956,628	597,052
Other Costs	17	460,686	331,621
		5,683,102	3,411,070
Profit Before Interest, Depreciation and Taxation		1,014,577	815,592
Interest Expense (Net)	18	15,764	22,591
Depreciation / Amortisation		220,114	131,409
		235,878	154,000
Profit Before Taxation		778,699	661,592
Provision for Taxation [Refer Notes 1(h) and 7 - Schedule 19]			
Current Tax		271,324	203,274
Deferred Tax		(3,400)	17,724
Fringe Benefits Tax		8,500	6,500
		276,424	227,498
Profit After Taxation		502,275	434,094
Balance brought forward from previous period		1,163,550	791,745
Available for Appropriation		1,665,825	1,225,839
Proposed Dividend		23,728	35,592
Tax on Proposed Dividend		3,329	4,992
Transfer to General Reserve		12,557	21,705
Balance carried forward to Balance Sheet		1,626,211	1,163,550
Earnings Per Share (Refer Note 6 - Schedule 19)			
Basic and diluted Earnings Per Share (in Rupees)		21.17	18.29
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
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

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

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Malcolm Monteiro
Managing Director

Stephen Fenwick
Alternate Director to Ross Allen

Tushar Gunderia
Company Secretary

Greg Tanner
Director

Place : Mumbai
Dated : February 21, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
A. Cash flows from Operating activities:		
Profit before Taxation	778,699	661,592
Adjustments for:		
Depreciation / Amortisation	220,114	131,409
Interest expense	17,773	23,551
Interest income	(2,009)	(960)
Dividend from Mutual Funds	(3,928)	(1,211)
Dividend from Subsidiary Company	(6,660)	-
Loss on sale/scraping of fixed assets (Net)	18,427	40,468
Miscellaneous expenditure written off	2,180	1,634
Bad debts /advances written off	10,000	4,713
Unadjusted credits/liabilities no longer required written back	-	(4,300)
Provision for leave encashment	25,015	6,500
Provision for gratuity	37,261	8,552
Retention amount payable to Managing Director - written back	-	(68,000)
Profit on sale of shares in Skyline Air Logistics Limited	(1,070)	-
Provision for Directors' commission / professional fees	8,440	9,020
Operating profit before working capital changes	1,104,242	812,968
Adjustments for changes in working capital :		
(Increase) / Decrease in Inventories	(1,511)	1,672
(Increase) / Decrease in Sundry Debtors	(226,877)	(108,239)
(Increase) / Decrease in Other Receivables	(93,741)	(67,276)
Increase / (Decrease) in Trade and Other Payables	122,272	48,912
Cash generated from Operations	904,385	688,037
Taxes paid (net of Tax Deducted at Source)	(277,282)	(205,027)
Net cash from / (used in) Operating activities	627,103	483,010
B. Cash flows from Investing activities:		
Purchase of fixed assets	(137,648)	(197,379)
Changes in Capital Work in Progress	(13,652)	7,382
Proceeds from sale of fixed assets	2,386	729
Interest received	1,598	2,183
Dividend from Mutual Funds	3,928	1,211
Dividend from Subsidiary Company	6,660	-
Proceeds from sale of shares in Skyline Air Logistics Limited	4,420	-
Investment in subsidiary - Skyline Air Logistics Limited	-	(5)
Investment in subsidiary - Concorde Air Logistics Limited	-	(5)
Investment in Mutual Funds (Net)	(107,000)	(44,000)
Proceeds from maturity of Investments	-	1,300
Net cash from / (used in) Investing activities	(239,308)	(228,584)
C. Cash flows from Financing activities:		
Repayment of Long term borrowings	(116,667)	(113,333)
Repayment of Short term borrowings (Net)	(200,000)	-
Movement in bank overdrafts (Net)	(1,276)	(5,027)
Interest paid	(17,773)	(23,559)
Dividend paid	(35,775)	(70,948)
Dividend tax paid	(4,992)	(9,980)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
Net cash from / (used in) Financing activities	(376,483)	(222,847)
Net Increase in Cash and Cash Equivalents	11,312	31,579
Cash and cash equivalents at the beginning of the year / period	107,740	76,161
Cash and cash equivalents at the end of the year / period	119,052	107,740
	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
Cash and cash equivalents comprise of:		
Cash, cheques and remittances in transit	46,138	30,608
Balance with Scheduled Banks		
on current accounts	68,134	72,749
on margin money accounts	532	155
on unpaid dividend accounts	1,745	1,928
Balance with non scheduled Bank		
on current account	1,123	920
on deposit account	1,380	1,380
	119,052	107,740

Notes :

- 1) The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS 3) issued by the Institute of Chartered Accountants of India.
- 2) Cash flows in brackets indicate cash outgo.
- 3) Previous period's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- 4) The figures of the current year are not comparable to those of the previous period as the figures of the previous period are for a period of nine months from April 1, 2005 to December 31, 2005.
- 5) Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs. 422 ('000) [Previous Period - Rs. 13 ('000)].
- 6) Cash and cash equivalents includes Rs. 3,657 ('000) [Previous Period - Rs. 3,463 ('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.

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Company Secretary

Greg Tanner
Director

Place : Mumbai
Dated : February 21, 2007

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 1		
CAPITAL		
<u>Authorised</u>		
40,000,000 equity shares of Rs. 10 each	400,000	400,000
<u>Issued and Subscribed</u>		
23,727,934 equity shares of Rs. 10 each fully paid-up	237,280	237,280
Add : Forfeited Shares	348	348
Total	237,628	237,628

Note:

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

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

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 2		
RESERVES AND SURPLUS		
Securities Premium	394,057	394,057
General Reserve		
At the beginning of the year / period	231,752	210,047
Add: Transfer from Profit and Loss Account	12,557	21,705
At the end of the year / period	244,309	231,752
Profit and Loss Account	1,626,211	1,163,550
Total	2,264,577	1,789,359

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 3		
SECURED LOANS		
From Banks		
Term Loans [Refer Note (a) below]	100,000	216,667
{Amount payable within a year Rs. 66,667 ('000) [Previous Period - Rs. 116,668 ('000)]}		
Bank Overdrafts [Refer Note (b) below]	1,800	3,076
Total	101,800	219,743

Notes:

- (a) Term Loans from banks are secured by first pari passu 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.

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 4		
UNSECURED LOANS		
Short term		
Commercial Paper from Banks	-	200,000
{Nil units [Previous Period - 400 Units of Rs. 500 ('000) each]}		
{Maximum amount outstanding during the year Rs. 200,000 ('000) [Previous Period Rs. 200,000 ('000)]}		
Total	-	200,000

Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

[Refer Notes 1(b), 1(g), 1(k), 1(m) and 4 - Schedule 19]

in Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2006	Additions	Deductions/ Adjustments	As at December 31, 2006	As at January 1, 2006	For the year	Deductions/ Adjustments	As at December 31, 2006	As at December 31, 2006	As at December 31, 2005
Goodwill [Refer note (a) below]	30,000	-	-	30,000	22,130	1,500	-	23,630	6,370	7,870
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	166,746	25	(1,719)	168,490	17,714	2,751	(645)	21,110	147,380	149,032
Office Equipment [Refer note (b) below]	70,878	8,433	4,703	74,608	25,000	5,705	2,367	28,338	46,270	45,878
Electrical Equipment [Refer note (b) below]	129,089	14,538	9,492	134,135	41,934	11,482	5,903	47,513	86,622	87,155
Computers [Refer note (b) below]	269,538	64,557	45,194	288,901	166,284	35,938	43,355	158,867	130,034	103,254
Computer Software	81,542	20,515	17,620	84,437	54,121	10,166	14,244	50,043	34,394	27,421
Furniture and Fittings	212,917	22,448	12,262	223,103	58,100	14,083	7,035	65,148	157,955	154,817
Vehicles	36,903	4,433	1,642	39,694	20,068	3,311	1,605	21,774	17,920	16,835
Aircraft Engines [Refer note (b) below]	123,698	-	-	123,698	52,240	52,937	-	105,177	18,521	71,458
Aircraft	527,246	-	-	527,246	58,871	35,589	-	94,460	432,786	468,375
Aircraft Components and Overhaul	204,648	522	-	205,170	71,503	26,349	-	97,852	107,318	133,145
Aircraft Parts	18,680	-	18,680	-	12,047	1,494	13,541	-	-	6,633
D-check on Aircraft [Refer note (c) below]	114,598	-	-	114,598	18,263	17,190	-	35,453	79,145	96,335
Ground Handling Equipment	30,392	-	344	30,048	2,446	1,619	-	4,065	25,983	27,946
Total	2,413,158	135,471	108,218	2,440,411	620,721	220,114	87,405	753,430	1,686,981	1,792,437
Previous Period	2,330,577	201,424	118,843	2,413,158	566,958	131,409	77,646	620,721	1,792,437	

Notes:

- a) The balance period over which goodwill will be amortised is four years and three months.
- b) During the year ended December 31, 2006 the Company revised the estimated useful life of certain assets under the block of Office Equipment, Electrical Equipment, Computers and Aircraft Engines to more appropriately reflect the pattern in which these assets' economic benefits are expected to be availed. As a result of this change, profit before tax and the net book value of fixed assets are lower by Rs. 41,407('000). (Previous Period - Rs. Nil)
- c) D-Check on aircraft represents costs towards heavy maintenance mandatory checks.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 6				
INVESTMENTS				
(Long Term, Unquoted, At Cost) [Refer Note 1(c) - Schedule 19]				
Trade				
3,992,215 (Previous Period - Nil) units of Birla Cash Plus - Institutional Premium - Daily Dividend Plan (71,663,800 units purchased, 60,465 units cumulated and 67,732,050 units sold during the year)			40,000	-
9,600,000 (Previous Period - 9,600,000) equity shares of Rs. 10 each in Blue Dart Aviation Limited	120,000	120,000		
110,000 (Previous Period - 110,000) equity shares of Rs. 10 each in Concorde Air Logistics Limited, a subsidiary company	14,600	14,600	61,000	-
Nil (Previous Period - 60,000) equity shares of Rs. 10 each in Skyline Air Logistics Limited, a subsidiary company (upto August 10, 2006) (Refer Note 3 - Schedule 19)	-	3,350	-	19,000
1,000 (Previous Period - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50	-	10,000
1,000 (Previous Period - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	-	-
Non - Trade				
Others (Current)				
Total			285,660	182,010
Units in Mutual Funds				
5,000,000 (Previous Period - 1,500,000) units of Prudential ICICI Institutional Liquid Plan - Super Institutional and Institutional Plus Daily Dividend Plan (208,600,000 units purchased, 140,924 units cumulated and 205,240,924 units sold during the year)	50,000	15,000		
SCHEDULE 7				
INVENTORIES				
[Refer Note 1(i) - Schedule 19]				
Packing and Stationery Consumables			8,733	6,757
Spares			8,901	9,367
Total			17,634	16,124

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)		As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 8			SCHEDULE 10		
SUNDRY DEBTORS			LOANS AND ADVANCES		
(Unsecured, considered good)			(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-	Aircraft Payload Deposit with Blue Dart Aviation Limited	195,000	154,085
Other debts	887,984	671,107	Advances recoverable in cash or in kind or for value to be received :		
Total	887,984	671,107	Prepaid expenses	14,369	17,864
SCHEDULE 9			Deposits	105,239	92,362
CASH AND BANK BALANCES			Advance Tax (Net of Provision)	36,234	38,354
Cash, cheques on hand and remittances in transit	46,138	30,608	Other Advances	123,909	80,475
Balance with scheduled banks :			Total	474,751	383,140
on current accounts	68,134	72,749	SCHEDULE 11		
on margin money accounts	532	155	LIABILITIES		
on unpaid dividend accounts	1,745	1,928	Sundry Creditors :		
Balance with non-scheduled bank (Municipal Co-operative Bank)			Small Scale Industrial Undertakings	4,301	3,136
on current account	1,123	920	[Refer Note 12 - Schedule 19]		
on deposit account	1,380	1,380	Others	316,424	256,916
{Maximum amount outstanding during the year in current account Rs. 1,128 ('000) [Previous Period - Rs. 1,497 ('000)] and in deposit account Rs. 1,380 ('000) [Previous Period - Rs.1,380 ('000)]}			Unclaimed Dividend *	1,745	1,928
Total	119,052	107,740	Other Liabilities	287,753	182,630
			Total	610,223	444,610
Note :			* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company. The balances in the deposit accounts are given as security against overdraft facilities from bank.			SCHEDULE 12		
			PROVISIONS		
			Provision for Leave Encashment [Refer Note 1(f) - Schedule 19]	56,148	31,133
			Proposed Dividend	23,728	35,592
			Tax payable on Proposed Dividend	3,329	4,992
			Total	83,205	71,717

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31,2005 in Rs. ('000)
SCHEDULE 13				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted) [Refer Note 1(d) - Schedule 19]				
Long-term Contract Negotiation costs				
At the beginning of the year / period	3,814	5,448		
Add : Additions during the year / period	-	-		
Less: Amortisation during the year / period	(2,180)	(1,634)		
At the end of the year / period	1,634	3,814		
SCHEDULE 15				
FREIGHT, HANDLING AND SERVICING COSTS				
Aircraft charter costs			2,541,277	1,391,057
Domestic network operating costs			805,036	513,629
Domestic excess baggage			278,899	145,294
International servicing charges			473,097	331,448
Printing, stationery and consumables			86,650	54,375
Handling and clearing charges			80,829	46,594
Total			4,265,788	2,482,397
SCHEDULE 16				
EMPLOYEE COSTS				
[Refer Notes 1(f), 2, 11(a) and 11(b) - Schedule 19]				
Salaries, Bonus and Leave Encashment			722,090	460,737
Contribution to provident and other funds			102,735	43,284
Staff welfare expenses			131,803	93,031
Total			956,628	597,052

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31,2005 in Rs. ('000)		
SCHEDULE 14				
OTHER INCOME				
Dividend from subsidiary company	6,660	-		
Dividend from Mutual Funds	3,928	1,211		
Unadjusted credits / Liability no longer required written back [Refer Note 13 - Schedule 19]	-	72,300		
Profit on sale of shares [Refer Note 3 - Schedule 19]	1,070	-		
Difference in Foreign exchange fluctuation [Refer Note 1 (g) - Schedule 19]	1,295	(135)		
Miscellaneous income	4,491	2,414		
Total	17,444	75,790		
SCHEDULE 17				
OTHER COSTS				
Rent			130,424	84,495
Communication expenses			49,272	34,919
Electricity			41,507	28,619
Repairs and maintenance - others			39,405	26,181
Office expenses			35,438	21,599
Legal and professional charges [Refer Note 11(c) - Schedule 19]			32,929	19,247

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31,2005 in Rs. ('000)
Security expenses	31,105	18,466
Rates and taxes	19,056	10,932
Loss on sale/scraping of fixed assets (Net)	18,427	40,468
Sales promotion and advertising	16,752	13,829
Travelling and conveyance	16,712	11,177
Bad debts/advances written off	10,000	4,713
Lease rentals [Refer Notes 1(j) and 10 - Schedule 19]	9,554	6,652
Insurance	6,174	5,963
Miscellaneous expenditure written off	2,180	1,634
Miscellaneous expenses	1,751	2,727
Total	460,686	331,621
SCHEDULE 18		
INTEREST EXPENSE (NET)		
On Term loans	10,199	14,641
On Commercial Paper	6,590	8,441
On Bank Overdraft	423	469
On Short Term Loans	561	-
	17,773	23,551
Less : Interest income on income tax refunds	-	558
Interest on deposits with banks and others	2,009	402
{Tax deducted at source Rs. 422 ('000) [Previous Period - Rs. 13 ('000)]}		
Total	15,764	22,591

SCHEDULE 19

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards 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 life of fixed assets used but not owned by the Company are also capitalised, where there is a certainty of deriving future economic benefits from the use of such assets.

Depreciation on fixed assets is provided under straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of the following assets, which are written off over their estimated useful lives :

Description of Assets	Useful Life (in Years)
Office Equipment	2 to 15
Electrical Equipment	6 to 15
Computers	3 to 6
Aircraft Engines	2 to 7
Aircraft	14
Aircraft Parts	12.5
D-Check cost on aircraft	8

Aircraft Components and Overhaul represent the cost of engines overhaul, components and modifications of airframes owned and contractually liable to be incurred by the Company. Such costs are depreciated/ amortised on the basis of hours flown or the life cycle of the overhaul program, as applicable.

SCHEDULES

Computer software is amortised under straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, as prescribed for computers.

Goodwill represents the excess of the value of the erstwhile partnership business as a whole over its net asset value as at the date of registration and is stated at cost less accumulated amortisation. Goodwill is amortised using the straight-line method over a period of 20 years, based upon the brand image of 'Blue Dart' upon acquisition and the consequential impact it has on the future business of the Company.

(c) 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 constituting long-term contract negotiation costs incurred upto March 31, 2003 are deferred and amortised under the straight line method over the period of the contract, which is five years.

(e) Service Charges

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

(f) Employee Benefits

(i) Short Term Employee Benefits :

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

(ii) Long Term Employee Benefits :

Defined Contribution Plans

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

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

The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company

makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company makes contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

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

Defined Benefit Plan

The Company has a Defined Benefit plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation at the year end.

Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Life Insurance Corporation of India ('LIC') and is funded.

Termination benefits are recognised as an expense as and when incurred.

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

(g) Foreign Currency Transactions

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

(h) Taxes on Income

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

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

SCHEDULES

(i) Inventories

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

(j) Lease Rentals

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

(k) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

(l) Provision for Contingent Liabilities

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

(m) Impairment of Assets

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

2. The Company has during the year adopted Accounting Standard 15 (revised 2005) 'Employee Benefits'.

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

I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans

- i. Employers' Contribution to Employee's State Insurance
- ii. Employers' Contribution to Employee's Pension Scheme 1995.

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

	In Rs. ('000)
- Employers' Contribution to Provident Fund	19,005*
- Employers' Contribution to Superannuation Fund	4,043*
- Employers' Contribution to Employee's State Insurance	7,539*
- Employers' Contribution to Employee's Pension Scheme 1995.	17,652*
* Included in Contribution to provident and other funds (Refer Schedule 16)	

II Defined Benefit Plan

Contribution to Gratuity Fund

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the the following assumptions:-

Discount Rate (per annum)	7.75%
Rate of increase in Compensation levels	6.75%
Rate of Return on Plan Assets	7.75%
Expected Average remaining working lives of employees (years)	22

A) Changes in the Present Value of Obligation

	(in Rs. '000)
Present Value of Obligation as at January 1, 2006	77,641
Interest Cost	6,835
Past Service Cost	Nil
Current Service Cost	7,797
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits Paid	(8,240)
Actuarial (gain) / loss on obligations	32,508
Present Value of Obligation as at December 31, 2006	116,541

SCHEDULES

B) Changes in the Fair value of Plan Assets

	(in Rs. '000)
Present Value of Plan Assets at the January 1, 2006	68,241
Expected Return on Plan Assets	5,459
Actuarial Gains and Losses	(529)
Contributions	14,500
Benefits Paid	(8,240)
Fair Value of Plan Assets at December 31, 2006	79,431

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

	(in Rs. '000)
Present Value of funded Obligation as at December 31, 2006	79,431
Fair Value of Plan Assets as at the end of the year	79,431
Funded Status	(37,110)
Present Value of unfunded Obligation as at December 31, 2006	(37,110)
Unrecognised Actuarial (gains) / losses	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(37,110)**

** Included in Other Liabilities (Refer Schedule 11)

D) Amount recognised in the Balance Sheet

	(in Rs. '000)
Present Value of Obligation as at December 31, 2006	(116,541)
Fair Value of Plan Assets as at the end of the year	79,431
Liability recognised in the Balance Sheet	(37,110)***

*** Included in Other Liabilities (Refer Schedule 11)

E) Expenses recognised in the Profit and Loss Account

	(in Rs. '000)
Current Service Cost	7,797
Past Service Cost	Nil
Interest Cost	6,835
Expected Return on Plan Assets	(5,459)
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain) / loss recognised in the period	33,037
Total Expenses recognised in the Profit and Loss Account	42,210****

**** Included in Contribution to Provident and Other Funds (Refer Schedule 16)

3. Profit on Sale of Shares

Profit on sale of shares represents surplus on disinvestment of 100% [60 ('000) equity shares] holding in Skyline Air Logistics Limited at a price of Rs 73.66 per share, being the fair value in accordance with the valuation report of an independent firm of chartered accountants.

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
4. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	75,153	21,169
5. Contingent Liabilities not provided for		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	1,078,000	478,000
(b) Bank Guarantees	3,812	2,430

Note :

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

SCHEDULES

6. Earnings Per Share

	Year ended December 31, 2006	Period ended December 31, 2005
(a) Profit after Taxation for the year / period (Rs '000)	502,275	434,094
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In Rupees)	21.17	18.29
(d) Nominal value of shares outstanding (In Rupees)	10.00	10.00

7. Deferred Tax Balances

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

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
(a) Liabilities		
Depreciation / Amortisation	219,906	204,733
Long term contract negotiation costs	550	1,283
Total	220,456	206,016
(b) Assets		
Provision for leave encashment	16,282	7,867
Provision for bonus	1,726	716
Provision for gratuity	8,415	-
Total	26,423	8,583
Net Deferred Tax Liabilities	194,033	197,433

8. 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.

9. Related Party Disclosures

(a) Enterprises where control exists :

DHL Express (Singapore) Pte. Limited	- Holding Company
Deutsche Post AG, Germany	- Ultimate Holding Company
DHL Express (India) Private Limited	- Fellow Subsidiary Company
Concorde Air Logistics Limited	- Wholly owned Subsidiary Company
Skyline Air Logistics Limited	- Wholly owned Subsidiary Company (upto August 10, 2006)

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

(i) Holding/Fellow Subsidiary/Associate Company/ Subsidiaries	
DHL Express (Singapore) Pte. Limited	- Holding Company
DHL Express (India) Private Limited	- Fellow Subsidiary Company
Blue Dart Aviation Limited	- Associate Company
Concorde Air Logistics Limited	- Wholly owned Subsidiary Company
Skyline Air Logistics Limited	- Wholly owned Subsidiary Company (upto August 10, 2006)
(ii) Key Management Personnel	
Air Marshal S.S. Ramdas (Retd.)	Chairman
Clyde C. Cooper	Managing Director (upto March 12, 2006)
Malcolm Monteiro	Managing Director (from March 13, 2006)
Suresh G. Sheth	Director

SCHEDULES

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)		Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
(c) Transactions with related parties during the year / period :			Reimbursement towards expenses capitalised	-	915
(i) With Holding Company			Dividend Received	6,660	-
DHL Express(Singapore) Pte. Limited			(iii) With Key Management Personnel		
Dividend paid	28,842	57,684	Components of Remuneration paid to the following personnel have been disclosed in Note11 (a) below:		
(ii) With Associate / Fellow Subsidiary / Subsidiaries			- Clyde C. Cooper	11,898	21,361
Blue Dart Aviation Limited:			- Malcolm Monteiro	21,794	-
Aircraft charter costs	2,532,932	1,386,769	- Air Marshal S. S. Ramdas (Retd.)	1,280	1,160
Additional Aircraft payload deposit placed	40,915	25,085	- Suresh G. Sheth	1,280	1,160
Interest (income)/ expenditure on current account (net)	(1,879)	-	- Others	-	140
Domestic service charges income	5,224	3,264		36,252	23,821
Reimbursement of capital expenditure incurred	474	1,030	Professional fees paid to Air Marshal S.S. Ramdas (Retd.)	-	1,000
Payment for D check carried out on Aircraft	-	29,525	Professional fees paid to Suresh G. Sheth	-	1,000
DHL Express (India) Private Limited :				As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
International servicing cost	472,137	331,336	(d) Related party balances as at the year / period end :		
Domestic service charges income	109,861	61,708	(i) Receivable/ (Payable) from/ to Associate/ Fellow Subsidiary/ Subsidiaries		
Concorde Air Logistics Limited:			Blue Dart Aviation Limited	195,000	147,669
Reimbursements towards air freight, etc.	140,424	66,592	DHL Express (India) Private Limited (Net)	(84,339)	(74,053)
Agency Charges	600	-	Concorde Air Logistics Limited	(13,754)	(3,874)
Reimbursement towards expenses capitalised	-	1,206	Skyline Air Logistics Limited	-	(1,151)
Skyline Air Logistics Limited :			(ii) Corporate guarantees given on behalf of Blue Dart Aviation Limited	1,078,000	478,000
Reimbursements towards air freight, etc.	2,104	3,303			
Agency Charges	704	963			

SCHEDULES

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)		Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
(iii) Payable to Key Management Personnel :			Profit Before Tax	778,699	661,592
Mr. Clyde C. Cooper	1,872	7,020	Add : Directors' remuneration [Refer (a) above]	36,252	23,821
Mr. Malcolm Monteiro	4,568	-	Depreciation/Amortisation provided in the books of account	220,114	131,409
Air Marshal S.S.Ramdas (Retd.)	1,000	1,000	Loss on sale / scrapping of fixed assets (Net)	18,427	40,468
Mr. Suresh G. Sheth	1,000	1,000		1,053,492	857,290
10. Commitments under lease agreements			Less: Depreciation under Section 350 of the Companies Act, 1956	220,114	131,409
The Company has entered into non-cancellable operating lease agreements for rental of motor cars for a period of five years and commitments as at December 31, 2006 are as under:			Profit on sale of investments	1,070	-
Upto One Year	5,452	3,662	Net profit as per Sections 198 and 349 of the Companies Act, 1956	832,308	725,881
One to Five Years	14,185	12,209	Commission to erstwhile Managing Director at 1% of Net Profit, restricted to the salary upto the date of his tenure	1,872	7,020
	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)	Commission to Managing Director	4,568	-
11. Supplementary data as required under Schedule VI to the Companies Act, 1956			Commission to Independent Directors at 1% of Net Profit per Director, restricted to Rs. 10 lacs per Independent Director	2,000	2,000
(a) Managerial remuneration			(c) Legal and Professional Charges include Auditors' Remuneration as follows :		
Salary	16,062	10,934	Audit Fees		
Commission [Refer (b) below]	8,440	9,020	- Statutory Audit Fees	3,300	2,600
Contribution to Provident fund	636	842	- Tax Audit Fees	600	300
Contribution to Superannuation fund	454	-	For other matters	2,350	550
Gratuity paid	6,750	-	Reimbursement of expenses	-	50
Leave encashment paid	229	-		6,250	3,500
Perquisites	3,101	2,565	(d) Earnings in foreign currency		
Directors' sitting fees	580	460	Service charges	33,404	43,512
	36,252	23,821			
Provision for Leave Encashment and Gratuity, which are based on actuarial valuations done on an overall Company basis, are excluded above.					
(b) Computation of 'net profit' in accordance with Sections 198 and 349 of the Companies Act, 1956 and commission payable to the whole-time directors (including Managing Director) :					

SCHEDULES

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
(e) Expenditure in foreign currency		
Lease charges	6,366	3,417
Foreign travel	2,811	255
Others	2,185	1,122
	11,362	4,794
(f) Value of imports (C&F Basis)*		
Aircraft and other capital items (including components and spares)	-	40,208
	-	40,208

*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.

(g) Remittance in foreign currency on account of dividends		
Number of Non-resident shareholders	1	1
Number of Equity Shares held	19,227,887	19,227,887
Amount of dividend remitted	28,842	57,684
Period / Year to which dividend relates	April - Dec 2005	2004-05

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

The small scale industrial undertakings to whom amounts are outstanding for more than 30* days at December 31, 2006 are :

Alpha Carbonless Manufacturing Co.	Sago Paper Products
Royal Art	Sago Printing Systems
Pioneer Packaging	Supac Packaging Private Limited

The above information and that given in Schedule 11 - 'Liabilities' regarding Small Scale Industrial Undertakings 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.

* In accordance with the terms of contracts, the credit period is generally upto 60 days.

13. In the previous period, liability no longer required written back includes reversal of one-time retention compensation of Rs. 68,000 ('000) payable to the then Managing Director due to rejection by the Central Government of the application made by the Company.
14. The figures of the current year are not comparable to those of the previous period as the figures of the previous period are for a period of nine months from April 1, 2005 to December 31, 2005.
15. Previous period's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

SCHEDULES

Schedule forming part of the Accounts

16. 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	Rights Issue
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="6"/>

Sources of Funds

Paid-up Capital	Reserves & Surplus
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="7"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liability(Net)	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="3"/>	

Application of Funds

Net Fixed Assets	Investments
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="0"/>
Net Current Assets	Misc. Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="4"/>
Accumulated Losses	
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

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

Turnover *	Total Expenditure**
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="0"/>

* Including Other Income

+ -		Profit/Loss before tax
<input type="text" value="ü"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="9"/>	
+ -		Earning Per Share in Rs.
<input type="text" value="ü"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="7"/>	

** Net of Interest Income

+ -		Profit/Loss after tax
<input type="text" value="ü"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/>	
+ -		Dividend rate %.
<input type="text" value="ü"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="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 S E R V I C E S 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 : Concorde Air Logistics Limited

Holding Company's Interest : 110,000 Equity Shares of
Rs. 10 each fully paid up

Extent of Holding : 100%

The "Financial Year" of the Subsidiary Company ended of : December 31, 2006

Net aggregate amount of the Subsidiary Company's
profits/(losses) dealt with in the Holding Company's accounts

For the Subsidiary's aforesaid financial year : Nil

For the previous financial years : N.A

Net aggregate amount of the Subsidiary Company's profits/
(losses) not dealt with in the Holding Company's accounts

For the Subsidiary's aforesaid financial year (Rs. in thousand) : 14,677

For the previous financial years (Rs.in thousand) : 3,044

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

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Malcolm Monteiro
Managing Director

Stephen Fenwick
Alternate Director to Ross Allen

Tushar Gunderia
Company Secretary

Greg Tanner
Director

Place : Mumbai

Dated : February 21, 2007

BOARD OF DIRECTORS

CONCORDE AIR LOGISTICS LIMITED

BOARD OF DIRECTORS

Vaidhyanathan Iyer

Tushar Gunderia

D. Basappa

PRINCIPAL BANKERS

Canara Bank

Indian Overseas Bank

AUDITORS

Price Waterhouse

REGISTERED OFFICE

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

DIRECTORS' REPORT

To the Members,

Your Directors have great pleasure in presenting the Third Annual Report of your Company for the year ended December 31, 2006.

FINANCIAL RESULTS

	(Rs. in millions)	
	For the year ended December 31, 2006	For the nine month ended December 31, 2005
Revenues:		
Services	25.46	9.06
Other Income	0.48	0.91
Less : Operating Expenses	9.60	5.68
Operating Profit (EBIDTA)	16.34	4.29
Less : Depreciation / Amortisation	1.67	1.25
Earnings before Tax	14.67	3.04
Less : Provision for income tax (including FBT)	5.51	1.45
Earnings after tax	9.16	1.59

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

INDUSTRY

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

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

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

Your Directors are pleased to inform you that your Company has received renewal of 'Certificate of Registration' for the year 2006, from International Airport Transport Association (IATA), to promote, sell and handle international air cargo transportation.

During the year, your Company obtained permission from the Office of 'Commissioner of Customs' to carry on business of clearance of

import cargo in addition to export cargo at all Indian ports and Airports. As such, your Company has now necessary permission to carry on clearance of import cargo as well as export cargo.

DIRECTORS

During the year under review, Mr. D. Basappa was appointed as an Additional Director of the Company with effect from August 31, 2006.

Mr. Kamlesh Kataria resigned as Director of the Company with effect from August 31, 2006. Your Directors place on record their sincere appreciation and thanks for the contribution of Mr. Kamlesh Kataria for the growth of the Company and wish him success for his future endeavours.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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 year and of the profit of the Company for that year;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

The Statutory Auditors of the Company M/s. Price Waterhouse, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received necessary certificate from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

DIRECTORS' REPORT

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

FIXED DEPOSIT

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

COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383(A) of the Companies Act, 1956, M/s. Nilesh Shah & Associates, Company Secretaries in Whole Time Practice, have issued 'Compliance Certificate' for the year ended 31st December, 2006, which has been attached as an Annexure to this Report.

EMPLOYEES

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

During the year under review, your Company did not have any employee falling under the provisions of Service 217 (2A) of the Companies Act, 1956.

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

The information pursuant of Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is as under

A	Conservation of Energy	:	Not applicable
B	Technology absorption	:	Not applicable
C	Foreign Exchange Earnings & Outgo	:	
	Earnings	:	Nil
	Outgo	:	Rs. 13 million (Previous Period - Rs. 10 million)

ACKNOWLEDGEMENT

Your Directors express their grateful appreciation for the assistance and co-operation received from the customers, suppliers, solicitors, advisors, banks and government authorities for their continuous support during the year under review.

For and on behalf of the Board Directors

V. N. Iyer
Director

Tushar Gunderia
Director

D. Bassapa
Director

Mumbai,
February 20, 2007

AUDITORS' REPORT

To the Members of

CONCORDE AIR LOGISTICS LIMITED

1. We have audited the attached Balance Sheet of Concorde Air Logistics Limited, as at December 31, 2006, and the related Profit and Loss Account and Cash Flow Statement for the year ended December 31, 2006 annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e. On the basis of written representations received from the directors, as on December 31, 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2006;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended December 31, 2006 and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended December 31, 2006.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date : February 20, 2007

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditor's Report of even date to the members of Concorde Air Logistics Limited on the financial statements for the year ended December 31, 2006]

- (1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (2) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clause (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the year.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clause (iii)(f) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the year.
- (3) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (4) According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under that Section. As there are no contracts or arrangements referred to in Section 301 of the Act, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.
- (5) The Company has not accepted any deposits from the public within the meaning of Sections 58A of the Act and the rules framed there under.
- (6) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (7) The matter specified in clause (viii) of paragraph 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the Company.
- (8) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service -tax, cess and other material statutory dues with the appropriate authorities in India. As informed to us investor education and protection fund, wealth tax, excise duty, custom duty and sales tax are not applicable to the company for the year.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, service tax and cess as at December 31, 2006, which have not been deposited on account of any dispute.
- (9) As the Company is registered for the period less than five years, clause (x) of paragraph 4 of the Order is not applicable to the company for the year.
- (10) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- (11) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (12) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- (13) In our opinion, the Company is not a dealer or trader in share, securities, debentures and other investments.
- (14) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (15) The Company has not obtained any term loans.
- (16) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.

ANNEXURE TO AUDITORS' REPORT

- (17) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (18) The Company has not issued any debentures during the year.
- (19) The Company has not raised any money by public issue during the year.
- (20) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.
- (21) The matter specified under clause (ii) of paragraph 4 of the Order are not applicable to the Company for the year.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date : February 20, 2007

COMPLIANCE CERTIFICATE

Company No. : 11 - 146141
Authorised Capital : 20,00,000/-

To the Members of
CONCORDE AIR LOGISTICS LIMITED
Mumbai.

We have examined the necessary registers, records, books and papers of CONCORDE AIR LOGISTICS LIMITED as required to be maintained under the Companies Act, 1956, (hereinafter referred as 'Act') and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on 31st December, 2006. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Maharashtra, Mumbai or such other authorities within the time prescribed under the Act and the rules made thereunder. The Company was not required to file any forms and returns with the Regional Director, Central Government, Company Law Board or other authorities.
3. The status of the Company, being Public Limited Company, comments are not required.
4. The Board of Directors duly met 8 (eight) times on 23.01.2006, 06.02.2006, 31.03.2006, 26.04.2006, 11.07.2006, 31.07.2006, 25.10.2006 and 13.12.2006 respectively, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debentureholders during the year under review.
6. The Annual General Meeting for the period ended 31st December, 2005 was held on 26th April, 2006 after giving due notice to the members of the Company and resolutions passed thereat, were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meetings were held during the financial year under review.
8. The Company has not advanced any loans to its Directors and / or persons or firms or Companies referred to in Section 295 of the Act, during the year under review.
9. The Company has not entered into any new contract attracting the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or the Central Government.
12. The Company has not issued duplicate share certificates during the financial year under review and hence no comments are invited.
13. The Company has:
 - (i) delivered all the certificates on transfer of securities within the time specified in the Act and in accordance with the provisions of the Act. The Company had no instances of allotment or transmission of shares during the year under review and hence no comments are invited in this respect.
 - (ii) not declared any dividend during the year and hence the Company was not required to deposit any amount as unpaid dividend /interim dividend in a separate Bank Account.
 - (iii) N.A.
 - (iv) N.A.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of Additional Directors was duly made in accordance with the provisions of the Act. There were no appointment of Alternate Directors and Directors to fill any casual vacancies, during the year under review.
15. The Company has not appointed any Managing Director / Whole time Director / Manager, during the year under review.
16. The Company has not appointed any sole-selling agents during the year under review.
17. The Company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under various provisions of Companies Act, 1956 during the year under review.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

COMPLIANCE CERTIFICATE

19. The Company has not allotted any equity shares or any other securities during the year under review and has complied with the provisions of the Act.
20. The Company has not bought back any shares during the year under review.
21. The Company has not redeemed any preference shares / debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance any corporate benefits of the members pending registration of transfer of shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the year under review.
24. The amount borrowed by the Company during the year ended 31st December, 2006 is within the borrowing limits of the Company in terms of the provisions of Section 293 (1)(d) of the Act.
25. The Company has not made any loans or advances or investments or given guarantees or provided securities to other bodies corporate and consequently no entries were required to be made in the register required to be kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one State to another State, during the year under review.
27. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the objects of the Company, during the year under review.
28. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to name of the Company, during the year under review.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year under review.
30. The Company has not altered any provisions of its Articles of Association during the year under review.
31. There were no prosecutions initiated against or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment were imposed on the Company during the year under review.
32. The Company has not received any money as security from its employees during the year under review.
33. The provisions of Section 418 of the Act do not apply to the Company.

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

Place : Mumbai
Date : February 20, 2007

COMPLIANCE CERTIFICATE

Annexure A

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

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

Place : Mumbai
Date : February 20,2007

Annexure B

Sr. No.	Form No.	Section	Purpose	Filed on
1	Form No. 32 dated 23.01.2006	303 (2)	Change in the position of Director	27.01.2006
2	Form No. 29 dated 23.01.2006	264 (2)	Consent to act as a Director	27.01.2006
3	Form – 20B C. No. A01583939	159	Annual Return - As per requirement of the Act	23.06.2006
4	Form – 23AC C. No. A00791533	210	3 sets of the Balance Sheet - As per requirement of the Act	19.05.2006
5	Form- 32 C. No. A00843516	303 (2)	Confirming Appointment of Additional Director in AGM	22.05.2006
6	Form – 62 C. No. A00842815	383A	As required under Companies (Compliance Certificate) Rules, 2001.	22.05.2006
7	Form – 32 C. No. A03138112	303 (2)	Change in the position of Director	21.08.2006

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

Place : Mumbai
Date : February 20,2007

CONCORDE AIR LOGISTICS LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2006

	Schedule No.	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	1,100	1,100
Reserves and Surplus	2	24,724	15,556
TOTAL		25,824	16,656
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	19,415	19,061
Less: Depreciation / Amortisation		7,244	5,576
Net Block		12,171	13,485
Investments	4	75	75
Deferred Tax Assets (Net) [Refer Notes 2(g) and 6 - Schedule 14]			
Deferred Tax Assets		325	244
Less : Deferred Tax Liabilities		158	98
		167	146
Current Assets, Loans and Advances			
Sundry Debtors	5	13,871	3,978
Cash and Bank Balances	6	14,003	4,502
Loans and Advances	7	952	1,268
		28,826	9,748
Less: Current Liabilities and Provisions			
Liabilities	8	14,472	6,111
Provisions	9	943	687
		15,415	6,798
Net Current Assets		13,411	2,950
TOTAL		25,824	16,656
Notes to Accounts	14		

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

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

D. Basappa
Director

Place : Mumbai
Dated: February 20, 2007

CONCORDE AIR LOGISTICS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2006

	Schedule No.	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
INCOME			
Service Charges [Refer Note 2 (d) - Schedule 14]		25,464	9,059
Other Income	10	477	914
		25,941	9,973
EXPENDITURE			
Freight, Handling and Servicing Costs	11	1,794	1,217
Employee Costs	12	6,229	3,567
Other Costs	13	1,573	895
		9,596	5,679
Profit Before Depreciation and Taxation		16,345	4,294
Depreciation / Amortisation		1,668	1,250
Profit Before Taxation		14,677	3,044
Provision for Taxation [Refer Notes 2(g) and 6 -Schedule 14]			
Current Tax		5,498	1,439
Deferred Tax		(21)	(7)
Fringe Benefits Tax		32	17
		5,509	1,449
Profit After Taxation		9,168	1,595
Balance brought forward from previous period		2,056	461
Balance carried forward to Balance Sheet		11,224	2,056
Earnings Per Share (Refer Note 5 - Schedule 14)			
Basic and diluted Earnings Per Share (in Rupees)		83.35	14.50
Nominal value per equity share (in Rupees)		10.00	10.00
Notes to Accounts	14		

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

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

V. N. Iyer
Director

Tushar Gunderia
Director

D. Basappa
Director

Place : Mumbai
Dated: February 20,2007

CONCORDE AIR LOGISTICS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	Year ended December 31, 2006 in Rs.('000)	Period ended December 31, 2005 in Rs.('000)
A. Cash flows from Operating activities:		
Profit before Taxation	14,677	3,044
Adjustments for :		
Depreciation / Amortisation	1,668	1,250
Interest income	(212)	(87)
Provision for Gratuity	208	121
Provision for leave encashment	48	(13)
Operating profit before working capital changes	16,389	4,315
Adjustments for changes in working capital :		
(Increase) / Decrease in Sundry Debtors	(9,893)	(3,909)
(Increase) / Decrease in Other Receivables	34	(27)
Increase / (Decrease) in Trade and Other Payables	8,361	(649)
Cash generated from Operations	14,891	(270)
Taxes paid (net of Tax Deducted at Source)	(5,193)	(2,142)
Net cash from / (used in) Operating activities	9,698	(2,412)
B. Cash flows from Investing activities:		
Purchase of fixed assets	(354)	-
Interest received	157	-
Net cash from / (used in) Investing activities	(197)	-
C. Cash flows from Financing activities :		
Net cash from/(used in) Financing activities	-	-
Net Increase in Cash and Cash Equivalents	9,501	(2,412)
Cash and cash equivalents at the beginning of the year / period	4,502	6,914
Cash and cash equivalents at the end of the year / period	14,003	4,502
	As at December 31, 2006 in Rs.('000)	As at December 31, 2005 in Rs.('000)
Cash and cash equivalents comprise of :		
Cash on hand	69	25
Balance with Scheduled Banks on current accounts	6,018	2,217
on unpaid dividend accounts	7,856	2,200
on margin money accounts	60	60
	14,003	4,502

- Notes :
- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS 3) issued by the Institute of Chartered Accountants of India.
 - Cash flows in brackets indicate cash outgo.
 - Previous period's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
 - Cash and cash equivalents includes Rs. 60('000) [Previous Period - Rs. 60 ('000)] which are not available for use by the Company. (Refer Schedule 6 in the Financial Statements)

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

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Dated : February 20, 2007

V. N. Iyer
Director

D. Basappa
Director

Tushar Gunderia
Director

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)		As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 1			SCHEDULE 2		
CAPITAL			RESERVES AND SURPLUS		
<u>Authorised</u>			Securities Premium	13,500	13,500
200,000 equity shares of Rs. 10 each	2,000	2,000	Profit and Loss Account	11,224	2,056
<u>Issued and Subscribed</u>			Total	24,724	15,556
110,000 equity shares of Rs. 10 each fully paid-up	1,100	1,100			
Total	1,100	1,100			

Note :

Of the above 110,000 (Previous Period 110,000) equity shares are held by Blue Dart Express Limited, the holding company and its nominees.

SCHEDULE 3

FIXED ASSETS

[Refer Notes 2(b), 2(f) and 2(i) - Schedule 14]

in Rs. ('000)

DESCRIPTION OF ASSETS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2006	Additions	Deductions / Adjustments	As at December 31, 2006	As at January 1, 2006	For the Year	Deductions / Adjustments	As at December 31, 2006	As at December 31, 2006	As at December 31, 2005
Goodwill [Refer note below]	14,900	-	-	14,900	2,489	1,490	-	3,979	10,921	12,411
Buildings	2,022	-	-	2,022	2,018	-	-	2,018	4	4
Office Equipment	257	7	-	264	238	8	-	246	18	19
Electrical Equipment	426	-	-	426	172	26	-	198	228	254
Computers	137	210	-	347	137	11	-	148	199	-
Computer Software	24	-	-	24	6	3	-	9	15	18
Furniture and Fittings	486	-	-	486	425	31	-	456	30	61
Vehicles	809	137	-	946	91	99	-	190	756	718
TOTAL	19,061	354	-	19,415	5,576	1,668	-	7,244	12,171	13,485
Previous Period	19,061	-	-	19,061	4,326	1,250	-	5,576	13,485	-

Note :

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

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 4		
INVESTMENTS		
(Long Term, Unquoted, At cost) [Refer Note 2 (c) - Schedule 14]		
Non - Trade		
<i>In Government Securities</i>		
National Saving Certificates (6 year NSCs - VIII issue)	75	75
Total	75	75

Note:

National Saving Certificates are given as security to the Customs Authorities.

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 5		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	13,871	3,978
Total	13,871	3,978

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 6		
CASH AND BANK BALANCES		
Cash on hand	69	25
Balance with scheduled banks :		
on current accounts	6,018	2,217
on deposit accounts	7,856	2,200
on margin money accounts	60	60
Total	14,003	4,502

Note:

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

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received:		
Prepaid expenses	69	68
Other Deposits	31	66
Advance Tax (Net of Provision)	683	1,020
Other Advances	169	114
Total	952	1,268

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 8		
LIABILITIES		
Sundry Creditors :		
Small Scale Industrial Undertakings (Refer Note 9 -Schedule 14)	-	-
Others	13,945	5,114
Deposits	-	800
Other Liabilities	527	197
Total	14,472	6,111

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 9		
PROVISIONS		
[Refer Note 2 (e)-Schedule 14]		
Provision for Leave Encashment	185	137
Provision for Gratuity	758	550
Total	943	687

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
SCHEDULE 10		
OTHER INCOME		
Facility Charges earned	176	720
Interest income	212	87
Miscellaneous income	89	107
Total	477	914
Note :		
Miscellaneous income includes Exchange Gain (net) of Rs. 48'(000) [Previous period - Rs. 107'(000)]		
SCHEDULE 11		
FREIGHT, HANDLING AND SERVICING COSTS		
Handling and clearing charges	1,442	1,039
Printing, stationery and consumables	81	42
Domestic network operating costs	271	136
Total	1,794	1,217
SCHEDULE 12		
EMPLOYEE COSTS		
[Refer Notes 2(e) and 3-Schedule 14]		
Salaries, wages, bonus and leave encashment	5,714	3,324
Contribution to provident and other funds	453	222
Staff welfare expenses	62	21
Total	6,229	3,567

SCHEDULE 13

OTHER COSTS

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
Legal and professional charges [Refer Note 7(a)- Schedule 14]	677	348
Office expenses	100	98
Electricity	237	177
Communication expenses	201	142
Rates and taxes	41	23
Repairs and maintenance - others	133	61
Travelling and conveyance	142	36
Insurance	42	10
Total	1,573	895

Schedule forming part of the Accounts

SCHEDULE 14

NOTES TO ACCOUNTS

1 Background

Concorde Air Logistics Limited (the Company) was incorporated on May 7, 2004, as a private limited company pursuant to the registration of M/s Concorde International, a partnership firm, under Part IX of the Companies Act, 1956. Accordingly, the entire business undertaking of M/s. Concorde International (including all the assets, liabilities, rights, obligations etc.) vested in the Company at their values as recorded in the books of M/s. Concorde International as on the above mentioned date.

The Company is a registered International Air Cargo Agent with International Air Transport Association (IATA) and licensed Custom House Agent under the Customs Act, 1962. The Company is engaged in the business of clearing and forwarding of time sensitive air cargo packages.

SCHEDULES

2 Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards 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.

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, which are written off over their estimated useful lives :

Description of Assets	Useful Life (in years)
-----------------------	---------------------------

Office Equipment	15
------------------	----

Electrical Equipment	15
----------------------	----

Computer software is amortised under straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, as prescribed for computers.

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

(c) Investments

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

(d) Service Charges

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

(e) Employee Benefits

(i) Short Term Employee Benefits :

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

(ii) Long Term Employee Benefits :

Defined Contribution Plans

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

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

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

The Company makes contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

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

Defined Benefits Plan

The Company has a Defined Benefit plan namely Gratuity for all its employees. The liability for the defined benefits plan of Gratuity is determined on the basis of an actuarial valuation at the year end.

Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Life Insurance Corporation of India ('LIC') and is funded.

Termination benefits are recognised as an expense as and when incurred.

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

(f) Foreign Currency Transactions

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

(g) Taxes on Income

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

SCHEDULES

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

(h) Provisions and Contingent Liabilities

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

(i) Impairment of Assets

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

3 The Company has during the year adopted Accounting Standard 15 (revised 2005) 'Employee Benefits'.

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

I Defined Contribution Plans

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

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

	(in Rs. '000)
- Employers' Contribution to Provident Fund	114 *
- Employers' Contribution to Employee's State Insurance	7 *
- Employers' Contribution to Employee's Pension Scheme 1995.	98 *

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

II Defined Benefit Plan

Contribution to Gratuity Fund

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the the following assumptions:-

Discount Rate (per annum)	7.75%
Rate of increase in Compensation levels	6.75%
Rate of Return on Plan Assets	7.75%
Expected Average remaining working lives of employees (years)	16.44

A) Changes in the Present Value of Obligation

(in Rs. '000)

Present Value of Obligation as at January 1, 2006	524
Interest Cost	45
Past Service Cost	Nil
Current Service Cost	38
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits Paid	Nil
Actuarial (gain) / loss on obligations	151
Present Value of Obligation as at December 31, 2006	758

B) Changes in the Fair value of Plan Assets

(in Rs. '000)

Present Value of Plan Assets at the January 1, 2006	Nil
Expected Return on Plan Assets	Nil
Actuarial Gains and Losses	Nil
Contributions	Nil
Benefits Paid	Nil
Fair Value of Plan Assets at December 31, 2006	Nil

SCHEDULES

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

(in Rs. '000)	
Present Value of funded Obligation as at December 31, 2006	Nil
Fair Value of Plan Assets as at the end of the year	Nil
Funded Status	(758)
Present Value of unfunded Obligation as at December 31, 2006	(758)
Unrecognised Actuarial (gains) / losses	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(758)**

**Included in Other Liabilities (Refer Schedule 9)

D) Amount recognised in the Balance Sheet

(in Rs. '000)	
Present Value of Obligation as at December 31, 2006	(758)
Fair Value of Plan Assets as at the end of the year	Nil
Liability recognised in the Balance Sheet	(758) ***

*** Included in Other Liabilities (Refer Schedule 11)

E) Expenses recognised in the Profit and Loss Account

(in Rs. '000)	
Current Service Cost	38
Past Service Cost	Nil
Interest Cost	45
Expected Return on Plan Assets	Nil
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain) / loss recognised in the period	151
Total Expenses recognised in the Profit and Loss Account	234 ****

****Included in Contribution to Provident and Other Funds (Refer Schedule 12)

4 Contingent liability not provided for :

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
Bank Guarantee	240	240

Note :

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

5 Earnings Per Share :

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
(a) Profit after taxation for the year / period (Rs.'000)	9,168	1,595
(b) Weighted average number of shares (Nos.)	110,000	110,000
(c) Basic and Diluted Earnings Per Share (In Rupees)	83.35	14.50
(d) Nominal value of shares outstanding (In Rupees)	10.00	10.00

6 Deferred Tax Balances :

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

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
(a) Assets		
Provision for Leave Encashment	62	47
Provision for Gratuity	255	185
Preliminary Expenses	8	12
Total	325	244
(b) Liabilities		
Depreciation / Amortisation	158	98
Total	158	98
Net Deferred Tax Assets	167	146

SCHEDULES

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)		Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
7 (a) Legal and Professional Charges include Auditors' Remuneration as follows :			Recovery towards expenses capitalised	-	1,206
Audit Fees -			(ii) With Enterprises over which Blue Dart Express Limited is able to exercise significant influence.		
Statutory Audit Fees	100	100	Blue Dart Aviation Limited		
- Tax Audit Fees	50	100	Reimbursement of expenses	13,143	-
[Pervious Period includes Rs. 50 ('000) for the earlier period]			Agency charges incurred for customs clearing	1,295	-
Reimbursement of expenses	8	5	(iii) Fellow Subsidiary Company		
	158	205	Skyline Air Logistics Limited		
(b) Expenditure in foreign currency			Facilities charges income	176	720
Towards Freight charges	12,979	10,096	Commission paid	57	71
Towards IATA fees and examination fees	20	36	Recoveries towards air freight, etc	-	13,139
	12,999	10,132	(d) Related party balances as at the year / period end :		
8 Related Party Disclosures			Receivable from Holding Company / Fellow Subsidiary Company		
(a) Enterprises where control exists			Blue Dart Express Limited	13,754	3,874
(i) Blue Dart Express Limited		Holding Company	Skyline Air Logistics Limited	-	800
(ii) Deutsche Post AG, Germany		Ultimate Holding Company			
(b) Related party relationships where transactions have taken place during the year / period:			9 Outstanding dues to Small Scale Industrial Undertakings		
(i) Blue Dart Express Limited		Holding Company	There are no Small Scale Industrial Undertakings to whom amounts are outstanding for more than 30 days at December 31, 2006.		
(ii) Skyline Air Logistics Limited. (upto August 10, 2006)		Fellow Subsidiary Company	The above information and that given in Schedule 8 - "Liabilities" regarding Small Scale Undertakings 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.		
(c) Transactions with related parties during the year / period			10 Segment information		
(i) With Holding Company			The Company is primarily engaged in a single segment business of clearing and forwarding of time sensitive shipments within India.		
Blue Dart Express Limited			11 The figures of the current year are not comparable to those of the previous period as the figures of the current year are for a period of twelve months from January 1, 2006 to December 31, 2006 and those relating to the previous period are for a period of nine months from April 1, 2005 to December 31, 2005.		
Recoveries towards air freight, etc.	140,424	66,592	12 Previous period figures have been regrouped / reclassified wherever necessary to confirm to the current year's classification.		
Agency Charges	600	-			

SCHEDULES

Schedule forming part of the Accounts

13. 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	Rights Issue
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/>
Sources of Funds	Reserves & Surplus
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="4"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured Loans
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Investments
Application of Funds	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="5"/>
Net Fixed Assets	Net Current Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/>
Deferred Tax Asset (Net)	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="7"/>	

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

Turnover *	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/>
* Including Other Income	
+ - Profit/Loss before tax	+ - Profit/Loss after tax
<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="7"/>	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/>
+ - Earning Per Share in Rs.	+ - Dividend rate %.
<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="5"/>	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

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 subsidiaries (the Group), as at December 31, 2006, and the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Group.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Group, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at December 31, 2006;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operation of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Group for the year ended on that date.

Thomas Mathew
Partner
Membership No. 50087
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
February 21, 2007

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
BALANCE SHEET AS AT DECEMBER 31, 2006

	Schedule No.	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	2,273,934	1,790,629
		2,511,562	2,028,257
Loan Funds			
Secured Loans	3	101,800	219,743
Unsecured Loans	4	-	200,000
		101,800	419,743
Deferred Tax Liability (Net) [Refer Notes 1(h) and 6 - Schedule 19]			
Deferred Tax Liabilities		220,614	206,170
Less : Deferred Tax Assets		26,748	9,037
		193,866	197,133
TOTAL		2,807,228	2,645,133
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,459,826	2,436,383
Less: Depreciation / Amortisation		760,675	627,280
Net Block		1,699,151	1,809,103
Capital work in progress (including capital advances)		17,770	4,118
		1,716,921	1,813,221
Investments			
	6	269,271	156,870
Current Assets, Loans and Advances			
Inventories	7	17,634	16,124
Sundry Debtors	8	888,101	671,211
Cash and Bank Balances	9	133,055	117,501
Loans and Advances	10	475,703	385,498
		1,514,493	1,190,334
Less: Current Liabilities and Provisions			
Liabilities	11	610,943	446,096
Provisions	12	84,148	73,010
		695,091	519,106
Net Current Assets		819,402	671,228
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	1,634	3,814
TOTAL		2,807,228	2,645,133
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
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

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

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Malcolm Monteiro
Managing Director

Stephen Fenwick
Alternate Director to Ross Allen

Tushar Gunderia
Company Secretary

Greg Tanner
Director

Place : Mumbai
Dated : February 21, 2007

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2006

	Schedule No.	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
INCOME			
Service Charges [Refer Note 1(e) - Schedule 19]		6,708,087	4,166,401
Other Income	14	9,803	75,897
		6,717,890	4,242,298
EXPENDITURE			
Freight, Handling and Servicing Costs	15	4,263,948	2,481,139
Employee Costs	16	964,968	602,771
Other Costs	17	462,802	333,044
		5,691,718	3,416,954
Profit Before Interest, Depreciation and Taxation		1,026,172	825,344
Interest Expense (Net)	18	15,492	22,395
Depreciation / Amortisation		222,019	132,951
Profit Before Taxation		788,661	669,998
Provision for Taxation [Refer Notes 1(h) and 6 - Schedule 19]			
Current Tax		277,540	206,624
Deferred Tax		(3,267)	17,738
Fringe Benefits Tax		8,544	6,527
Taxation in respect of earlier years		-	65
		282,817	230,954
Profit After Taxation, before Share of Associate's Profit		505,844	439,044
Share of Associate's Profit		5,451	4,811
Net Profit		511,295	443,855
Balance brought forward from previous year		1,161,342	779,776
Available for Appropriation		1,672,637	1,223,631
Proposed dividend		23,728	35,592
Tax on Proposed Dividend		4,262	4,992
Transfer to General Reserve		12,557	21,705
Balance carried forward to the Balance Sheet		1,632,090	1,161,342
Earnings Per Share			
[Refer Note 5 - Schedule 19]			
Basic and diluted Earnings Per Share (in Rupees)		21.55	18.71
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
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

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

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Malcolm Monteiro
Managing Director

Stephen Fenwick
Alternate Director to Ross Allen

Tushar Gunderia
Company Secretary

Greg Tanner
Director

Place : Mumbai
Dated : February 21, 2007

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	Year ended December 31, 2006 Rs. ('000)	Period ended December 31, 2005 Rs. ('000)
A. Cash flow from Operating activities:		
Profit before Taxation	788,661	669,998
Adjustments for:		
Depreciation / Amortisation	222,019	132,951
Interest expense	17,773	23,563
Interest income	(2,281)	(1,168)
Dividend from Mutual Funds	(3,928)	(1,211)
Loss on sale/scraping of Fixed Assets (Net)	18,568	40,468
Miscellaneous expenditure written off	2,180	1,634
Bad Debts /Advances written off	10,000	4,713
Unadjusted credits/Liability no longer required written back	-	(4,300)
Provision for Leave encashment	24,984	6,466
Provision for Gratuity/ Superannuation	36,942	8,776
Retention amount payable to Managing Director - written back	-	(68,000)
Net adjustments on account of investment/disinvestment in subsidiary	(1,808)	-
Provision for Directors' commission/Professional fees	8,440	9,020
Operating profit before working capital changes	1,121,550	822,910
Adjustments for changes in working capital :		
(Increase) / Decrease in Inventories	(1,510)	1,672
(Increase) / Decrease in Sundry Debtors	(226,890)	(108,259)
(Increase) / Decrease in Other Receivables	(93,081)	(67,299)
Increase / (Decrease) in Trade and other payables	121,672	43,233
Net cash from / (used in) operating activities	921,741	692,257
Taxes paid (net of Tax Deducted at Source)	(283,103)	(209,751)
Net cash from operating activities	638,638	482,506
B. Cash flow from Investing activities:		
Purchase of fixed assets	(138,002)	(197,466)
Changes in Capital Work in Progress	(13,652)	7,382
Proceeds from Sale of Fixed Assets	2,565	729
Interest received	2,073	2,222
Dividend received from Mutual Funds	3,928	1,211
Proceeds from sale of shares of Skyline Air Logistics Limited	4,420	-
Investment in Mutual funds (Net)	(107,000)	(44,000)
Proceeds from maturity of Investments	-	1,300
Repayment of share capital to share holders	-	(10)
Net cash from / (used in) investing activities	(245,668)	(228,632)
C. Cash flow from Financing activities:		
Repayment of Long term borrowings	(116,667)	(113,333)
Repayment of Unsecured loans	(200,000)	-
Movement in bank overdrafts (Net)	(1,276)	(5,027)
Interest paid	(17,773)	(23,571)

BLUE DART EXPRESS LIMITED (CONSOLIDATED)
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	Year ended December 31, 2006 Rs. ('000)	Period ended December 31, 2005 Rs. ('000)
Dividend paid	(35,775)	(70,948)
Dividend tax paid	(5,925)	(9,980)
Net cash from / (used in) financing activities	(377,416)	(222,859)
Net Increase / (Decrease) in Cash and Cash Equivalents	15,554	31,015
Cash and cash equivalents at the beginning of the year / period	117,501	86,486
Cash and cash equivalents at the end of the year /period	133,055	117,501

	As at December 31, 2006 Rs. ('000)	As at December 31, 2005 Rs. ('000)
Cash and cash equivalents comprise		
Cash, cheques on hand and remittances in transit	46,207	30,667
Balance with Scheduled Banks :		
on current accounts	74,152	77,151
on deposit accounts	7,856	5,240
on margin money accounts	592	215
on unpaid dividend accounts	1,745	1,928
Balance with non- scheduled Bank		
on current account	1,123	920
on deposit account	1,380	1,380
	133,055	117,501

Notes :

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements(AS-3) issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- Previous period's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- The figures of the current year are not comparable to those of the previous period as the figures of the previous period are for nine months from April 1, 2005 to December 31, 2005. Further, Skyline Air Logistics Limited ceased to be a subsidiary with effect from August 10, 2006.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs. 422 ('000) [(Previous period - Rs. 23 ('000))].
- Cash and cash equivalents includes Rs. 3,717 ('000) [(Previous period - Rs. 3,523 ('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
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants

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

Suresh G. Sheth
Director

Yogesh Dhingra
Finance Director &
Group Chief Financial Officer

Malcolm Monteiro
Managing Director

Stephen Fenwick
Alternate Director to Ross Allen

Tushar Gunderia
Company Secretary

Greg Tanner
Director

Place : Mumbai
Dated : February 21, 2007

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 1		
CAPITAL		
<u>Authorised</u>		
40,000,000 equity shares of Rs. 10 each	400,000	400,000
<u>Issued and Subscribed</u>		
23,727,934 equity shares of Rs. 10 each fully paid up	237,280	237,280
Add : Forfeited Shares	348	348
Total	237,628	237,628

Note:

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

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

SCHEDULE 2

RESERVES AND SURPLUS

Securities Premium	394,057	394,057
General Reserve		
At the beginning of the year / period	235,230	213,496
Add: Transfer from Profit and Loss Account	12,557	21,705
Add: On purchase of shares from minority	-	29
At the end of the year / period	247,787	235,230
Profit and Loss Account	1,632,090	1,161,342
Total	2,273,934	1,790,629

SCHEDULE 3

SECURED LOANS

From Banks

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
Term Loans [Refer Note (a) below]	100,000	216,667
{Amount payable within a year Rs. 66,667 ('000) [Previous Period - Rs. 116,668 ('000)]}		
Bank Overdrafts [Refer Note (b) below]	1,800	3,076
Total	101,800	219,743

Notes :

- a) Term Loans from banks are secured by first pari passu 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.

SCHEDULE 4

UNSECURED LOANS

Short term

Commercial Paper from Banks	-	200,000
{ Nil units [Previous Period - 400 Units of Rs. 500 ('000) each]}		
{Maximum amount outstanding during the year Rs. 200,000 ('000) [Previous Period Rs. 200,000 ('000)]}		
Total	-	200,000

Schedule forming part of the Balance Sheet

SCHEDULE 5

FIXED ASSETS

[Refer notes 1(b),1(g),1(k), 1(m) and 3 - Schedule 19]

in Rs. ('000)

Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2006	Additions	Deductions/ Adjustments	As at December 31, 2006	As at January 1, 2006	For the Period	Deductions/ Adjustments	As at December 31, 2006	As at December 31, 2006	As at December 31, 2005
Goodwill [Refer note (a) below]	48,300	-	3,400	44,900	25,187	3,197	775	27,609	17,291	23,113
Land - Freehold	396,283	-	-	396,283	-	-	-	-	396,283	396,283
Buildings	168,768	25	(1,719)	170,512	19,731	2,751	(645)	23,127	147,385	149,037
Office Equipment [Refer note (b) below]	71,172	8,440	4,740	74,872	25,268	5,713	2,397	28,584	46,288	45,904
Electrical Equipment [Refer note (b) below]	129,625	14,538	9,602	134,561	42,211	11,512	6,011	47,712	86,849	87,414
Computers [Refer note (b) below]	275,203	64,767	45,503	294,467	169,392	35,957	43,601	161,748	132,719	105,811
Computer Software	76,371	20,515	17,644	79,242	51,401	10,171	14,252	47,320	31,922	24,970
Furniture and Fittings	213,403	22,448	12,262	223,589	58,557	14,114	7,035	65,636	157,953	154,846
Vehicles	37,996	4,570	1,926	40,640	20,163	3,426	1,657	21,932	18,708	17,833
Aircraft Engines [Refer note (b) below]	123,698	-	-	123,698	52,240	52,937	-	105,177	18,521	71,458
Aircraft	527,246	-	-	527,246	58,871	35,589	-	94,460	432,786	468,375
Aircraft Components and Overhaul	204,648	522	-	205,170	71,503	26,349	-	97,852	107,318	133,145
Aircraft Parts	18,680	-	18,680	-	12,047	1,494	13,541	-	-	6,633
D-check cost on Aircraft [Refer note (c) below]	114,598	-	-	114,598	18,263	17,190	-	35,453	79,145	96,335
Ground Handling Equipment	30,392	-	344	30,048	2,446	1,619	-	4,065	25,983	27,946
Total	2,436,383	135,825	112,382	2,459,826	627,280	222,019	88,624	760,675	1,699,151	1,809,103
Previous Period	2,353,716	201,510	118,843	2,436,383	571,975	132,951	77,646	627,280	1,809,103	

Notes:

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

Blue Dart Express Limited - Rs. 6,370 ('000) - Four years and three months.
 Concorde Air Logistics Limited - Rs. 10,921 ('000) - Seven years and three months.

b) During the year ended December 31, 2006 the Company revised the estimated useful life of certain assets under the block of Office Equipment, Electrical Equipment, Computers and Aircraft Engines to more appropriately reflect the pattern in which these assets' economic benefits are expected to be availed. As a result of this change, profit before tax and the net book value of fixed assets are lower by Rs. 41,407('000). (Previous Period - Rs. Nil)

c) D-check cost on aircraft represents costs towards heavy maintenance mandatory checks.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)		As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
SCHEDULE 8			SCHEDULE 10		
SUNDRY DEBTORS			LOANS AND ADVANCES		
(Unsecured, considered good)			(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-	Aircraft Payload Deposit	195,000	154,085
Other debts	888,101	671,211	Advances recoverable in cash or in kind or for value to be received:		
Total	888,101	671,211	Prepaid expenses	14,438	17,945
SCHEDULE 9			Deposits	105,270	93,231
CASH AND BANK BALANCES			Advance Tax (Net of provision)	36,917	39,548
Cash, cheques on hand and remittances in transit	46,207	30,667	Other Advances	124,078	80,689
Balance with scheduled banks:			Total	475,703	385,498
on current accounts	74,152	77,151	SCHEDULE 11		
on deposit accounts	7,856	5,240	LIABILITIES		
on margin money accounts	592	215	Sundry Creditors :		
on unpaid dividend accounts	1,745	1,928	Small Scale Industrial Undertakings (Refer Note 10 - Schedule 19)	4,301	3,136
Balance with non-scheduled bank (Municipal Co-operative Bank)			Others	316,615	243,088
on current account	1,123	920	Unclaimed Dividend *	1,745	1,928
on deposit account	1,380	1,380	Other Liabilities	288,282	197,944
{Maximum amount outstanding during the year in current account Rs. 1,128 ('000) [Previous Period - Rs. 1,497 ('000)] and in deposit account Rs. 1,380 ('000) [Previous Period - Rs. 1,380 ('000)]}			Total	610,943	446,096
Total	133,055	117,501	* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
Note :			SCHEDULE 12		
The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company. The balances in the deposit accounts are given as security against overdraft facilities from bank.			PROVISIONS		
			Provision for Gratuity [Refer Note 1(f) - Schedule 19]	758	1,077
			Provision for Leave Encashment [Refer Note 1(f) - Schedule 19]	56,333	31,349
			Proposed Dividend	23,728	35,592
			Tax payable on Proposed Dividend	3,329	4,992
			Total	84,148	73,010

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
SCHEDULE 13				
Miscellaneous Expenditure				
(to the extent not written off or adjusted)(Refer Note 1(d) - Schedule 19)				
Long-term Contract Negotiation costs				
At the beginning of the year / period	3,814	5,448		
Add: Additions during the year / period	-	-		
Less: Amortised during the year / period	(2,180)	(1,634)		
At the end of the year / period	1,634	3,814		
SCHEDULE 15				
FREIGHT, HANDLING AND SERVICING COSTS				
Aircraft Charter costs			2,541,277	1,391,057
Domestic network operating costs			805,348	513,813
Domestic excess baggage			278,899	145,294
International servicing charges			473,097	331,448
Printing, stationery and consumables			86,743	54,456
Handling and clearing charges			78,584	45,071
Total			4,263,948	2,481,139
SCHEDULE 16				
EMPLOYEE COSTS				
[Refer Notes 1(f), 2, 8(c) (iv) - Schedule 19]				
Salaries, bonus and leave encashment			729,584	466,033
Contribution to provident and other funds			103,506	43,664
Staff welfare expenses			131,878	93,074
Total			964,968	602,771
SCHEDULE 17				
OTHER COSTS				
Rent			130,424	84,495
Communication expenses			49,473	35,061
Electricity charges			41,744	28,796
Repairs and maintenance - others			39,540	26,242

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)		
SCHEDULE 14				
OTHER INCOME				
Dividend from Mutual Funds	3,928	1,211		
Unadjusted credits / Liability no longer required written back [Refer Note 12 - Schedule 19]	-	72,300		
Difference in Foreign exchange fluctuation [Refer Note 1(g) - Schedule 19]	1,343	(28)		
Miscellaneous income	4,532	2,414		
Total	9,803	75,897		

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
Office expenses	35,556	21,711
Legal and Professional charges	33,922	20,036
Security Expenses	31,105	18,466
Rates and taxes	19,107	10,971
Loss on sale / scrapping of fixed assets (net)	18,568	40,468
Travelling and conveyance	16,900	11,263
Sales promotion and advertising	16,752	13,829
Bad debts/advances written off	10,000	4,713
Lease rentals (Refer Notes 1(j) and 9 - Schedule 19)	9,554	6,652
Insurance	6,226	5,980
Miscellaneous expenditure written off	2,180	1,634
Miscellaneous expenses	1,751	2,727
Total	462,802	333,044
SCHEDULE 18		
INTEREST EXPENSE (NET)		
On Term Loans	10,199	14,653
On Commercial Paper	6,590	8,441
On Bank Overdraft	423	469
On Short Term Loans	561	-
	17,773	23,563
Less : Interest income from income tax refunds	-	558
Interest on deposits with banks and others	2,281	610
{Tax deducted at source Rs. 422('000) [Previous Period - Rs. 23('000)]}		
Total	15,492	22,395

SCHEDULE 19

NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

The consolidated financial statements are prepared to comply in all material aspects with the applicable accounting principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India.

(b) Fixed Assets and Depreciation/Amortisation

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

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

Depreciation on fixed assets is provided under straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of the following assets, which are written off over their estimated useful lives :

Description of Assets	Useful Life (in Years)
Office Equipment	2 to 15
Electrical Equipment	6 to 15
Computers	3 to 6
Aircraft Engines	2 to 7
Aircraft	14
Aircraft Parts	12.5
D-Check cost on aircraft	8

Aircraft Components and Overhaul represent the cost of engines overhaul, components and modifications of airframes owned and contractually liable to be incurred by the Company. Such costs are depreciated/amortised on the basis of hours flown or the life cycle of the overhaul program, as applicable.

Computer software is amortised under the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, as prescribed for computers.

Goodwill represents the excess of the value of the erstwhile partnership business as a whole over its net asset value as at the date of registration and is stated at cost less accumulated

SCHEDULES

amortisation. Goodwill is amortised using the straight line method as mentioned below based upon the respective brands and the consequential impact it has on the future business of the Company.

Blue Dart - 20 years

Concorde - 10 years

(c) Investments

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

(d) Miscellaneous expenditure

Miscellaneous expenditure constituting long-term contract negotiation costs incurred upto March 31, 2003 are deferred and amortised under the straight line method over the period of the contract, which is five years.

(e) Service charges

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

(f) Employee Benefits

(i) Short Term Employee Benefits :

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

(ii) Long Term Employee Benefits :

Defined Contribution Plans

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

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

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

The Company makes contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

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

Defined Benefit Plan

The Company has a Defined Benefit plan namely Gratuity for all its employees. The liability for the defined benefits plan of Gratuity is determined on the basis of an actuarial valuation at the year end.

Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Life Insurance Corporation of India ('LIC') and is funded.

Termination benefits are recognised as an expense as and when incurred.

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

(g) Foreign currency transactions

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

(h) Taxes on Income

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

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

(i) Inventories

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

SCHEDULES

(j) Lease Rentals

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

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

(k) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

	(in Rs. '000)
- Employers' Contribution to Provident Fund	19,120*
- Employers' Contribution to Superannuation Fund	4,043*
- Employers Contribution to Employee's State Insurance	7,546*
- Employers' Contribution to Employee's Pension Scheme 1995.	17,750*

(l) Provision for Contingent Liabilities

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

* Included in Contribution to provident and other funds (Refer Schedule 16)

(m) Impairment of Assets

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

II Defined Benefit Plan

Contribution to Gratuity Fund

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the the following assumptions:-

Discount Rate (per annum)	7.75%
Rate of increase in Compensation levels	6.75%
Rate of Return on Plan Assets	7.75%
Expected Average remaining working lives of employees (years)	22 / 16.44

A) Changes in the Present Value of Obligation

	(in Rs. '000)
Present Value of Obligation as at January 1, 2006	78,165
Interest Cost	6,880
Past Service Cost	Nil
Current Service Cost	7,835
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Benefits Paid	(8,240)
Acturial (gain) / loss on obligations	32,659
Present Value of Obligation as at December 31, 2006	117,299

2. The Company has during the year adopted Accounting Standard 15 (revised 2005) 'Employee Benefits'.

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

I Defined Contribution Plans

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

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B) Changes in the Fair value of Plan Assets

	(in Rs. '000)
Present Value of Plan Assets at the January 1, 2006	68,241
Expected Return on Plan Assets	5,459
Actuarial Gains and Losses	(529)
Contributions	14,500
Benefits Paid	(8,240)
Fair Value of Plan Assets at December 31, 2006	79,431

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

	(in Rs. '000)
Present Value of funded Obligation as at December 31, 2006	79,431
Fair Value of Plan Assets as at the end of the year	79,431
Funded Status	(37,868)
Present Value of unfunded Obligation as at December 31, 2006	(37,868)
Unrecognised Actuarial (gains) / losses	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(37,868)**

** Included in Other Liabilities and Provision for Gratuity (Refer Schedule 11 and 12)

D) Amount recognised in the Balance Sheet

	(in Rs. '000)
Present Value of Obligation as at December 31, 2006	(117,299)
Fair Value of Plan Assets as at the end of the year	79,431
Liability recognised in the Balance Sheet	(37,868)***

*** Included in Other Liabilities (Refer Schedule 11)

E) Expenses recognised in the Profit and Loss Account

	(in Rs. '000)
Current Service Cost	7,835
Past Service Cost	Nil
Interest Cost	6,880
Expected Return on Plan Assets	(5,459)
Curtailment Cost / (Credit)	Nil
Settlement Cost / (Credit)	Nil
Net actuarial (gain) / loss recognised in the period	33,188
Total Expenses recognised in the Profit and Loss Account	42,444****

**** Included in Contribution to Provident and Other Funds (Refer Schedule 16)

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
3. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	96,144	33,847
{Includes proportionate share of an associate of Rs 20,991 ('000) [Previous Period-Rs 12,678 ('000)]}		
4. Contingent Liabilities not provided for		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	1,078,000	478,000
(b) Bank Guarantees	26,680	20,709
{Includes proportionate share of an associate of Rs 22,628 ('000) [Previous Period - Rs 18,039 ('000)]}		

Note :

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

SCHEDULES

	Year ended December 31, 2006	Period ended December 31, 2005
5. Earnings per share		
(a) Profit after taxation for the year / period (Rs '000)	511,295	443,855
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In Rupees)	21.55	Rs. 18.71
(d) Nominal value of shares outstanding (In Rupees)	10.00	10.00

6. Deferred Tax Balances

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

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
(a) Liabilities		
Depreciation /Amortisation	220,064	204,887
Long term contract negotiation costs	550	1,283
Total	220,614	206,170
(b) Assets		
Provision for leave encashment / Gratuity	25,014	8,303
Provision for Bonus	1,726	716
Preliminary expenses	8	18
Total	26,748	9,037
Net Deferred Tax Liability	193,866	197,133

7. Segment Information

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

8. Related party disclosures

(A) Enterprises where control exists :

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

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

- (i) Holding/Fellow Subsidiary/Associate Company
 - DHL Express (Singapore) Pte. Limited - Holding Company
 - DHL Express (India) Private Limited - Fellow Subsidiary Company
 - Blue Dart Aviation Limited - Associate Company

(ii) Key Management Personnel

- Air Marshal S.S. Ramdas (Retd.) - Chairman
- Clyde C. Cooper - Managing Director (upto March 12, 2006)
- Malcolm Monteiro - Managing Director (from March 13, 2006)
- Suresh G. Sheth - Director

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

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
(i) With Holding Company		
DHL Express (Singapore) Pte Limited		
Dividend paid	28,842	57,684
(ii) Fellow subsidiary		
DHL Express (India) Private Limited		
International Servicing Cost	472,137	331,336
Domestic Service charges income	109,861	61,708

SCHEDULES

	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)	Incurred for :	Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
(iii) With Associate Company					
Blue Dart Aviation Limited					
Aircraft charter cost	2,532,932	1,386,769	- Clyde C. Cooper	11,898	21,361
Additional aircraft payload deposit paid	40,915	25,085	- Malcolm Monteiro	21,794	-
Interest (income)/expenditure on current account (net)	(1,879)	-	- Air Marshal S. S. Ramdas (Retd.)	1,280	1,160
Domestic Service charges income	5,224	3,264	- Suresh G. Sheth	1,280	1,160
Reimbursement of capital expenditure	474	1,030	- Others	-	140
Payment for D check carried out on aircraft	-	29,525		36,252	23,821
Recoveries towards Agency charges	3,332	1,941	Provision for/ Contribution to employee retirement / post retirements which are based on actuarial valuations done on a overall company basis are excluded above.		
Reimbursements towards air freight, etc	25,235	14,895			
(iv) With Key Management Personnel :				Year ended December 31, 2006 in Rs. ('000)	Period ended December 31, 2005 in Rs. ('000)
a) Managerial remuneration			(b) Professional fees paid to Air Marshal S. S. Ramdas (Retd.)	-	1,000
Salary	16,062	10,934	(c) Professional fees paid to Suresh G. Sheth	-	1,000
Commission	8,440	9,020		As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
Contribution to Provident fund	636	842	(D) Related party balances at the year end / period end:		
Contribution to Superannuation Fund	454	-	(i) Receivable / (payable) from / to Fellow subsidiary/ Associate		
Gratuity paid	6,750	-	DHL Express (India) Private Limited (Net)	(84,339)	(74,053)
Leave Encashment paid	229	-	Blue Dart Aviation Limited	195,000	147,669
Perquisites	3,101	2,565	(ii) Corporate Guarantee given on behalf of Blue Dart Aviation Limited (as at year / period end)		
Directors' sitting fees	580	460		1,078,000	478,000
	36,252	23,821			

SCHEDULES

	As at December 31, 2006 in Rs. ('000)	As at December 31, 2005 in Rs. ('000)
(iii) Payable to Key Management Personnel:		
Mr. Clyde C. Cooper	1,872	7,020
Mr. Malcolm Monteiro	4,568	-
Air Marshal S.S.Ramdas (Retd.)	1,000	1,000
Mr. Suresh G. Sheth	1,000	1,000

9. Commitments under lease agreements

The Company has entered into non-cancellable operating lease agreements for rental of motor cars for a period of five years and commitments as at December 31, 2006 are as under:

Upto one year	5,452	3,662
One to five years	14,185	12,209

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 December 31, 2006 are :

Alpha Carbonless Manufacturing Co.	Sago Paper Products
Royal Art	Sago Printing Systems
Pioneer Packaging	Supac Packaging Private Limited

The above information and as provided under Schedule 11 - 'Liabilities' regarding Small Scale Industrial Undertakings 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.

* In accordance with the terms of contracts, the credit period is generally upto 60 days.

11. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

(a) The subsidiaries (which along with Blue Dart Express Limited, the parent, constitute the Group) considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power held as at 31st December, 2006
Concorde Air Logistics Limited (with effect from May 11, 2004)	India	100%
Skyline Air Logistics Limited (100% upto August 10, 2006)	India	Nil
(b) Investment in Associate		
Blue Dart Aviation Limited (with effect from March 11, 2005)	India	40%

12. In the previous period, liability no longer required written back includes reversal of one-time retention compensation of Rs.68,000 ('000) payable to the then Managing Director due to rejection by the Central Government of the application made by the Company.

13. The figures of the current year are not comparable to those of the previous period as the figures of the previous period are for nine months from April 1, 2005 to December 31, 2005. Further, Skyline Air Logistics Limited ceased to be a subsidiary with effect from August 10, 2006.

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



Fact Sheet

Description	:	South Asia's premier courier and integrated air express package distribution company.
Began Operations	:	November, 1983
Headquarters	:	Mumbai, India
Revenues (Jan-Dec 2006)	:	Rs. 6698 million
Destinations Served	:	Domestic - Over 14,400 locations International - More than 220 countries and territories worldwide through a sales alliance with DHL.
Air Airport	:	2 Boeing 757 and 5 Boeing 737 freighters.
Ground Support	:	3716 vehicles
Number of Shipments Handled (in millions)	:	Jan - Dec 2006 Domestic 57.4 International 0.63
Tonnage handled (in tonnes)	:	152,600
People Force	:	Over 4950
World Wide Web address	:	http://www.bluedart.com

