

SEVENTEENTH ANNUAL REPORT 2007



LEADERSHIP

IT TAKES A LEADER TO DELIVER

BLUE DART

Our Vision

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

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

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CONCORDE AIR LOGISTICS LIMITED

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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 'People First' 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.

Corporate Information

Registered Office:

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

Tel: 2839 6444 Fax: 2824 4131, 2831 1184

www.bluedart.com

Principal Bankers:

Canara Bank

HDFC Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

Auditors:

Price Waterhouse

Solicitors:

Mulla & Mulla & Craigie Blunt & Caroe

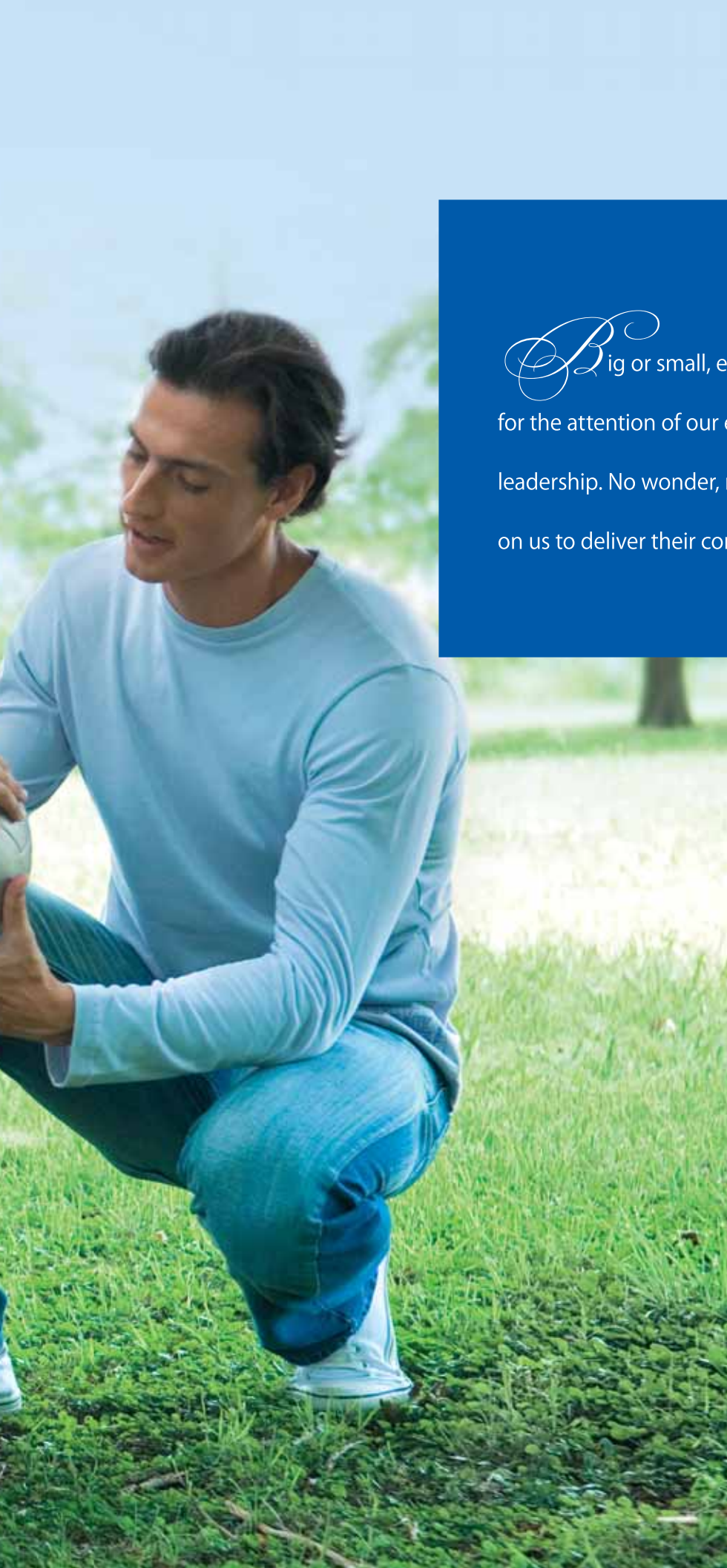
DSK Legal

Registrar & Transfer Agent:

Intime Spectrum Registry Ltd.







*B*ig or small, each consignment calls
for the attention of our expertise, innovation and
leadership. No wonder, millions of customers count
on us to deliver their consignments.

Board of Directors



Sharad Upasani
Chairman



Anil Khanna
Managing Director



Malcolm Monteiro
Director



Clyde C. Cooper
Director



Greg Tanner
Director



Suresh G. Sheth
Director



Thomas Murphy
Alternate Director to Greg Tanner

Executive Management



Yogesh Dhingra
Finance Director &
Chief Operating Officer



Arun Kulkarni
Director - Ground Network,
Regulatory, Admin & Security



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



Barttanu Kumar Das
V. P. - Human Resources



Ketan Kulkarni
G. M. - Marketing



Tushar Gunderia
Company Secretary



Ashoka Kumar Jain
Head - Business Development



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



Balfour Manuel
V. P. - West 1 Region



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



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



Amod Dasgupta
V. P. - East Region



Samir Shah
G. M. - West 2 Region

Chairman's Statement

Dear Shareholders,

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

Your company, Blue Dart, is South Asia's leading premier courier and integrated express package distribution company that offers secure and reliable delivery of consignments to over 17,600 locations in India and 220 countries worldwide. In the year 2007, we delivered 72 million domestic and 649,708 international shipments, weighing 191,800 tonnes.



Your company in its 25th year of operations, continues to be a premium player in the express industry. Backed by 25 years of passion, building trust and relationship, offering value, service excellence and delivering peace of mind, Blue Dart is firmly positioned as the undisputed leader in the express segment.

I would like to take this opportunity to share with you the progress achieved by your company during the financial year ended December 31, 2007.

Your company posted Rs 699 million as profit after tax for the year ended December 31, 2007, compared to Rs 502 million for the year ended December 31, 2006, recording a 39% increase. Income from operations for the year ended December 31, 2007, was Rs 8,087 million, up from Rs 6,680 million for the year ended December 31, 2006. The company's sales grew by 21.06% for the year ended December 31, 2007, over the corresponding year ended December 31, 2006. The Board of Directors of your company has recommended a dividend of 10% for the year ended December 31, 2007.

The Indian economy continues to report robust growth albeit with a few red flags. The interesting aspect of this growth is that it is all encompassing across geography and demography crafting a truly unique story. The GDP has been growing at around 9 per cent for the past two years. Significantly, the industrial and service sectors have been contributing a major part of this growth, mirroring the structural transformation underway in the Indian economy. With positive indicators such as a stable GDP annual growth, rising foreign exchange reserves, a growing capital market and a rapid rise in FDI, India has emerged as the second fastest-growing economy in the world.

As an economy, the nation presents a plethora of opportunities for growth across various sectors and industries, an attribute that subsequently offers the logistics industry an environment conducive for phenomenal augmentation. The logistics business is no longer limited to basic transportation but includes a gamut of services such as warehousing, distribution, inventory management, packaging, and other activities.

Emergence of India as a "global hub" for manufacturing activities in sectors such as consumer durables, electronics, automobiles and their components and the retail boom have fuelled the demand for logistics in the country. These sectors are major consumers of supply chain solutions and outsourced logistics services and, thus will continue to drive growth in the logistics sector.

During the year, your company augmented its fleet with a third Boeing 757-200 and the existing fleet now is 3 Boeing 757-200 and 4 Boeing 737-200, which have the unique capability to offer an unrivalled payload of 300 tonnes each night to 60 route connections across an expansive and diverse Indian geography.

To capitalise on the improving road infrastructure in the country, your company relaunched its ground express product, Dart Surfaceline. This is another step towards strengthening our capability of offering end-to-end express distribution services. The launch has enabled us to expand our reach to over 17,600 locations. This new feature-rich product is fortified with value add-ons 'Freight on Delivery' (FOD), 'Demand Draft on Delivery' (DOD) and 'Freight on Value' (FOV), etc.

Your company has been growing consistently above the market in both the air and the ground express space, and firmly believes that this trend would continue. Today, your company is the market leader with 41.7% market share in the domestic air express segment, which grew from 40% at the beginning of 2007. An integrated air and ground network that involves over 1 million sq.ft. of facilities, 47 domestic warehouses and 10 express hubs, dedicated air services with a fleet of four Boeing 737-200 freighters and three B757-200 freighters are all part of the company's own infrastructure.

Information Technology is an integral and vital part of our product offerings and is a backbone to our operations. Your company provides its customers' complete visibility, and technology enables us to do that. 79% of our customers (in revenue terms) actively avail of our technology solutions and derive value from it. Technology as an enabler provides customers a real-time interface. Your company was the first domestic express company to introduce an online track and trace system for international shipments in 1988.

When Blue Dart was born 25 years ago, its brand values were crafted after considerable thought. While infrastructure, network and process worked at the back-end to deliver the brand promise, the Blue Dart brand had to appropriate customer mindshare in a space that was unoccupied by other service providers. Growing customer awareness and demand, as well as an intensified competitive environment have led to a greater 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 attempted to probe the consumer mindset through extensive independent market research and the findings serve as a reality check on performance, perception, customer satisfaction, imagery and the importance of other 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 quality initiatives to customer needs.

During the year, your company launched the most important strategic pivot ever undertaken in our history to enhance customer delight and build a future-ready organisation. The 'FIRST CHOICE' initiative will aim at your company becoming and remaining the 'FIRST CHOICE' for its customers, now and forever. This will be achieved through fostering a culture of continuous improvement aligned to keep customer centricity as the core for all our actions.

Throughout the year, your company has been honoured with awards and recognitions, and it is heartening to know that various industry bodies and numerous customers validate our stupendous efforts.

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

Recently, the company won the effective retail through supply chain logistics award at the Asia Retail Awards for Retail Excellence.

In 1996, Blue Dart became the first company in the national express industry to obtain an ISO 9001 certification and was successfully recertified in September 2005 for a 3-year period, to the new global ISO 9001:2000 standards.

Blue Dart, today, is synonymous with value, quality, speed, efficiency, responsiveness, and service excellence but, of course, its message "Reliability is our religion" remains unshaken. Truly "It takes a leader to deliver".

Some of challenges faced by the express industry include rising fuel and freight costs, airport infrastructure (air-side and off-site), competition, recruitment and retention of talent, etc. As a prudent organisation, your company views risk as an important item on its agenda and constantly reviews areas of concern.

In the past few years, the demands from the customers have undergone a paradigm shift. They expect greater ability from service providers to manage complexity and provide complete solutions – a more strategic partnership to meet common goals, rather than a fleeting transactional relationship.

We, at Blue Dart, are strategically positioned to meet all challenges that come our way and convert them into opportunities for innovation to enhance our value offering. Your company believes that the onus is on us to continuously innovate ahead of the curve while retaining our fundamental values of "building customer trust" and "pride in work" amongst our people. Your company also stands by its commitment of facilitating trade and commerce in the country, and helping Indian businesses deliver growth.

With its existing air and ground infrastructure, the latest state-of-the-art technology and wide geographical coverage, your company is ideally placed to support growth and development, through distribution, third-party logistics and supply chain management needs.

Your company plans to enhance capacities within the network by inducting additional dedicated air and ground carriage vehicles over a period of time. The 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 Corridor, and improving infrastructural landscape. Your company will enhance its existing expertise in ground 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 ground transportation segment.

The alliance of Blue Dart and DHL brought together two strong brands with premier offerings in the domestic and international express and logistics arena, and offer increasing future opportunities. DHL's market leadership in international air express complements our established domestic strengths and unique infrastructure. As part of the DHL Group, we access the largest and most comprehensive express and logistics network worldwide, covering over 220 countries.

Your company is a socially responsible corporate and has undertaken numerous projects to enrich communities and the society. Blue Darters have opted for "vocational training" as their core Corporate Social Responsibility (CSR) Programme. The project 'Blue Edge' has been rolled out. During the year, on Children's Day, we proudly initiated the project 'Muskan', through which all Blue Darters at Headquarters collected toys, books and clothes and the proceeds were then donated to an NGO that works for Street children in Mumbai. Your company also decided to "Go Green" this year and piloted the bicycle project in Mumbai.

Your company has consistently adopted high standards of Corporate Governance. Good Corporate Governance has always been an integral part of the company's business philosophy and validation of the same is that your company has recently been selected by the Institute of Company Secretaries of India (ICSI) as one of the top 25 companies adopting good Corporate Governance practices. Good Corporate Governance enables firms to compete internationally, and prosper over the long term. The endeavour of your company is not only to comply with the regulatory requirements but also to practise Corporate Governance principles that lay a strong emphasis on integrity, transparency and overall corporate accountability. Your company continues to deliver value to its stakeholders through its people philosophy and Corporate Governance, based on distinctive customer service, business ethics, accountability and profitability.

I strongly believe that our key differentiator, which truly sets us apart from the rest, is our people. It's the passion and commitment that they experience towards their work and their company, which enables your company, surmount each challenge that comes its way and emerge stronger. We are proud that in this very dynamic world that we are a part of today, we still have with us people who joined us the day Blue Dart was born – November 19, 1983, who still proudly report to work each morning with the same adrenaline coursing through them as on the first day of work, still put in an exceptional performance, and still set themselves apart from the rest of the industry.

I take this opportunity to thank all our people for their exemplary dedication and hard work, and for rendering impeccable services to every constituent of our company's customers, without which our reputation for service excellence would not have been possible. We continue to look forward to the support of our employees for the future growth and work towards their growth, as we believe that only growing employees can lead to a growing company.

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 cooperation.

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, trust and participation in the growth of the company.

Warm regards,

Mumbai
March 5, 2008

Sharad Upasani
Chairman





*S*as a leader in the express industry,
our unmatched delivery capability spans the
entire range of distribution services from
air express – both domestic and international –
to airfreight, charters and ground express,
our economical door-to-door ground distribution
service to over 17,600 Indian destinations.

Financial Summary

Financial Summary of the last five years

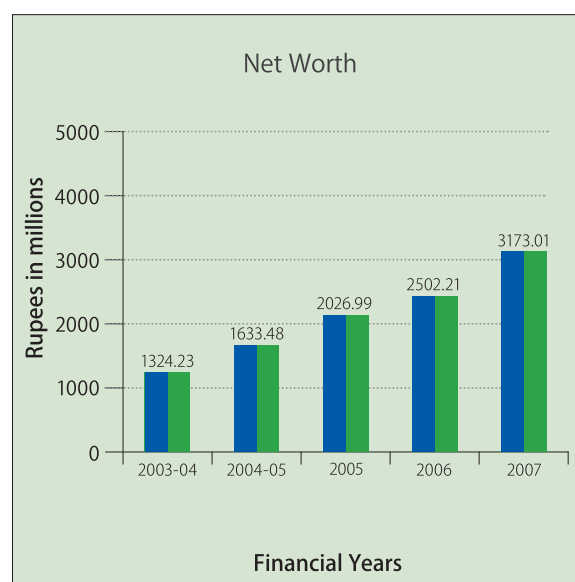
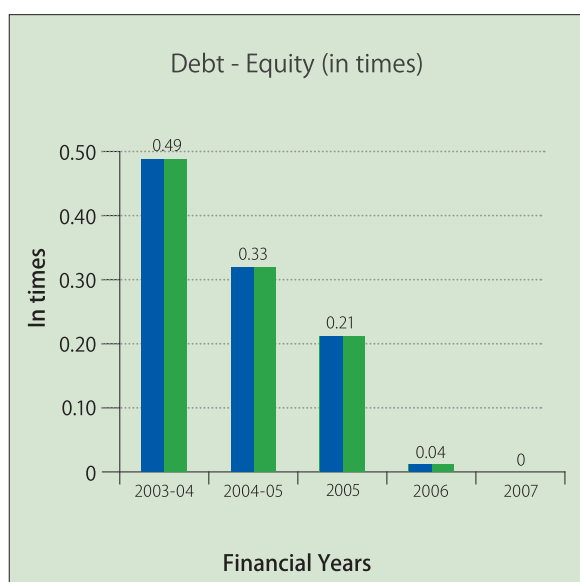
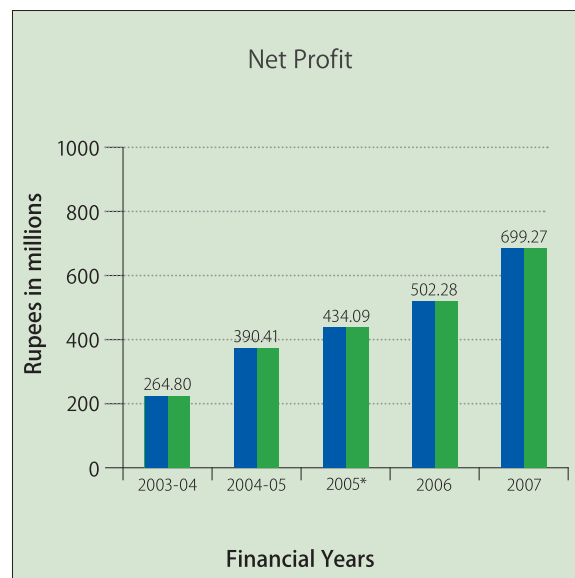
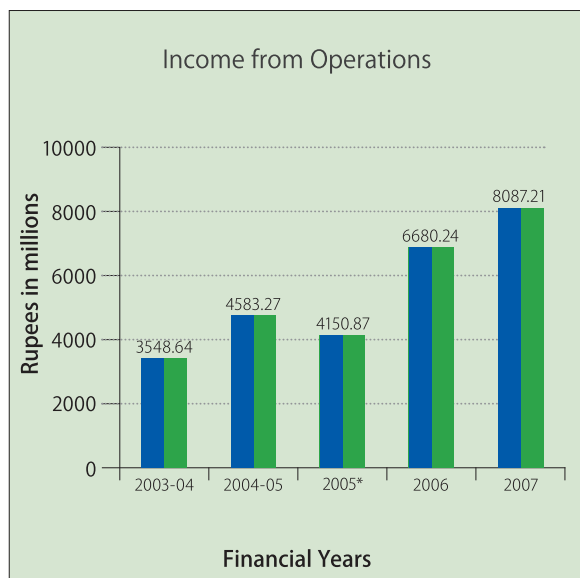
Rupees in Millions

Particulars	2003-04	2004-05	2005*	2006	2007
Income from Operations	3548.64	4583.27	4150.87	6680.24	8087.21
Other Income	4.69	37.87	75.79	17.44	31.12
Total Income	3553.33	4621.14	4226.66	6697.68	8118.33
Total Expenditure	2996.71	3820.14	3411.07	5683.10	6808.34
Operating Profit	556.62	801.00	815.59	1014.58	1309.99
Interest (net)	43.52	46.51	22.59	15.76	4.00
Gross Profit	513.10	754.49	793.00	998.81	1305.99
Depreciation	100.14	153.20	131.41	220.11	240.27
Profit Before Tax	412.96	601.29	661.59	778.70	1065.71
Taxation	148.16	210.88	227.50	276.42	366.45
Profit After Tax	264.80	390.41	434.09	502.28	699.27
Equity	237.63	237.63	237.63	237.63	237.63
Reserves	1086.60	1395.85	1789.36	2264.58	2935.38
Gross Fixed Assets	1869.04	2330.58	2413.16	2440.41	2569.18
Book Value (Rs.)	55.47	68.60	85.27	105.39	133.72
ROCE (in percentage)	28.95	35.42	32.73	32.92	37.13
Debt - Equity (in times)	0.49	0.33	0.21	0.04	0
Net Worth	1324.23	1633.48	2026.99	2502.21	3173.01

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

Financial Summary

Five years Review



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

Brand Story

Logistics, at the outset may appear to be a simple process of carrying and delivering shipments, however what lies beneath is a complex integrated procedure, which requires extensive and efficient detailing, stream mapping, networking and last-mile fulfillment. From the days when transfer of valuable shipments was the sole prerogative of the Angadiyas to today becoming an industry employing over 1 million people; logistics in India has indeed come a long way.

With the surge in India's retail sector, logistics as an industry is on the threshold of unprecedented growth, led by a convergence of globalisation, digitisation and time-based competition. The industry is estimated between 11.8% & 13% of GDP, which is higher than in more developed economies. Both services and manufacturing have registered significant growth along with other macroeconomic indicators that augur well for the business; logistics in India definitely has an optimistic future.

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

Brand History

In November 1983, three young entrepreneurs - Clyde Cooper, Tushar Jani and Kushroo Dubash - pooled in

their creativity, confidence and courage with a capital of Rs 30,000 and 200 sq. ft. of space under a staircase, to kick-start an idea of delivering small packages and samples to support India's burgeoning exports. An idea that would propel Blue Dart from being an organisation that sorted and delivered a few dozen packages outside the Mumbai airport on its first night of operations, to being one of the strongest brands in India with the highest top-of-mind recall (Market Study, 2007, by Dhristi Strategic Research Services) handling close to 2,00,000 shipments each night through rain, hailstorm, earthquake and snow.

Over the past two decades, Blue Dart has grown to become South Asia's largest integrated air express package & 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. 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 1 billion mark. Till today, Blue Dart Aviation is the only cargo operator with the largest fleet of freighter aircraft in the country. 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 the 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, in 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. 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 the first Boeing 757 freighters in the Indian skies.

2007 saw Blue Dart Aviation add another feather to its cap, as it became the first Indian operator to carry out a 'C' Check on one of its B757 freighter, that too, in record seven days' time.

It also added another B757 to its existing fleet of four B737s and 2B757s operating 60 route connections and carrying an unrivalled 300 tonnes per night.

Blue Dart also launched its fortified ground express product – Dart Surfaceline in 2007. This launch has enabled Blue Dart expand its reach to over 17,600 locations across an expansive Indian geography through 596 ground route connections.

In its 25th successful year of operations in the country, Blue Dart envisions fortifying its dream of bringing people and markets together for a greater India.

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'. At 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 fulfil 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 to keep 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.

Brand Benefits

The Blue Dart brand edge stems through continuous efforts to develop new processes, technology and products and

services – that enable greater speed, more visibility for the customer.

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, to a full-charter load. The product range comprises express and freight services. The Domestic Priority Services offers domestic document and small packages under 32 kg. Dart Apex is a door-to-door, time-definite, supply-chain and logistics distribution service for commercial shipments that require regulatory clearance. Dart Surfaceline provides ground transportation for shipments that are not time-sensitive. Smart Box is a convenient door-to-door service for cargo in two sizes: 10 kg and 25 kg. 'Freight Services' include domestic early morning airport-to-airport deliveries to the seven cities of Kolkata, Delhi, Ahmedabad, Mumbai, Bangalore, Chennai and Hyderabad serviced by Blue Dart flights.

Blue Dart has been a first mover in the technology innovations among the creations 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, the Blue Dart brand can be trusted. It has been like a proverbial rock, standing firm and delivering, through floods, riots, strikes and earthquakes, and thus continues to be the customers' FIRST CHOICE.

Brand's Commitment to Society

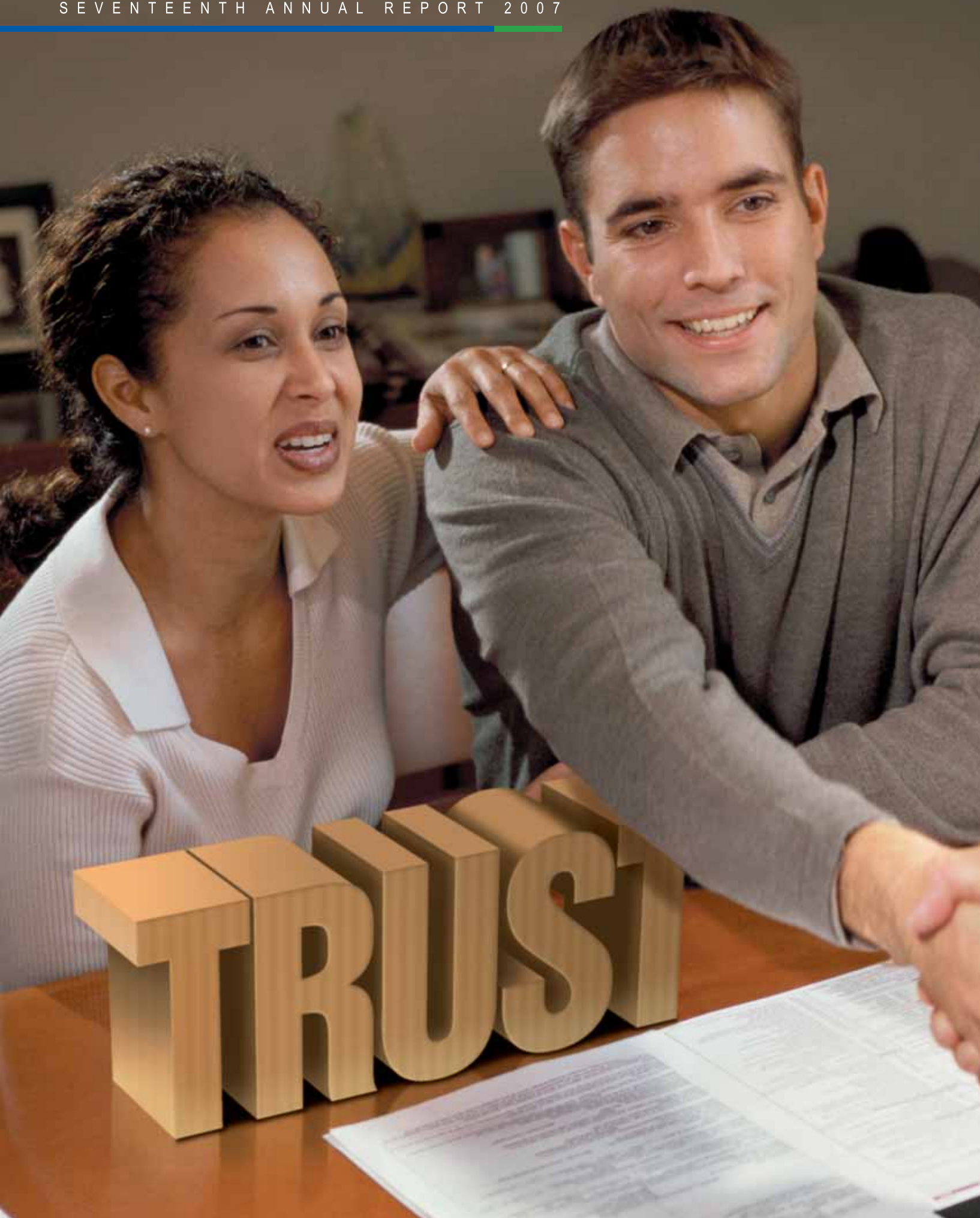
Blue Dart – a socially responsible corporate – has opted for 'Vocational Training' as its core CSR Programme. A dipstick study was conducted across the organisation where employees were asked to choose among environment, education and women/child health. Out of this, "vocational training/education" received maximum hits – for its value delivery, synergy with the business objectives, ability to bridge the trained manpower gap, emotional connect, community involvement and moreover

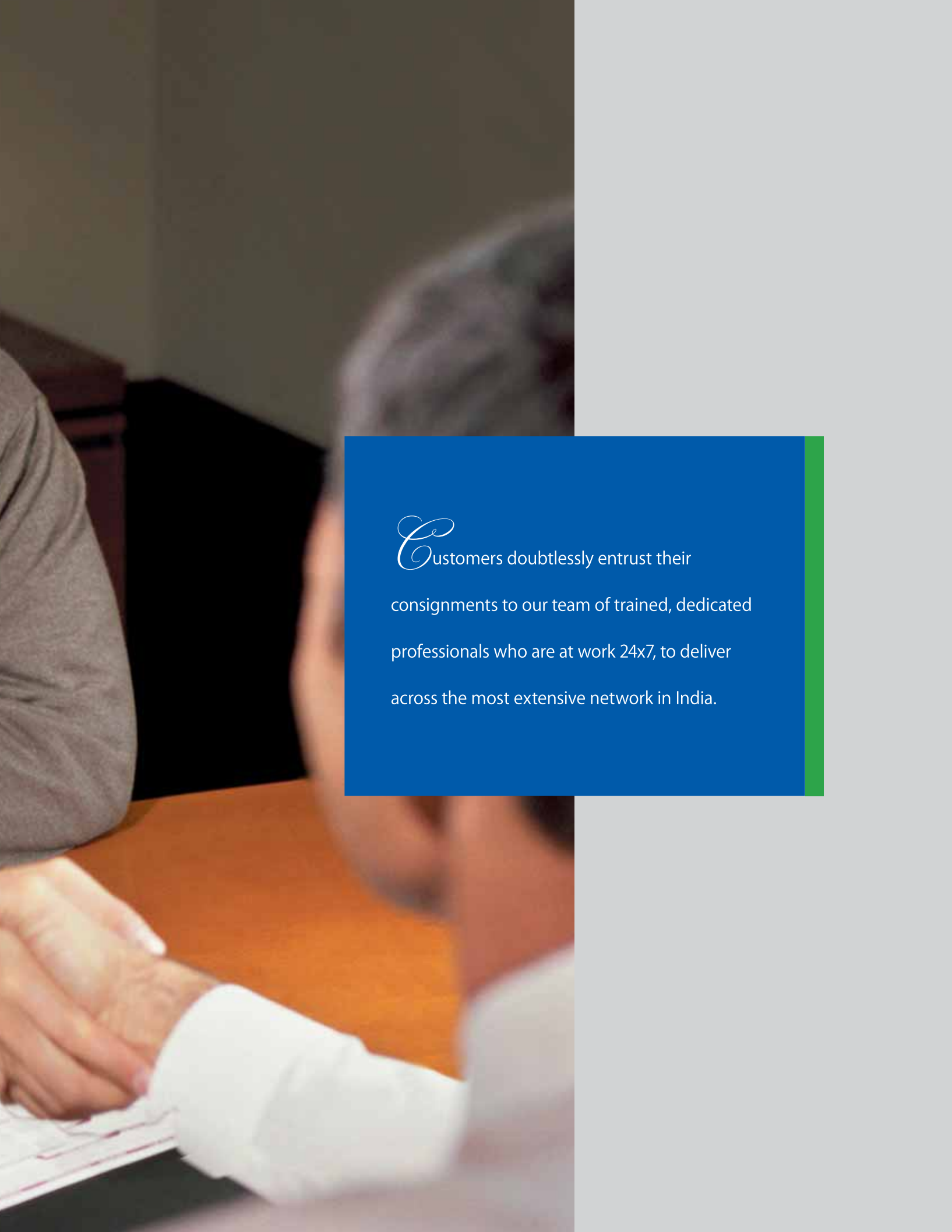
because of its credibility and long-term commitment to society.

On 4th Feb 2008, Blue Dart, along with its partnering NGO Oasis India, kicked off its training programme – BLUE EDGE to enhance and create employability for India's youth at a premise in Bandra East, refurbished solely for the purpose of the training.

BLUE EDGE would entail training of approximately 50 beneficiaries in a 4-month course on General Knowledge, English Speaking, Basic Computer Skills, Life Sciences and Customer Orientation. Blue Dart's training would enlighten the beneficiaries about the possible employment opportunities, enable them make informed choices but, moreover, it would bring stability into the lives of the lesser privileged.

Team Blue Dart stands totally committed to this initiative and are optimistic of making a difference in a few lives – all of whom they endeavour to empower with knowledge skills and attitude to make them employable in society and contribute positively to it.





*C*ustomers doubtlessly entrust their consignments to our team of trained, dedicated professionals who are at work 24x7, to deliver across the most extensive network in India.

DIRECTORS' REPORT

To the Members,

Your Directors have great pleasure in presenting the Seventeenth Annual Report of your Company for the year ended December 31, 2007.

FINANCIAL RESULTS

(Rs. in millions)

Particulars	For the year ended December 31, 2007	For the year ended December 31, 2006
Revenues		
Service Charges	8,087	6,680
Other Income	31	18
Less : Operating Expenses	6,808	5,683
Operating Profit (EBIDTA)	1,310	1,015
Less : Interest Cost (Net)	4	16
Depreciation /Amortisation	240	220
Earnings before tax	1,066	779
Less : Provision for Income tax (including FBT)	367	277
Earnings after tax	699	502
Profit & Loss A/c. balance brought forward	1,626	1,164
Profit available for appropriation	2,325	1,666
Proposed Dividend	24	24
Tax on Proposed Dividend	4	3
Transfer to General Reserves	-	13
	2,297	1,626

REVIEW OF PERFORMANCE

Today, India as an economy presents a plethora of opportunities for growth across various sectors and industries, an attribute that subsequently offers the logistics industry an environment conducive for phenomenal augmentation.

With the surge in India's retail sector, logistics as an industry is on the threshold of unprecedented growth, led by a convergence of globalisation, digitization and time-based competition. The industry is estimated between 11.8% to 13% of GDP, which is higher than in more developed economies. Both services and manufacturing have registered significant growths along with other macroeconomic indicators that augur well for the business, logistics in India definitely has an optimistic future.

Since inception, your Company has strived to pre-empt market demand so that it is prepared to meet the growing demands of its customers. It has played a pivotal role in facilitating the trade and commerce of the country and has, almost single handedly, transformed the way people correspond, communicate and distribute packages today.

It is also pleasure to note that your Company, which commenced its business operations in 1983 as 'Blue Dart Courier Services' has entered its 25th year of operations.

The year 2007 was a year of intense strategic planning and tactical activity, which resulted in an exceptional performance of your Company. The year was one of consolidation and augmentation of its market leadership. With the launch of its fortified ground express product, Dart Surfaceline, your Company has expanded its reach to over 17,600 locations and 596 ground routes across India.

During the year, your Company added 43 new facilities, taking the total number of facilities to 257 with a fleet of over 4,800 vehicles, 47 domestic warehouses and 10 express hubs.

Your Company also added a new route to its aviation network, Chennai-Delhi-Chennai sector to serve the growing needs of Northern and Southern regions of the Country. In November 2007, your Company augmented its fleet and added another Boeing 757 to its existing two Boeing 757s and four Boeing 737s, which now have the unique capability to offer an unrivalled payload of 300 tonnes each night to 60 route connection across an expansive and diverse Indian geography.

Your Company completed yet another year of strong performance with robust topline growth and high quality earnings.

During the year, your Company recorded a growth of over 21% in the Income from operations. Even though the year 2007 was of substantial investment and expansion, Your Company posted profit after tax of Rs. 699 million, as compared to Rs. 502 million for the year ended December 31, 2006.

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."

During the year, your Company was geared towards 'FIRST CHOICE' initiative with the aim that your Company become and remain the 'FIRST CHOICE' for its customers in every segment your Company is active in, to improve and strengthen its customer orientation, and to establish a culture of continuous improvement.

The 'FIRST CHOICE' vision is to become the partner of choice for its customers and to grow business in terms of revenue and profitability at a speed above the markets. The central objective of the program is to deliver the best customer experience. Your Company aims to be the first choice for every customer when it comes to choosing a logistics provider. Achieving this goal requires each and every employee to focus rigorously on customer satisfaction.

TRANSFER TO RESERVES

This year, your Company does not propose to transfer any amount to General Reserves. An amount of Rs. 2,297million 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. 28 million, including dividend distribution tax, as compared to Rs. 27 million in the previous year.

OPERATIONS REVIEW

Your Company is South Asia's premier courier, and integrated express package distribution Company, offers secure and reliable delivery of consignments to over 17,600 locations in India, and to over 220 countries worldwide through its Sales Alliance with DHL Express (India) Pvt. Ltd.

Today, your Company stands as the unrivalled leader in the domestic express industry. Currently, the Indian air express industry is pegged at Rs. 27 billion and Blue Dart commands 41.7% market share in the organised domestic air express segment. Since inception, your Company has invested in building an infrastructure, which remains unmatched in the country and South Asia region. Your Company has an extensive reach across complex Indian geography and beyond, extending to over 17,600 locations, 47 domestic warehouses, a fleet of three B757s and four B737 freighter aircraft offering a revenue payload of 300 tonnes per night, a flotilla of over 4,800 vehicles, over 300 Business Associates, 176 retail counters, over 1 million square feet of facility space and over 5,700 committed and trained employees driven by a unified passion of delivering service excellence and value.

During the year under review, your Company carried over 72 million domestic shipments and 649,708 international shipments weighing over 191,800 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 technical despatch reliability (TDR) of 99.20% for the B737 and 99.23% for the B757 fleet, with an overall TDR of 99.22%, during the year. Blue Dart Aviation has also posted On-Time Performance (OTP) of 90% for the B737 and 87.67%

for the B757 fleet, with an overall OTP of 88.88%. In keeping with plans for expansion during the year, Blue Dart Aviation added one Boeing 757-200 freighter bringing its total fleet strength to 7 freighters – 3 Boeing 757-200 and 4 Boeing 737 aircraft, taking its air capacity to 300 tonnes per night across 60 route connections. The latest aircraft inducted into the fleet are powered with the more efficient RB211 535E4 engines.

For the first time in India, the "C" Check was carried out on a B757 (Regn # VT-BDJ) freighter inhouse by the Blue Dart Aviation maintenance and engineering team.

Blue Dart Aviation has received approval for CAR 145 organisation. CAR 145 is a requirement for Maintenance Organizations involved in maintenance of aircraft and aircraft components, and recently mandated by the DGCA in order to harmonise the Indian Civil Aviation requirements with International requirements, based upon JAR 145.

During the year, Blue Dart Aviation also introduced and adopted MSG3 program (Maintenance Steering Group)- a maintenance concept for B737 aircraft which resulted in 30% reduction in line maintenance and C Checks.

Flight Operations Quality Assurance (FAQA) program was developed in-house for the study of flight trends.

The ARMS package (Airline Resource Management software) which integrates all major functions of an airline, was introduced to bring about greater efficiency and transparency, and a move towards reduced paperwork.

In keeping with its Corporate Social responsibility, Blue Dart Aviation donated aircraft engines, with no shelf life, for the use of two engineering colleges in their education programmes.

FACILITIES

During the year, your Company has successfully added 43 new facilities, taking total number of facilities to 257, with a total area of over 1 million sq.ft. across the country. Your company plans to further strengthen its infrastructure, including its air and ground fleet.

FINANCE

During the year, your Company continued with various initiatives which included application of new dynamic short term instruments and efficiently using temporary excess funds by 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 Secured and Unsecured Loans. Your Directors feel proud to inform you that your Company has recently become a zero debt Company.

The Company's Return on Capital Employed for the year was at 36.85% and Earning Per Share was Rs. 29.47.

CREDIT RATING

Your Company continues to enjoy the highest credit quality rating for its commercial paper/ 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 safety.
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

The audited statements of accounts for the year ended December 31, 2007 of Concorde Air Logistics Ltd., the Company's Wholly Owned Subsidiary together with the reports of Directors' and Auditors, as required pursuant to the provisions of Section 212 of the Companies Act, 1956, are attached.

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

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

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

OUTLOOK FOR THE FUTURE

Your Company is ideally placed in the Indian market to facilitate trade and commerce in our country, with a trained and committed force of over 5,700 people, the latest state of the art technology, integrated air and ground infrastructure, wide geographical coverage to support India's growth and development, distribution and third party logistics and supply chain management needs of 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 consolidate its position in the ground express services without losing commitment to air express product, which would continue to be its key offering. Your Company foresees both the products complimenting each other and enabling the Company to acquire maximum market share. The Tier II and Tier III cities offer increasing opportunities for Blue Dart's Surfaceline. Owing to the growing affluence of consumers, these areas witnessed rapid growth in demand in the recent past. The emergence of SEZs, EPUs and IT parks also present exciting prospects for our new service.

Your Company also plans to expand its retail outlets and international products, which would give your Company significant edge over competition.

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

AWARDS AND RECOGNITION

Our innumerable efforts in the pursuit of endless excellence have been recognised throughout 2007. We have been honoured with various awards and recognitions and it is heartening to know that numerous industry bodies and customers validate our stupendous efforts.

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

As you all are aware, your Company had received on January 19, 2007, 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. This was yet another milestone for the Company which confirmed its commitment towards the pursuit of excellence, not limited to just the services we offer, but encompassing our complete business operations.

Your Company has recently been selected by 'The Institute of Company Secretaries of India' (ICSI) as one of the top 25 companies adopting good corporate governance practices.

Our employee friendly practices were also felicitated with the Amity HR Excellence Award and the HRD Congress's Award for the Organisation with Innovative HR Practices.

The Company was short listed for the purpose of 'India's Employer of Choice Awards - 2007' by CNBC TV18.

Recently, the Company won the effective retail through supply chain logistics award at the Reid & Taylor Awards for Retail Excellence.

One of our top customers, Johnson & Johnson rewarded our service excellence by presenting us the Award for Excellence in Customer Service.

Your Company has been recognised as one of India's best and is listed among the top 500 companies in India by Dun and Bradstreet.

DIRECTORS

In the Board Meeting of the Company held on February 21, 2007, Mr. Anil Khanna was appointed as a Managing Director of the Company with effect from February 21, 2007.

Consequent to his appointment as a Senior Vice President and Area Director – South Asia, DHL Express (Singapore) Pte. Ltd., Mr. Malcolm Monteiro, Managing Director, tendered his resignation at the conclusion of the Board Meeting 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 a Managing Director. Mr. Monteiro continues to function as a Non Executive Director on the Board of the Company with effect from February 21, 2007.

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 Companies Act, 1956.

Mr. Ross Allen, 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.

Mr. Ross Allen tendered his resignation as an Alternate Director to Mr. Greg Tanner with effect from April 17, 2007. The Board placed on record, its sincere appreciation and thanks for the valuable contribution of Mr. Ross Allen during his tenure as a Director of the Company.

Mr. Thomas Murphy, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from April 18, 2007 at the Board Meeting of the Company held on April 17, 2007 and he resigned as an Additional Director with effect from September 3, 2007.

The Board of Directors appointed Mr. Thomas Murphy as an Alternate Director to Mr. Greg Tanner with effect from September 3, 2007.

Consequent to the presence of Mr. Greg Tanner, the Director, at the Board Meetings of the Company held on October 16, 2007 and February 11, 2008, Mr. Thomas Murphy, the Alternate Director to Mr. Greg Tanner had 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. Greg Tanner with effect from October 17, 2007 and February 12, 2008 respectively.

DHL's philosophy is that, its nominated Directors should provide knowledge and value add to Blue Dart Express Ltd. Mr. Ross Allen was a Senior Vice President - Aviation at DHL. Mr. Ross Allen retired from DHL in February, 2007, but was requested by DHL to continue to provide services to Blue Dart Express Ltd. pending his replacement by another Director. Mr. Thomas Murphy, Senior Vice President - Aviation at DHL, was appointed in April, 2007 replacing Mr. Ross Allen, Senior Vice President - Aviation, DHL. Mr. Thomas Murphy has 30 years of experience in the Aviation Industry and was nominated by DHL on the Board of Blue Dart Express Ltd.

During the year, after being associated with the Company for more than 13 years, Air Marshal S.S. Ramdas (Retd.) tendered his resignation as a Director with effect from October 16, 2007. The Board accepted his resignation and placed on record, its sincere appreciation and thanks for the valuable contribution of Air Marshal S.S. Ramdas to the growth and success of the Company, especially during his tenure as a Director and Chairman of the Company and wished him all the best for his future endeavours.

Mr. Sharad Upasani has been appointed as an Additional Director and Chairman of the Board of Directors with effect from December 21, 2007.

Mr. Sharad Upasani holds office only upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 for the appointment of Mr. Sharad Upasani as a Director of the Company. The resolution seeking approval of the shareholders for his appointment has been incorporated in the Notice of the forthcoming Annual General Meeting along with brief details of Mr. Sharad Upasani.

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

AUDIT COMMITTEE

The Company has an Audit Committee comprising of three Non-Executive Directors viz; Mr. Sharad Upasani, Mr. Greg Tanner and Mr. Suresh Sheth. The Chairman of the Committee is Mr. Sharad Upasani.

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 292 of the Companies Act, 1956 and Clause 49 of the Listing Agreement pertaining to corporate governance norms.

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

Mr. Sharad Upasani has been appointed as a Chairman of the Audit Committee with effect from December 21, 2007 in place of Air Marshal S.S. Ramdas (Retd.).

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made 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. and National Stock Exchange of India Ltd. (NSE). The Company has paid its Annual Listing fees to the above Stock Exchanges for the Financial Year 2007 – 2008.

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.

A separate Section on Corporate Governance, along with a certificate from the Auditors confirming compliance except for the intervening period between October 16, 2007 to December 20, 2007, consequent to resignation of Air Marshal S.S.Ramdas (Retd.), is annexed and forms part of the Directors' Report.

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

CEO AND CFO CERTIFICATION

In accordance with the provisions of the Listing Agreement pertaining to corporate governance norms, Mr. Anil Khanna, Managing Director and Mr. Yogesh Dhingra, Finance Director and Chief Operating Officer, have certified inter-alia, about reviewing of financial statements and establishing and maintaining internal controls for financial reporting for the year ended December 31, 2007. The said certificate forms an integral part of the Annual Report.

FIXED DEPOSITS

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

AUDITORS

The Statutory Auditors, M/s. Price Waterhouse, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received necessary certificate from them 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 First' Philosophy and harmonious employee relations continues to prevail in the Company. Competent human resource is the key to success in creating a superior value proposition and meeting rising customer expectations. The Company continues its focus on training and development of people through internal and external management development programmes.

During the year 2007, the Employees Satisfaction Survey mean score also rose notably to 4.56 (on a scale of 1 to 5) from the previous year's mean score of 4.54, and pride in the Company, once again, emerged with the highest mean score of 4.86 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 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.

CORPORATE SOCIAL RESPONSIBILITY

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

DIRECTORS' REPORT

Corporate Social Responsibility is a concept with a growing currency within India and around the globe. Your Company has opted for "Vocational Training" as its core Corporate Social Responsibility (CSR) Programme. Your Company appointed Imprimis Life PR as its consulting agent to assist in this programme.

Your Company also appointed Oasis India, an NGO for their expertise and know how for providing such Vocational Training.

During the year, on Children's Day, we proudly initiated the project 'Muskan', through which all Blue Darters at Head Quarters collected toys, books and clothes and the proceeds were then donated to an NGO Asha Kiran Foundation, which works for Street Children in Mumbai.

Your Company also decided to "Go Green" this year and piloted the bicycle project in Mumbai.

ACKNOWLEDGEMENT

Your Directors 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.

The Directors also thank the Government of India and the concerned State Governments and other Government Departments and the Government Agencies for their kind co-operation.

Your Directors place on record their appreciation to the contributions and efforts made by every member of Blue Dart family which has enabled the Company to surmount each challenge and emerge stronger.

Your Directors take this opportunity to thank each employee for their dedication and commitment and for their unconditional support and unfaltering belief in Blue Dart, without which our reputation for service excellence and leadership would not have been a household name.

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,

Sharad Upasani
Chairman

Malcolm Monteiro
Director

Clyde Cooper
Director

Anil Khanna
Managing Director

Greg Tanner
Director

Suresh G. Sheth
Director

Mumbai,
February 11, 2008

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 'A'

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

A) Conservation of Energy : Not applicable

B) Technology absorption : Not applicable

C) Foreign Exchange Earnings and Outgo :

Earnings in Foreign Currency

Earnings in foreign currency during the year were Rs. 67.35 million (Previous Year – Rs. 33.40 million)

Expenditure in Foreign Currency

Expenditure in foreign currency during the year was Rs. 8.54 million (Previous Year – Rs. 11.36 million)

1. Blue Dart's philosophy on Corporate Governance

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

Effective corporate governance is necessary to maintain public trust and to achieve business success. Corporate Governance is the method by which the aforesaid objectives are achieved. It is about how an organisation is managed and 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 Shareholders, 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.

Blue Dart was recently selected as one of the top 25 companies adopting good corporate governance practices by The Institute of Company Secretaries of India (ICSI).

2. Board of Directors

In view of his appointment as a Senior Vice President and Area Director- South Asia, DHL Express (Singapore) Pte. Ltd., Mr. Malcolm Monteiro, Managing Director, tendered his resignation from the post of Managing Director of Blue Dart Express Ltd., at the conclusion of the Board Meeting of the Company held on February 21, 2007. However, he continues to function as a Non-Executive Director on the Board of the Company with effect from February 21, 2007.

Mr. Anil Khanna was appointed as Managing Director of the Company with effect from February 21, 2007, in the Board meeting of the Company held on 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 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. Mr. Ross Allen tendered his resignation as an Alternate Director to Mr. Greg Tanner with effect from April 17, 2007.

Mr. Thomas Murphy, a nominee of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from April 18, 2007 at the Board Meeting of the Company held on April 17, 2007 and he resigned as an Additional Director with effect from September 3, 2007. The Board of Directors appointed Mr. Thomas Murphy as an Alternate Director to Mr. Greg Tanner with effect from September 3, 2007.

Consequent to the presence of Mr. Greg Tanner, the Director, at the Board Meeting of the Company held on October 16, 2007, Mr. Thomas Murphy, the Alternate Director to Mr. Greg Tanner ceased to be a Director under the statutory provisions of the Companies Act, 1956, and he was re-appointed by the Board as an Alternate Director to Mr. Greg Tanner with effect from October 17, 2007.

During the year, after being associated with the Company for more than 13 years, Air Marshal S.S. Ramdas (Retd.) tendered his resignation as a Director with effect from October 16, 2007. The resignation of Air Marshal S.S. Ramdas (Retd.) with effect from October 16, 2007, and induction of another Independent Director from December 21, 2007, led to an unavoidable non-compliance for a short duration, beyond the control of the Company.

Mr. Sharad Upasani has been appointed as an Additional Director with effect from December 21, 2007. Mr. Sharad Upasani was also elected as a Chairman of the Board of Directors with effect from December 21, 2007 in place of Air Marshal S.S. Ramdas (Retd.).

Mr. Sharad Upasani has done Masters in Commerce and LLB from Mumbai University and also holds MBA degree from USA. He has varied experience in Administration and had the opportunity to work both in the State and Central Government and Public Sector Corporations. He has worked as Secretary of Industry Department, Maharashtra State and as Managing Director of Maharashtra State Finance Corporation, Chairman of Maharashtra State Textile Corporation and Vice – Chairman of Maharashtra State Road Transport Corporation. He retired as Chief Secretary, Government of Maharashtra. At the Central level, he has worked in the Finance Ministry, Industry Ministry and Information and Broadcasting Ministry. He was also Chairman of the Company Law Board and Chairman of the Bureau of Costs and Prices, New Delhi. He was also Chairman of Film Certification Board, Mumbai and Vice-Chancellor of Agricultural University, Akola, Maharashtra.

Mr. Upasani was also on deputation to International Monetary Fund, Washington from 1974 to 1978. Mr. Upasani is a member of Bar Council of Maharashtra and Goa. After retirement from Government

REPORT ON CORPORATE GOVERNANCE

Service as Chief Secretary, Government of Maharashtra, Mr. Upasani is now giving Consultancy on Corporate Law matters and acts as Arbitrator in corporate disputes. Mr. Upasani is Vice – President and Member of Council of Management of M. Visvesvaraya Industrial Research and Development Centre, World Trade Centre, Mumbai.

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

As on December 31, 2007, 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 DHL nominee Directors hold the firm belief that DHL's best interests are aligned with the continued growth and success of the Company.

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 Agreements entered into with the Stock Exchanges.

The meetings of the Board of Directors are scheduled well in advance and generally held at the Company's Registered Office 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.

During the year under review, six Board Meetings were held viz; February 21, 2007 (two meetings), April 17, 2007, July 16, 2007, October 16, 2007 and December 11, 2007.

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	5	Yes	Nil	Nil	Nil
Mr. Anil Khanna	Executive Director	Managing Director (from February 21, 2007)	4	Yes	Nil	1	Nil
Mr. Malcolm Monteiro	Non Independent & Non Executive Director	Director	6	Yes	Nil	Nil	Nil
Mr. Clyde Cooper	Non Independent & Non Executive Director	Director	3	Yes	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	Nil	No	Nil	Nil	Nil
Mr. Stephen Fenwick (Alternate to Mr. Ross Allen)***	Non Independent & Non Executive Director	Alternate Director	1	No	Nil	Nil	Nil
Mr. Thomas Murphy****	Non Independent & Non Executive Director	Alternate Director	2	No	1	Nil	Nil
Mr. Sharad Upasani *****	Independent & Non Executive Director	Chairman	Nil	No	Nil	Nil	Nil

REPORT ON CORPORATE GOVERNANCE

- * Air Marshal S.S.Ramdas (Retd.) tendered his resignation as a Director with effect from October 16, 2007.
- ** Mr. Ross Allen, Nominee Director of DHL Express (Singapore) Pte. Ltd. resigned as a Director with effect from February 21, 2007. Mr. Ross Allen was appointed as an Alternate Director to Mr. Greg Tanner with effect from February 23, 2007. Mr. Allen resigned as an Alternate Director to Mr. Greg Tanner with effect from April 17, 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. Ross Allen also ceased to be a Director with effect from February 21, 2007.
- **** Mr. Thomas Murphy, Nominee Director of DHL Express (Singapore) Pte. Ltd. was appointed as an Additional Director with effect from April 18, 2007 and he resigned as an Additional Director with effect from September 3, 2007. The Board of Directors appointed Mr. Thomas Murphy as an Alternate Director to Mr. Greg Tanner with effect from September 3, 2007.
- ***** Mr. Sharad Upasani has been appointed as an Additional Director and Chairman of the Board of Directors with effect from December 21, 2007.
- Notes:**
- 1) Mr. Thomas Murphy ceased to be an Alternate Director to Mr. Greg Tanner on October 16, 2007 and was re-appointed by the Board as an Alternate Director to Mr. Greg Tanner with effect from October 17, 2007.
 - 2) Consequent to his appointment as a Senior Vice President and Area Director – South Asia, 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 and he continues to function as a Non-Executive Director on the Board of the Company with effect from February 21, 2007.

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 comprises two Independent Non-Executive Directors viz; Sharad Upasani and Mr. Suresh Sheth and one Non-Independent and Non-Executive Director, Mr. Greg Tanner. The Chairman of the Committee is Sharad Upasani.

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 & Chief Operating Officer.

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

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 assumed the position of Managing Director, is the permanent invitee to the Audit Committee in place of Mr. Monteiro.

Mr. Sharad Upasani has been appointed as a Chairman of the Audit Committee with effect from December 21, 2007 in place of Air Marshal S.S.Ramdas (Retd.). The resignation of Air Marshal S.S.Ramdas (Retd.) with effect from October 16, 2007, and induction of another Independent Director from December 21, 2007, led to unavoidable non-compliance for a short duration, beyond the control 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.
- (c) Reviewing the Company's financial and risk management policies.
- (d) Reviewing adequacy of internal audit function including their policies, procedures, techniques and other regulatory requirements and reporting the matter to the Board.
- (e) Recommending appointment and removal of External and Internal Auditors and recommendation of their fees.
- (f) 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.
- (g) Reviewing with the management the quarterly financial statements prior to submission to the Board for its approval.
- (h) Reviewing related party transactions.
- (i) Approval for payment to statutory auditors for any other services rendered by the statutory auditors.
- (j) Reviewing with the management, performance of statutory and internal auditors, adequacy of internal control systems.

REPORT ON CORPORATE GOVERNANCE

- (k) Reviewing structure of internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency the internal audit.
- (l) Discussion with internal auditors on any significant findings and follow up thereon.
- (m) 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.

During the year under review, six Audit Committee Meetings were held viz February 21, 2007, February 22, 2007, April 17, 2007, July 16, 2007 (two meetings) and October 16, 2007.

The constitution of Audit Committee and other related information as on December 31, 2007 is as under:

Name of Director	Position	No. of Meetings Held	Attended
Air Mshl. S.S. Ramdas (Retd.)*	Chairman	6	6
Mr. Greg Tanner	Member	6	5
Mr. Suresh G Sheth	Member	6	6
Mr. Sharad Upasani**	Chairman	Nil	Nil

* Air Marshal S.S.Ramdas (Retd.) tendered his resignation as a Director with effect from October 16, 2007.

** Mr.Sharad Upasani has been appointed as a member with effect from December 21, 2007 in place of Air Marshal S.S.Ramdas (Retd.).

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 Mr.Sharad Upasani 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 2007, are as under:

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

* Air Marshal S.S.Ramdas (Retd.) tendered his resignation as a Director with effect from October 16, 2007.

** Mr.Sharad Upasani has been appointed as a member with effect from December 21, 2007 in place of Air Marshal S.S.Ramdas (Retd.).

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

The terms of reference of '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 Mr. Sharad Upasani and Mr. Suresh Sheth, who are Independent Directors on the Board of the Company.

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 37 years. Mr. Sheth is a partner in the firm of Chartered Accountants viz; M/s. Sheth & Company.

Air Marshal S. S. Ramdas (Retd.), (since resigned) 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).

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.) (since resigned) 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 Company paid commission to Air Marshal S.S.Ramdas (Retd.) (since resigned) and Mr. Suresh Sheth, Non-Executive Directors, aggregating to Rs.2 million for the year ended December 31, 2006.

REPORT ON CORPORATE GOVERNANCE

The Compensation Committee Meeting of the Company was held on February 21, 2007 to consider and recommend remuneration for Mr. Anil Khanna, Managing Director of the Company.

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

1. 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 the 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.

- (iii) Encashment of unavailed leave at the end of each year. Such amount shall not be included in the computation of ceiling on the 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 expenses 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.

1. b) Mr. Anil Khanna – Managing Director

(with effect from April 1, 2007 to March 31, 2008)

Basic - Rs. 3.20 lacs per month

HRA - 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) 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 the 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 the remuneration as specified in Schedule XIII to the Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE

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

- a) Running and Maintenance expenses 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 an incentive payment based on the achievement of profitability levels for the year ended December 31, 2007 upto a 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.

1. c) Mr. Anil Khanna – Managing Director

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

- Basic - Rs. 4.15 lacs per month
- HRA - Rs. 0.75 lacs per month
- Special Allowance - Rs.1.90 lacs per month

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

2. a) Mr. Malcolm Monteiro – Managing Director

(with effect from March 13, 2006 to March 31, 2006)

- Basic - Rs. 3.00 lacs per month
- HRA - Rs. 2.07 lacs per month
- Special Allowance - Rs. 2.06 lacs per month

In addition to the above amount, Mr. Monteiro was 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.

(iv) 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.

REPORT ON CORPORATE GOVERNANCE

- (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 per month
HRA	- Rs. 2.56 lacs per month
Special Allowance	- Rs. 2.56 lacs per month

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

Mr. Malcolm Monteiro ceased to be on Blue Dart Express Ltd. payroll with effect from February 22, 2007.

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

5. Investors Grievance Committee

The 'Investors Grievance Committee' of the Company approves and monitors transfers and transmission of shares, 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. Anil Khanna,

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 assumed the position of Managing Director, has been inducted in the 'Investors Grievance Committee' in place of Mr. Monteiro.

During the year under review, 226 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, 2007.

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	99	99
Non Receipt of Share certificate/ Transfer / Transmission	12	12
Change of Address	24	24
Request for loss / duplicate/ replacement of Share Certificates	38	38
Others *	53	53
Total	226	226

* 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, letters from SEBI and Stock Exchanges and such other administrative matters.

The Company and the Registrar & Transfer Agents have attended to most of the investors' correspondence within a period of 8 days from the date of receipt of correspondence during the year ended December 31, 2007.

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
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 p.m	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East) Mumbai – 400 099
December 31, 2006	17.04.07	4.30 p.m	Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East) Mumbai – 400 099

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

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

At the Annual General Meeting held on April 17, 2007 :

No Special Resolutions were passed.

At the 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 the Annual General Meeting held on July 19, 2005 :

To approve alteration of Articles of Association of the Company.

7. Subsidiary Company

The Company does not have a material non-listed Indian subsidiary Company 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.
- * Minutes of Board Meetings of 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, 2007.

10. Auditor's Certificate on Corporate Governance

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

REPORT ON CORPORATE GOVERNANCE

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, 2007 has been provided in the Annual Report in terms of the provisions of Listing Agreement.

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.

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.

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

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.

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.sebidifar.nic.in.

13. General Shareholders Information

Annual General Meeting : April 22, 2008 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, 2008	April 22, 2008
		Second Quarter & Half Year ending June 30, 2008	July 22, 2008
		Third Quarter ending September 30, 2008	October 21, 2008
		Last Quarter & Year ending December 31, 2008	January 28, 2009

Financial Calendar : (tentative and subject to change)	:	Schedule of Audit Committee Meetings	Date
		First Quarter ending March 31, 2008	April 22, 2008
		Second Quarter & Half Year ending June 30, 2008	July 22, 2008
		Third Quarter ending September 30, 2008	October 21, 2008
		Last Quarter & Year ending December 31, 2008	January 28, 2009

Book Closure period April 15, 2008 to April 22, 2008

Dividend Payment Date: : April 24, 2008

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

(The Company has paid its Annual Listing fees to the above Stock Exchanges for the Financial Year 2007 – 2008)

Stock market Performance

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

ISIN : INE233B01017

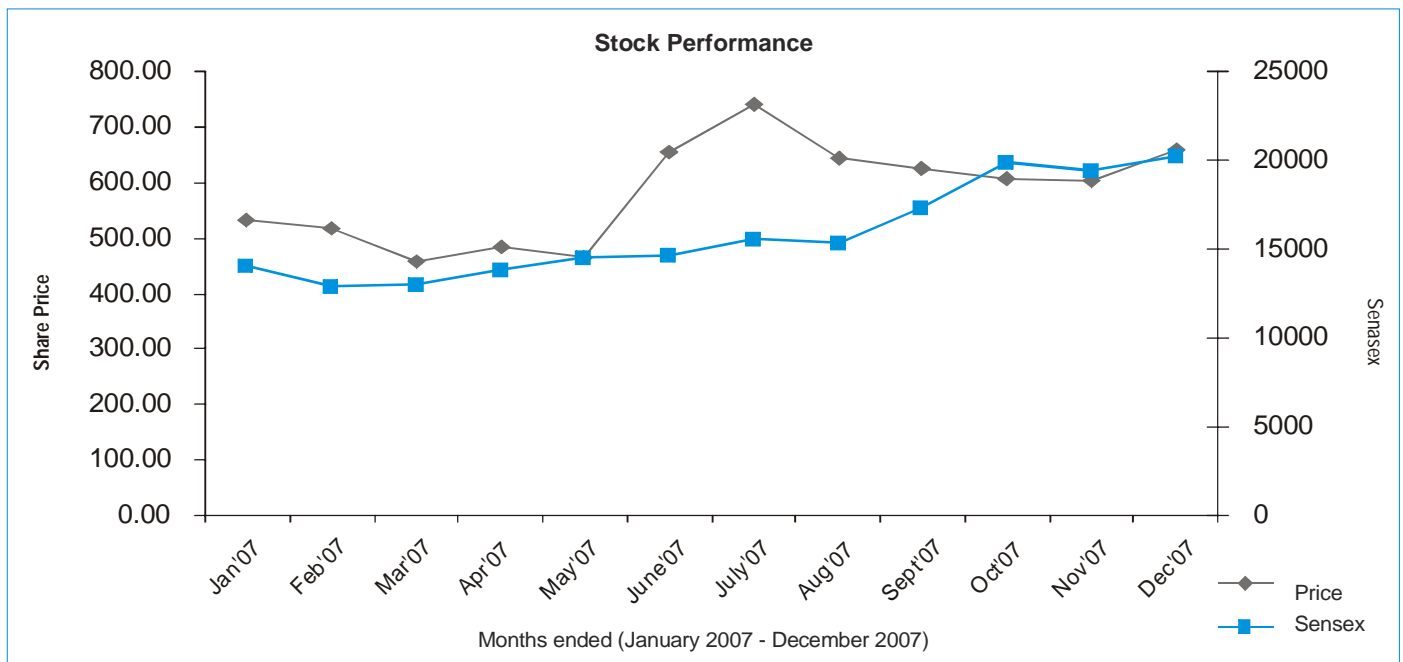
REPORT ON CORPORATE GOVERNANCE

Stock Market Data:

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

Year - 2007		BSE		NSE	
		High	Low	High	Low
January	- 2007	545.00	520.00	590.00	519.20
February	- 2007	559.75	478.00	530.00	458.15
March	- 2007	505.00	410.00	495.00	427.10
April	- 2007	540.00	426.10	502.00	421.00
May	- 2007	485.00	442.05	474.95	445.15
June	- 2007	856.55	455.00	819.90	450.25
July	- 2007	792.00	686.00	794.90	673.00
August	- 2007	716.00	572.15	720.00	578.00
September	- 2007	660.00	591.00	659.90	586.00
October	- 2007	660.00	552.50	640.00	530.05
November	- 2007	659.00	550.20	689.80	550.05
December	- 2007	764.00	550.00	771.00	592.30

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 : rnt.helpdesk@intimespectrum.com

Share Transfer System :

The Share Transfers which are received in the physical form, are processed well within the statutory prescribed period from the date of receipt, subject to 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, 2007

No of Shares	No. of Shareholders	% of Share Holders	Shares held	% of shares
1 - 500	4,842	93.89	558,936	2.36
501 - 1000	145	2.81	113,929	0.48
1001 - 2000	69	1.34	109,824	0.46
2001 - 3000	24	0.47	61,577	0.26
3001 - 4000	13	0.25	45,071	0.19
4001 - 5000	9	0.17	41,984	0.18
5001 - 10000	23	0.45	170,838	0.72
10001 - above	31	0.62	22,625,775	95.35
Total	5,156	100.00	23,727,934	100.00

Categories of shareholders as on December 31, 2007

Category	No. of Shareholders	No of Shares held	Voting Strength %
Promoter	1	19,227,887	81.035
Foreign Body Corporate	1	200	0.000
Banks, Financial Institutions and Mutual Funds	16	2,346,981	9.891
Individuals	4,708	1,085,061	4.573
Companies	291	443,354	1.869
NRIs and FIIs	68	618,140	2.605
Clearing Member.	71	6,311	0.027
Total	5,156	23,727,934	100.000

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, 2007, 23,519,907 Equity Shares of the Company representing 99.12% of paid up Equity Share Capital of the Company are in dematerialised mode.

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

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

3. Shorter settlements thereby enhancing liquidity.
4. No stamp duty on transfer of securities held in demat mode.
5. No concept of Market Lots.
6. No requirement for lodging of transfer deeds and lodging / dispatching transfer documents with the Company, thus avoiding a lot of 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 257 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 Persons:

Mr. Raghunath Poojary, Executive-Corporate Registry

Mr. Sandeep Holam, 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 : 2839 6444

Ext. Nos. : 33422

Email : PrabhaS@bluedart.com

Analyst Contact

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

General Information Contact

: Mr. Ketan Kulkarni – General Manager, Marketing.

Industry Structure and Developments

Our nation today is undoubtedly witnessing one of the most exciting phases of its journey through times. As an economy, it presents a plethora of opportunity for growth across various sectors and industries, an attribute that subsequently offers the logistics industry an environment conducive for phenomenal augmentation.

Logistics, at the outset may appear, to be a simple process of carrying and delivering shipments, however what lies beneath is a complex integrated procedure, which requires extensive and efficient detailing, stream mapping, networking and last mile fulfillment. From the days when the transfer of valuable shipments was the sole prerogative of the angadiyas to today becoming an industry employing over 1 million people; logistics in India has indeed come a long way!

With the surge in India's consumption, logistics as an industry is on the threshold of unprecedented growth, led by convergence, digitization and time based competition. The industry is estimated at 11.8% to 13% of GDP, which is higher than in more developed economies. Both services and manufacturing have registered significant growths along with other macroeconomic indicators, all of which augur well for a flourishing logistics business. It is perhaps one of the most dynamic sectors in the country; attracting knowledge, technology and FDI. Over the past decade, logistics management has evolved to be recognised as an integral aspect of an organisation's overall business strategy.

Driven by changing lifestyles, strong income growth and favourable demographic patterns, Indian retail is expanding at a rapid pace. The Indian retail market is the fifth largest retail destination globally. The increasing size and market penetration of the largest retailers is having a significant macro-economic impact.

India's express industry expected to grow at a CAGR of 17.2%, is estimated at Rs 47.70 billion for the year 2006-07. Of this domestic express makes up about 60% of the total, of which a little less than half is organised. The unorganised and semi-organised segments, which consist largely of regional and intra-city services providers, and EMS Speed post, account for the rest.

In the past decade, the express industry has progressed from a primarily document service to a highly specialized critical supply chain solution for all industries. In an increasingly competitive environment where the focus is in pruning inventory costs and crunching time to market, express industry provides the speed and reliability to meet the mature and aggressive demand of current markets and their customers who exhibit short attention spans and are exposed to an almost limitless choice.

We at Blue Dart identified this latent customer/market need that entailed speedy and reliable door-to-door service and commenced operations to enable the growth of Indian businesses. As Blue Dart enters its 25th year of operations, Blue Dart continue to be a premium player in the express industry and has successfully transformed the way consumers and businesses correspond, communicate and distribute packages today. Through

knowledge centricity and innovation, Blue Dart has always been ahead of the market and customer demands, to deliver best-in-class services.

Review of performance

2007 was a year of intense strategic planning and tactical activity, which resulted in an exceptional performance for Blue Dart. This year was one of consolidation and augmentation of its market leadership. Innovation continued to be at the forefront of all company strategies, which drove Blue Dart to greater heights.

During the year, Blue Dart added 43 new facilities and Blue Dart's total across the country now stands at 257 facilities with a fleet of over 4,800 vehicles, 40 domestic warehouses and 10 express hubs. Blue Dart also increased its market share in the domestic organised air express segment from 40% in the beginning of 2007 to the present 41.7%, reinstating its undisputed market leadership position. Blue Dart also augmented its market share from 5.0% to 5.8% in the ground express space and plans to achieve market leadership in the next 5 years.

In 2007, Blue Dart added a new route to our aviation network Chennai-Delhi-Chennai sector to serve the growing needs of the Northern and Southern regions of the country. In November 2007, we augmented our fleet and added another Boeing 757 to our existing 2 Boeing 757s and 4 Boeing 737s, which now have the unique capability to offer an unrivalled payload of 300 tonnes each night to 60 route connections across an expansive and diverse Indian geography.

To capitalize on the improving road infrastructure in the country, we launched our fortified ground express product Dart Surfaceline, in September 2007. The launch has expanded our reach to 17,600+ locations and 596 ground routes in India. Blue Dart also announced plans to add 58 new transit hubs with over 1 million square feet of warehousing space by 2010.

During the year 2007, Blue Dart carried 72 million domestic and 649,708 international shipments weighing over 191,800 tones.

The Company posted a Rs. 699.27 million profit after tax for the year ended December 31, 2007, compared to Rs.502.28 million profit after tax for the year ended December 31, 2006. Income from operations for the year ended December 31, 2007 was Rs. 8,087.21 million, compared to Rs.6,680.24 million for the year ended December 31, 2006.

The company's performance during the year :

- Operating Profit Margin of 16.13% against 15.14% of previous year
- Profit Before Tax Growth of 36.85% against 17.69% of previous year
- Profit After Tax Growth of 39.22% against 15.70% of previous year

The 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.

Sources : 1 - A C Nielsen Report 2006
2 - A T Kearney Report 2006

Products :

Blue Dart is the only express company offering an unmatched delivery capability encompassing the entire spectrum of distribution services, including express, air freight, ocean freight, supply chain solutions, freight forwarding, customs clearance, project handling and charters through its synergies with the 3 DHL Business Units – DHL Express, DHL Global Forwarding and DHL Exel Supply Chain.

The express services offer domestic priority for non-commercial domestic documents 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 clearance. Smart Box is the convenient door-to-door service for cargo in two sizes – 10Kgs and 25 Kgs. The recently launched Dart Surfaceline product provides customers an option of shipping their packages via Blue Dart's strong and expansive network.

'Freight services' include domestic, early morning airport-to-airport deliveries to the seven metros – Mumbai, New Delhi, Kolkata, Chennai, Bangalore, Ahmedabad and Hyderabad, serviced by Blue Dart aircraft. Blue Dart has 'Interline' agreements with twenty-six international airlines and bonded warehousing and transshipment facility.

'Charters' offer palletized capacity for carriage of urgent and large volumes to eighteen airports in India and four international airports in the region.

Blue Dart, in line with this focus on innovation, has also come up with customised products to meet specific needs. Rakhi Express and Student Express are outcomes of the same.

During the year Blue Dart rolled out certain additional features like 'Freight on Delivery' (FOD), 'Demand draft on Delivery' (DOD) and 'Freight on Value' (FOV) which were very well received by the market.

A recent addition to Blue Dart's product portfolio is Import Express, which is the only importing service in India to offer a door-to-door facility for importing shipments from over 200 countries around the world.

Opportunities

Today, the express industry plays a key role in facilitating trade and commerce because of the time sensitive nature of most goods, and the increasing demand for reliability, efficiency and speed. However, there still remains abundant opportunity in India to fully utilize the logistics potential in India. The current logistics spend in India is 11.8-13% of the GDP compared to notably lesser percentage of more developed economies. Thus, there is an acute need to cut on the cost by bringing in efficiencies. With encouraging GDP growths, and the current increase in manufacturing, development of industry, and India becoming an important sourcing hub for some industries, opportunities exist.

Further, we have a large consumption base, and secondary markets are expanding. Air transportation is still the preferred option for those

looking at reliability, speed and security, and many companies are looking at end-to-end solutions from service providers who are specialists in the field, rather than setting up infrastructure and operations of their own.

An increase in affluence expanding into Tier II and III cities, which are emerging as important nodes of production, consumption or distribution, can be witnessed today. They are enjoying more rapid growths than the major metros and provide a wider catchment for suppliers of goods and services, and present interesting distribution opportunities.

What is required to exploit this opportunity is a strong commitment from private sector operators coupled with determined efforts by the government and regulators to transform the sector. With rapid technology development and improvement of infrastructural facilities, India can play a significant role in the global logistics industry.

OUTLOOK

The Indian economy has been growing at an impressive pace of 9% p.a. in recent years. It is believed that the Indian economy would grow between 8.5% to 9% in 2007-08.

A direct beneficiary of the improvement in the economy is the Courier and Express Industry. With strong and direct linkages to GDP growth, the natural outcome of a vibrant economy will be evident in our business.

Brand Building Initiatives

In an overcrowded world of communication, brand Blue Dart has taken every possible step to break from the clutter and has done so, successfully. Blue Dart's business model is based on four pillars of Leadership, Technology, Value and Service and Blue Dart ensures that each pillar is communicated appropriately and inextricably linked to focus on customer delight.

After a hiatus of over approximately 3 years, Blue Dart launched its new TVC in September 2007, which ran prominently during the 20-20 World Cup, and on key news channels. The advertisement captured the essence of what really rides on Blue Dart's packages - more than just shipments, since Blue Dart deliver the subconscious needs of hopes, aspirations, memories, success and profits for its customers. The ad campaign, appreciated tremendously by all stakeholders, brought out the brand values of Blue Dart in its entirety and reinforced top of mind recall.

The focus of the year was 'Leadership through innovation' with a special focus on showcasing our functional and regional expertise. Numerous press conferences, media briefings, interactions were held in smaller fast growing centres to highlight Blue Dart's unmatched reach. Presence in various Aviation Conferences, Logistics, and Supply Chain Forums reinforced Blue Dart's thought leadership.

Blue Dart firmly believe that the customer is held firmly to the organisation by a single binding operative – the BRAND. We strive to reinforce and enhance our brand experience through alignments of various elements

to allow them to constantly deliver value. Our people, technology, processes are driven by the sole objective of bringing people and markets together for a greater India.

Risks and Concerns

Aviation Turbine Fuel Costs

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

Airport Facilities

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 delay. 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. Anticipating the severe constraint in infrastructure facilities such as airport warehouses as well as parking and transit bays, Blue Dart has made representations to the Heads of Mumbai and Delhi Airports with requests for facilities and parking and transit bays upto the year 2015, impressing upon them the inadequacy of facilities to support current and future growths, and the necessity for improvements to facilitate Indian trade and business.

The Bangalore International Airport (BIAL) is one of the two greenfield airports scheduled to open in 2008. Blue Dart Aviation has been leased 9917.2 sq. mtrs. of land for a period of 10 years, extendable for another secondary term of 10 years, from BIAL to build and operate a state of the art airside/ cityside integrated express terminal, the first of its kind in the country. Construction is underway and it is scheduled to be ready for core operations by the time of commencement of the airport on the 30th March 2008. The rest of the facility is scheduled to be completed by the second quarter of 2008.

Competition

An increasing number of players are entering the express industry and this number is expected to rise going forward. To ensure that Blue Dart remains ahead of the market when there is increase in the number of players entering the express industry, Blue Dart is focused on building 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.

Attrition

Indian economy has been growing at over 8% in the past three years and is expected to grow at a comparable rate in the next few years as well.

This has thrown up a quick uptrend in job opportunities particularly at entry levels and every corporate across industries is struggling with high attrition.

For all Corporates, loss of talent is going to be a major risk and retaining talent is going to be a major challenge.

Being a People First Company, recruitment and retention of best talent and nurturing their growth in Blue Dart would be a major initiative.

As a prudent organisation, Blue Dart views risk as an important item on its agenda and reviews of concern and mitigation plans are ongoing.

Internal Controls and its Adequacy

In any industry, internal processes control and systems play a critical role in the health of the Company.

An effective system of internal controls forms a keystone necessary for building, maintaining and improving 'shareholders value' and helping to enhance the overall quality of the business and enterprise.

Your Company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

The Company has a sound internal control system to ensure that all assets are protected against loss from unauthorized use, and all transactions are recorded and reported correctly. The Company's internal control systems is further supplemented by internal audits carried out by the inhouse internal audit teams and outsourced Internal Audit firm viz; KPMG. Well established and robust internal audit processes, both at business and corporate levels continuously monitor the adequacy and effectiveness of the internal control environment across the Company and the status of compliance with operating systems, internal policies and regulatory requirements.

The Audit committee of the Board addresses significant issues raised by both the Internal Auditors and Statutory Auditors.

The Company also conducts 'Risk Assessment Workshops' to define and identify what the Company's most significant risks are and how those risks requires to be mitigated and the members of Senior Management Team actively participates and deliberates in the 'Risk Workshop'.

The 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".

MANAGEMENT DISCUSSION AND ANALYSIS

Human Resources

"People First" is the core philosophy of Blue Dart and a lot of focus and attention is given to ensure high motivation among employees at all levels

For the first time Blue Dart conducted its Employee satisfaction survey online and it was very well received. 4,337 Blue Darters (i.e. around 99.6 % of those eligible) participated in the survey. Blue Dart's overall mean score increased from 4.54 (last year) to 4.56 (on a scale of 1 to 5). The mean score for Grade II staff who constitute bulk of our manpower, was the highest amongst all other grades and at 4.64 was higher than the last year score of 4.58. Scores for all items are above 4.17 (indicating an overall high level of satisfaction). "Pride in working for Blue Dart" remains the highest scoring item with a mean score of 4.86.

The year 2007, also saw introduction of new reward schemes like "Can do award" and "Employee of the year award" to further motivate the employees. Developing people continues to be the focus area and we ended the year with an average of 5 training man days per employee.

Building a Culture of Fun and Bonding in the Work place

In a fast paced and high-pressured business like ours, Blue Dart has recognized the importance of creating a work environment where people can bond with each other, have fun and rejuvenate their energies.

HR team in Blue Dart conceptualized having a cross-functional team for people activities. This team was named 'Initiators' and has been working successfully in all regions.

'Initiators' have organised many events during the year. To name a few, Cricket Tournament at Bhiwandi Hub and Pune, Independence Day Celebration at Head Quarters, Dandiya Raas at Ahmedabad, Annual Day etc. To support a noble cause, Blood Donation Camp was held at Headquarters and Bhiwandi.

In tandem with Blue Dart's strong advocacy of its 'People First Philosophy', Blue Dart conducted a first of its kind programme to ensure understanding of safe driving practices and road safety rules. The programme was aimed at equipping Blue Dart's front line operations people to better understand the dynamics of road transportation.

Blue Dart's Baroda office was also recognized for the "Best Traffic Training Awareness Programme" and was presented a trophy by the Vadodara Police.

Awards and Recognition

Our innumerable efforts in the pursuit of endless excellence have been recognised through 2007. We were voted a Superbrand, third time in a row. For the second consecutive year, we became the recipient of the Reader's Digest Most Trusted Brand Gold Award. We were adjudged the Best Cargo Operator (Cargo Airline) by the Express, Logistics and

Supply Chain Conclave for the size of our network, reliable service, range of products and value added services, introduction of new products and services and cost efficiency.

Our employee friendly practices were also felicitated with the Amity HR Excellence Award and the HRD Congress's Award for the Organisation with Innovative HR Practices.

Reinforcements like these drive us to stand by our commitment of delivering service and facilitating trade and commerce in the country to support India's growth.

The Company had also received on January 19, 2007, an award from 'The Institute of Chartered Accountants of India' (ICAI) for its Annual Report and Excellence in Financial Reporting for the year ended December 31, 2005.

The Company was recently selected by 'The Institute of Company Secretaries of India' (ICSI) as one of the top 25 companies adopting good corporate governance practices.

Mr. Anil Khanna, Managing Director of the Company has been conferred with the 'Udyog Rattan Award' by 'The Institute of Economic Studies' for his outstanding performance in the field of Industrial development in the Country.

The Company was short listed for the 'India's Employer of Choice Awards - 2007' by CNBC TV18.

Recently, the Company won the Effective Retail Through Supply Chain Logistics Award at the Reid & Taylor Awards for Retail Excellence.

Cautionary Statement

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

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

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, 2007, 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements, except that the number of Independent Directors in the Board of Directors and the Audit Committee was lower than 1/3rd and 2/3rd of the total strength of the Board of Directors and the Audit Committee, respectively, prescribed under sub-clause I(A) and sub-clause II(A) of Clause 49 of the Listing Agreement, as stated and for the reasons mentioned in paragraphs 2 and 3 of the report on Corporate Governance prepared by the Company.

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.

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

Mumbai, February 11, 2008

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

To the Board of Directors,
BLUE DART EXPRESS LIMITED

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

1. We have reviewed the financial statements and cash flow statement of Blue Dart Express Limited for the year ended December 31, 2007 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee: -
 - a. significant changes, if any, in the internal control over financial reporting during the year.
 - b. significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Anil Khanna
Managing Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Mumbai, February 11, 2008

DECLARATION REGARDING CODE OF CONDUCT

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

Anil Khanna
Managing Director

Mumbai, February 11, 2008

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, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on December 31, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2007 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, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai, February 11, 2008

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, 2007)

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. a) The inventory of packing and stationery consumables and spares has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material 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, sales tax and excise duty are not applicable to the Company for the current year.
b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, wealth tax, service tax, customs duty and cess as at December 31, 2007, which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at December 31, 2007 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
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, *though a few cases of frauds on the Company committed by way of theft/ misutilisation of credit cards meant to be delivered to third parties were noticed and reported, which as represented to us do not involve material amounts and are specifically covered by insurance/recovered from the said employees.*

Mumbai, February 11, 2008

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

BALANCE SHEET AS AT DECEMBER 31, 2007

	Schedule No.	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	2,935,382	2,264,577
		3,173,010	2,502,205
Loan Funds			
Secured Loans	3	-	101,800
		-	101,800
Deferred Tax Liabilities (Net) [Refer Notes 1(h) and 7 - Schedule 18]			
Deferred Tax Liabilities		205,091	220,456
Less : Deferred Tax Assets		28,441	26,423
		176,650	194,033
TOTAL		3,349,660	2,798,038
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		2,569,176	2,440,411
Less: Depreciation/Amortisation		967,453	753,430
Net Block		1,601,723	1,686,981
Capital Work in Progress (including capital advances)		33,806	17,770
		1,635,529	1,704,751
Investments	5	634,660	285,660
Current Assets, Loans and Advances			
Inventories	6	20,378	17,634
Sundry Debtors	7	1,104,598	887,984
Cash and Bank Balances	8	296,037	119,052
Loans and Advances	9	599,969	474,751
		2,020,982	1,499,421
Less: Current Liabilities and Provisions			
Liabilities	10	843,679	610,223
Provisions	11	97,832	83,205
		941,511	693,428
Net Current Assets		1,079,471	805,993
Miscellaneous Expenditure (to the extent not written off or adjusted)	12	-	1,634
TOTAL		3,349,660	2,798,038
Notes to Accounts	18		

Schedules 1 to 12 and 18 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

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Greg Tanner
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 11, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2007

	Schedule No.	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
INCOME			
Service Charges [Refer Note 1(e) - Schedule 18]		8,087,209	6,680,235
Other Income	13	31,118	17,444
		8,118,327	6,697,679
EXPENDITURE			
Freight, Handling and Servicing Costs	14	5,019,415	4,265,788
Employee Costs	15	1,163,649	956,628
Other Costs	16	625,277	460,686
		6,808,341	5,683,102
Profit Before Interest, Depreciation and Taxation		1,309,986	1,014,577
Interest Expense (Net)	17	3,997	15,764
Depreciation / Amortisation		240,274	220,114
		244,271	235,878
Profit Before Taxation		1,065,715	778,699
Provision for Taxation [Refer Notes 1(h) and 7 - Schedule 18]			
Current Tax		374,828	271,324
Deferred Tax		(17,383)	(3,400)
Fringe Benefits Tax		9,000	8,500
		366,445	276,424
Profit After Taxation		699,270	502,275
Balance brought forward from previous year		1,626,211	1,163,550
Available for Appropriation		2,325,481	1,665,825
Proposed Dividend		23,728	23,728
Tax on Proposed Dividend		4,033	3,329
Tax on Dividend pertaining to earlier years		704	-
Transfer to General Reserve		-	12,557
Balance carried forward to Balance Sheet		2,297,016	1,626,211
Earnings Per Share (Refer Note 6 - Schedule 18)			
Basic and diluted Earnings Per Share (in Rupees)		29.47	21.17
Nominal value per equity share (in Rupees)		10.00	10.00
Notes to Accounts	18		

Schedules 13 to 18 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
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Place : Mumbai
Dated : February 11, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

	Year ended December 31, 2007 Rs. ('000)	Year ended December 31, 2006 Rs. ('000)
A. Cash flows from Operating activities:		
Profit before Taxation	1,065,715	778,699
Adjustments for:		
Depreciation / Amortisation	240,274	220,114
Interest expense	4,158	17,773
Interest income	(161)	(2,009)
Dividend from mutual funds	(19,151)	(3,928)
Dividend from subsidiary company	-	(6,660)
Loss on sale/scraping of fixed assets (Net)	14,800	18,427
Miscellaneous expenditure written off	1,634	2,180
Bad debts /advances written off	17,258	10,000
Unadjusted credits / liabilities no longer required written back	(5,463)	-
Provision for leave encashment	13,923	25,015
Provision for gratuity / superannuation	52,457	37,261
Profit on sale of shares in Skyline Air Logistics Limited	-	(1,070)
Provision for Directors' commission / professional fees	9,000	8,440
Operating profit before working capital changes	1,394,444	1,104,242
Adjustments for changes in working capital :		
(Increase) / Decrease in Inventories	(2,744)	(1,511)
(Increase) / Decrease in Sundry Debtors	(231,614)	(226,877)
(Increase) / Decrease in Other Receivables	(108,955)	(93,741)
Increase / (Decrease) in Trade and Other Payables	174,698	122,272
Cash generated from Operations	1,225,829	904,385
Taxes paid (net of Tax Deducted at Source)	(402,024)	(277,282)
Net cash from/(used in) Operating activities	823,805	627,103
B. Cash flows from Investing activities:		
Purchase of fixed assets	(167,420)	(137,648)
Changes in capital work in progress	(16,036)	(13,652)
Proceeds from sale of fixed assets	475	2,386
Interest received	157	1,598
Dividend from mutual funds	18,829	3,928
Dividend from subsidiary company	-	6,660
Proceeds from sale of shares in Skyline Air Logistics Limited	-	4,420
Investment in mutual funds (Net)	(349,000)	(107,000)
Net cash from/(used in) Investing activities	(512,995)	(239,308)
C. Cash flows from Financing activities:		
Repayment of long term borrowings	(100,000)	(116,667)
Repayment of short term borrowings (Net)	-	(200,000)
Movement in bank overdrafts (Net)	(1,800)	(1,276)
Interest paid	(4,158)	(17,773)
Dividend paid	(23,834)	(35,775)
Dividend tax paid	(4,033)	(4,992)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

	Year ended December 31, 2007 Rs. ('000)	Year ended December 31, 2006 Rs. ('000)
Net cash from/(used in) Financing activities	(133,825)	(376,483)
Net Increase in Cash and Cash Equivalents	176,985	11,312
Cash and cash equivalents at the beginning of the year	119,052	107,740
Cash and cash equivalents at the end of the year	296,037	119,052
	As at December 31, 2007 Rs. ('000)	As at December 31, 2006 Rs. ('000)
Cash and cash equivalents comprise of:		
Cash, cheques and remittances in transit	129,250	46,138
Balance with Scheduled Banks:		
on current accounts	163,200	68,134
on margin money accounts	150	532
on unpaid dividend accounts	1,639	1,745
Balance with non scheduled Bank		
on current account	418	1,123
on deposit account	1,380	1,380
	296,037	119,052

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 year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
- Following non cash transactions have not been considered in the Cash Flow Statement - Tax deducted at source (on interest income) Rs. 7('000) [(Previous Year - Rs. 422('000)].
- Cash and cash equivalents includes Rs. 3,169 ('000) [(Previous year - Rs. 3,657 ('000)] which are not available for use by the Company. (Refer Schedule 8 in the Financial Statements)

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

Thomas Mathew
Partner
Membership No.50087
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Place : Mumbai
Dated : February 11, 2008

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 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	244,309	231,752
Add: Transfer from Profit and Loss Account	-	12,557
At the end of the year	244,309	244,309
Profit and Loss Account	2,297,016	1,626,211
Total	2,935,382	2,264,577

SCHEDULE 3

SECURED LOANS

From Banks		
Term Loans [Refer Note (a) below]	-	100,000
{Amount payable within a year Rs. Nil [Previous Year - Rs. 66,667 ('000)]}		
Bank Overdrafts [Refer Note (b) below]	-	1,800
Total	-	101,800

Notes:

- Term Loans from banks are secured by first pari passu charge on movable and immovable properties of the Company.
- 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.

SCHEDULES

Schedule forming part of the Balance Sheet									
SCHEDULE 4									
FIXED ASSETS									
[Refer notes 1(b), 1(k), 1(m) and 4 - Schedule 18]									
in Rs. ('000)									
Description of Assets	GROSS BLOCK (At Cost)			DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2007	Additions	Deductions/ Adjustments	As at December 31, 2007	As at January 1, 2007	For the year	Deductions/ Adjustments	As at December 31, 2007	As at December 31, 2006
Goodwill [Refer Note (a) below]	30,000	-	-	30,000	23,630	1,500	-	25,130	6,370
Land - Freehold	396,283	-	-	396,283	-	-	-	396,283	396,283
Buildings	168,490	1,349	-	169,839	21,110	2,803	-	145,926	147,380
Office Equipment	74,608	15,944	16,504	74,048	28,338	6,873	9,574	48,411	46,270
[Refer Note (b) below]									
Electrical Equipment	134,135	37,362	3,435	168,062	47,513	12,620	1,625	109,554	86,622
[Refer Note (b) below]									
Computers	288,901	61,529	16,587	333,843	158,867	39,763	14,926	150,139	130,034
Computer Software	84,437	9,579	(4,062)	98,078	50,043	8,679	(4,076)	35,280	34,394
Furniture and Fittings	223,103	44,528	8,727	258,904	65,148	20,416	3,569	176,909	157,955
[Refer Note (b) below]									
Vehicles	39,694	-	635	39,059	21,774	3,097	633	14,821	17,920
Aircraft Engines	123,698	-	-	123,698	105,177	9,312	-	9,209	18,521
Aircraft	527,246	-	-	527,246	94,460	35,589	-	397,197	432,786
Aircraft Components and Overhaul	205,170	-	-	205,170	97,852	43,893	-	63,425	107,318
[Refer Note (b) below]									
D-Check on Aircraft	114,598	-	-	114,598	35,453	54,110	-	25,035	79,145
[Refer Notes (b) and (c) below]									
Ground Handling Equipment	30,048	-	(300)	30,348	4,065	1,619	-	24,664	25,983
Total	2,440,411	170,291	41,526	2,569,176	753,430	240,274	26,251	1,601,723	1,686,981
Previous Year	2,413,158	135,471	108,218	2,440,411	620,721	220,114	87,405	1,686,981	

Notes:

- The balance period over which goodwill will be amortised is three years and three months.
- During the year ended December 31, 2007 the Company revised the estimated useful life of certain assets under the block of Furniture and Fittings, Electrical Equipments, Office Equipments, Aircraft Components and Overhaul and D-Check on Aircraft 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. 57,631 ('000). [(Previous Year - Rs. 41,407 ('000))]
- D-Check on Aircraft represents costs towards heavy maintenance mandatory checks.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SCHEDULE 5					
INVESTMENTS					
(Long Term, Unquoted, At Cost) [Refer Note 1(c) - Schedule 18]			3,271,720 units (Previous Year 4,988,510) of Kotak Liquid Institutional Premium Daily Dividend plan (49,189,980 units purchased, 129,671 units cumulated and 51,036,441 units sold during the Year)		
Trade					
9,600,000 (Previous Year - 9,600,000) equity shares of Rs. 10 each in Blue Dart Aviation Limited	120,000	120,000	Nil units (Previous Year Nil) of Kotak Flexi Debt -Daily Dividend Plan (10,970,824 units purchased, 88,348 units cumulated and 11,059,172 units sold during the Year)	40,000	61,000
110,000 (Previous Year - 110,000) equity shares of Rs. 10 each in Concorde Air Logistics Limited, a subsidiary company	14,600	14,600	9,974,257 units (Previous Year Nil) of HDFC Cash Management Fund Savings Plus plan wholesale - Daily Dividend Reinvestment Plan (15,951,717 units purchased, 121,364 units accumulated and 6,098,824 units sold during the Year)	-	-
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50	Nil units (Previous Year Nil) of HDFC Cash Management Fund - Savings Plan- Daily dividend Reinvestment option (54,012,636 units purchased, 175,161 units cumulated and 54,187,797 units sold during the Year)	100,000	-
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10			
Non - Trade					
Others (Current)			51,017 units (Previous Year Nil) of UTI Liquid Cash fund Inst plan Daily dividend reinvestment (665,067 units purchased, 1,405 units cumulated and 615,455 units sold during the Year)	-	-
Units in Mutual Funds					
NIL units (Previous Year 5,000,000) of ICICI Prudential Institutional Liquid Plan- Super Institutional Daily Dividend reinvestment plan (66,200,000 units purchased, 333,167 units cumulated and 71,533,167 units sold during the Year)	-	50,000	Nil units (Previous Year Nil) of DWS Insta Cash Plus Fund and Institutional - Daily Dividend plan (98,602,631 units purchased, 155,132 units cumulated and 98,757,763 units sold during the Year)	52,000	-
15,010,238 units (Previous Year Nil) of ICICI Prudential Floating rate Plan D -Daily Dividend Reinvestment Plan (29,996,782 units purchased, 299,808 units cumulated and 15,286,352 units sold during the Year)	150,000	-	Nil units (Previous Year 3,992,215) of Birla Cash Plus Institutional Premium - Daily dividend - Reinvestment (74,454,813 units purchased, 221,972 units cumulated and 78,669,000 units sold during the Year)	-	-
15,800,770 units (Previous Year Nil) of Birla Sunlife Liquid Plus - Institutional Plan- Daily Dividend Reinvestment (26,585,883 units purchased, 204,480 units cumulated 10,989,593 units sold during the Year)	158,000	-			
			Total	634,660	285,660

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SCHEDULE 6			SCHEDULE 9		
INVENTORIES			LOANS AND ADVANCES		
[Refer Note 1(i) - Schedule 18]			(Unsecured, considered good)		
Packing and Stationery			Aircraft Payload Deposit with Blue Dart Aviation Limited	215,000	195,000
Consumables	11,631	8,733	Advances recoverable in cash or in kind or for value to be received :		
Spares	8,747	8,901	Prepaid expenses	23,716	14,369
Total	20,378	17,634	Deposits	143,323	105,239
SCHEDULE 7			Advance Tax (Net of Provision)	54,436	36,234
SUNDRY DEBTORS			Other advances	163,494	123,909
(Unsecured, considered good)			Total	599,969	474,751
Debts outstanding for a period exceeding six months	-	-	SCHEDULE 10		
Other debts	1,104,598	887,984	LIABILITIES		
Total	1,104,598	887,984	Sundry Creditors:		
SCHEDULE 8			a) Micro and Small Enterprises *	5,083	4,301
CASH AND BANK BALANCES			b) Others	462,919	316,424
Cash, cheques on hand and remittances in transit	129,250	46,138	Unclaimed dividend **	1,639	1,745
Balance with scheduled banks :			Other Liabilities	374,038	287,753
on current accounts	163,200	68,134	Total	843,679	610,223
on margin money accounts	150	532			
on unpaid dividend accounts	1,639	1,745			
Balance with non-scheduled bank (Municipal Co-operative Bank)					
on current account	418	1,123			
on deposit account	1,380	1,380			
{Maximum amount outstanding during the Year in current account Rs. 2,585 ('000) [Previous Year - Rs. 1,128 ('000)] and in deposit account Rs. 1,380 ('000) [Previous Year - Rs. 1,380 ('000)]}					
Total	296,037	119,052			

Note:

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.

* Determined to the extent such particulars have been identified on the basis of information available with the Company. This has been relied upon by the Auditors. Figures for the previous year represent amounts due to Small Scale Industrial Undertaking.

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

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SCHEDULE 11		
PROVISIONS		
Provision for Leave Encashment [Refer Note 1(f) - Schedule 18]	70,071	56,148
Proposed Dividend	23,728	23,728
Tax payable on Proposed Dividend	4,033	3,329
Total	97,832	83,205

SCHEDULE 12

MISCELLANEOUS EXPENDITURE

(To the extent not written
off or adjusted)
[Refer Note 1(d) - Schedule 18]

Long-term Contract
Negotiation costs

At the beginning of the Year	1,634	3,814
Add : Additions during the Year	-	-
Less: Amortisation during the Year	(1,634)	(2,180)
At the end of the Year	-	1,634

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
SCHEDULE 13		
OTHER INCOME		
Dividend from Subsidiary Company	-	6,660
Dividend from Mutual Funds	19,151	3,928
Liability no longer required written back	5,463	-
Profit on sale of shares [Refer Note 3 - Schedule 18]	-	1,070
Gain on account of Foreign exchange fluctuation [Refer Note 1 (g) - Schedule 18]	-	1,295
Miscellaneous income	6,504	4,491
Total	31,118	17,444

SCHEDULE 14

FREIGHT, HANDLING AND SERVICING COSTS

Aircraft charter costs	2,950,463	2,541,277
Domestic network operating costs	1,044,741	805,036
International servicing charges	517,282	473,097
Domestic excess baggage	292,141	278,899
Printing, stationery and consumables	107,893	86,650
Handling and clearing charges	106,895	80,829
Total	5,019,415	4,265,788

SCHEDULE 15

EMPLOYEE COSTS

[Refer Notes 2, 11(a)
and 11(b) - Schedule 18]

Salaries, Bonus and Leave Encashment	906,348	722,090
Contribution to provident and other funds	112,969	102,735
Staff welfare expenses	144,332	131,803
Total	1,163,649	956,628

SCHEDULE 16

OTHER COSTS

Rent	186,401	130,424
Communication expenses	58,092	49,272
Electricity	53,311	41,507
Repairs and maintenance - others	49,259	39,405
Office expenses	47,073	35,438
Sales promotion and advertising	46,237	16,752
Security expenses	38,864	31,105
Legal and professional charges [Refer Note 11(c) - Schedule 18]	38,612	32,929
Travelling and conveyance	24,445	16,712
Rates and taxes	23,272	19,056

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
Bad debts/advances written off	17,258	10,000
Loss on sale/scraping of fixed assets (Net)	14,800	18,427
Lease rentals [Refer Notes 1 (j) and 10 - Schedule 18]	12,461	9,554
Insurance	9,528	6,174
Miscellaneous expenses	2,349	1,751
Loss on account of Foreign exchange fluctuation [Refer Note 1 (g) - Schedule 18]	1,681	-
Miscellaneous expenditure written off	1,634	2,180
Total	625,277	460,686
SCHEDULE 17		
INTEREST EXPENSE (NET)		
On Term loans	4,092	10,199
On Commercial Paper	-	6,590
On Bank Overdraft	66	423
On Short Term Loans	-	561
	4,158	17,773
Less: Interest on deposits with banks and others	161	2,009
{Tax deducted at source Rs. 7 ('000) [Previous Year - Rs. 422 ('000)]}		
Total	3,997	15,764

SCHEDULE 18

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

Description of Assets	Useful Life (in Years)
Office Equipment	2 to 15
Electrical Equipment	6 to 15
Computers	3 to 6
Aircraft Engines	2 to 7
Aircraft	14
D-Check 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 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 of short term nature 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 contributes to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making its contribution.

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

Defined Benefit Plans

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

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

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

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

(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.

(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 period. 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.

(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 year 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 classified the various employee benefits provided to employees as under:-

I Defined Contribution Plans

- Provident Fund
- Superannuation Fund
- State Defined Contribution Plans
- Employers' Contribution to Employee's State Insurance
- Employers' Contribution to Employee's Pension Scheme 1995.

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

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
- Employers' Contribution to Provident Fund	23,311*	19,005*
- Employers' Contribution to Superannuation Fund	5,987*	4,043*
- Employers' Contribution to Employee's State Insurance	11,698*	7,539*
- Employers' Contribution to Employee's Pension Scheme 1995.	20,299*	17,652*

* Included in Contribution to provident and other funds (Refer Schedule 15)

II Defined Benefit Plans

Valuations in respect of Gratuity and Leave encashment have been carried out by independent actuary, as at the Balance sheet date, based on the following assumptions:

GRATUITY

	As at December 31, 2007	As at December 31, 2006
Discount Rate (per annum)	7.75%	7.75%
Rate of increase in Compensation levels	7.25%	6.75%
Rate of Return on Plan Assets	7.75%	7.75%
Expected Average remaining working lives of employees (years)	20	22

LEAVE ENCASHMENT

Discount Rate (per annum)	7.75%	7.75%
Rate of increase in Compensation levels	7.25%	6.75%
Rate of Return on Plan Assets	7.75%	7.75%
Expected Average remaining working lives of employees (years)	20	22

SCHEDULES

A) Changes in the Present Value of Obligation

GRATUITY

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Present Value of Obligation at the beginning of the year	116,541	77,641
Interest Cost	9,032	6,835
Past Service Cost	Nil	Nil
Current Service Cost	12,421	7,797
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(12,895)	(8,240)
Actuarial (gain) / loss on obligations	35,237	32,508
Present Value of Obligation as at Year end.	160,336	116,541

LEAVE ENCASHMENT

Present Value of Obligation at the beginning of the year	49,665	27,679
Interest Cost	3,849	2,464
Past Service Cost	Nil	Nil
Current Service Cost	5,472	3,126
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(6,003)	(4,153)
Actuarial (gain) / loss on obligations	3,929	20,549
Present Value of Obligation as at Year end.	56,912	49,665

B) Changes in the Fair value of Plan Assets

GRATUITY

Present Value of Plan Assets at the beginning of the year	79,431	68,241
Expected Return on Plan Assets	6,156	5,459

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Actuarial Gains and (Loss) on Plan Assets	1,783	(529)
Contributions	45,000	14,500
Benefits Paid	(12,895)	(8,240)
Fair Value of Plan Assets at Year end	119,475	79,431

LEAVE ENCASHMENT

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Actuarial Gains and (Loss) on Plan Assets	Nil	Nil
Contributions	6,004	4,153
Benefits Paid	(6,004)	(4,153)
Fair Value of Plan Assets at Year end	Nil	Nil

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

GRATUITY

Present Value of funded obligation as at the year end	119,475	79,431
Fair Value of Plan Assets as at the end of the year	119,475	79,431
Funded Status	(40,861)	(37,110)
Present Value of unfunded Obligation as at the Year end	(40,861)	(37,110)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(40,861)**	(37,110)**

** Included in other liabilities (Refer Schedule 10)

SCHEDULES

E) Expenses recognised in the Profit and Loss Account

LEAVE ENCASHMENT

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Present Value of funded obligation as at the year end	Nil	Nil
Fair Value of Plan Assets as at the end of the year	Nil	Nil
Funded Status	(56,912)	(49,665)
Present Value of unfunded Obligation as at the Year end	(56,912)	(49,665)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(56,912)***	(49,665)***

*** Included in provisions
(Refer Schedule 11)

D) Amount recognised in the Balance Sheet

GRATUITY

Present Value of Obligation at the end of the year	(160,336)	(116,541)
Fair Value of Plan Assets as at the end of the year	119,475	79,431
Liability recognised in the Balance Sheet	(40,861)****	(37,110)****

**** Included in other liabilities
(Refer Schedule 10)

LEAVE ENCASHMENT

Present Value of Obligation at the end of the year	(56,912)	(49,665)
Fair Value of Plan Assets as at the end of the year	Nil	Nil
Liability recognised in the Balance Sheet	(56,912)*****	(49,665)*****

***** Included in provisions
(Refer Schedule 11)

GRATUITY

	Year ended December 31, 2007 (in Rs. '000)	Year ended December 31, 2006 (in Rs. '000)
Current Service Cost	12,421	7,797
Past Service Cost	Nil	Nil
Interest Cost	9,032	6,835
Expected Return on Plan Assets	(6,156)	(5,459)
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net actuarial (gain) / loss recognised in the Year	33,454	33,037
Total Expenses recognised in the Profit and Loss Account	48,751*****	42,210*****

***** Included in Salaries, Bonus and Leave Encashment
(Refer Schedule 15)

LEAVE ENCASHMENT

Current Service Cost	5,472	3,126
Past Service Cost	Nil	Nil
Interest Cost	3,849	2,464
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net actuarial (gain) / loss recognised in the Year	3,929	20,549
Total Expenses recognised in the Profit and Loss Account	13,250*****	26,139*****

***** Included in Salaries, Bonus and Leave Encashment
(Refer Schedule 15)

3. Profit on Sale of Shares

Profit on sale of shares in the previous year 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.

SCHEDULES

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
4. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	112,571	75,153
5. Contingent Liabilities not provided for :		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	1,138,000	1,078,000
(b) Bank Guarantees	1,460	3,812

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

6. Earnings Per Share :

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
(a) Profit after Taxation for the year (Rs '000)	699,270	502,275
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934
(c) Basic and Diluted Earnings Per Share (In Rupees)	29.47	21.17
(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, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
(a) Liabilities		
Depreciation/Amortisation	205,091	219,906
Long term contract negotiation costs	-	550
Total	205,091	220,456

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
(b) Assets		
Provision for leave encashment	21,174	16,282
Provision for bonus	2,168	1,726
Provision for gratuity	5,099	8,415
Total	28,441	26,423
Net Deferred Tax Liabilities	176,650	194,033

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)
	- Fellow Subsidiary Company (from August 11, 2006)
DHL Lemuir Logistics Private Limited	- Fellow Subsidiary Company

(Previously known as Exel Logistics Private Limited)

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

(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

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BLUE DART EXPRESS LIMITED | FINANCIALS | ANNUAL REPORT 2007

SCHEDULES

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
(d) Related party balances as at the year end :			11. Supplementary data as required under Schedule VI to the Companies Act, 1956		
(i) Receivable/ (Payable) from / to Subsidiary / Fellow Subsidiary/ Associate company			(a) Managerial remuneration		
Blue Dart Aviation Limited	215,000	195,000	Salary	16,279	16,062
DHL Express India Private Limited (Net)	(86,789)	(84,339)	Commission [Refer (b) below]	9,000	8,440
Concorde Air Logistics Limited	(12,125)	(13,754)	Contribution to provident fund	499	636
DHL Lemuir Logistics Private Limited	6,139	1,945	Contribution to Superannuation fund	578	454
(ii) Corporate guarantees given on behalf of			Gratuity paid	-	6,750
Blue Dart Aviation Limited	1,138,000	1,078,000	Leave encashment paid	310	229
(iii) Payable to Key Management Personnel:			Perquisites	1,210	3,101
- Air Marshal S. S. Ramdas (Retd.)	1,000	1,000	Directors' sitting fees	560	580
- Clyde C. Cooper	-	1,872		28,436	36,252
- Malcolm Monteiro	-	4,568	Provision for Leave Encashment / compensated absences and Gratuity, which are based on actuarial valuations done on an overall company basis, are excluded above.		
- Anil Khanna	7,000	-	(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) :		
- Suresh G. Sheth	1,000	1,000		Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
10. Commitments under lease agreements			Profit before Tax	1,065,715	778,699
The Company has entered into a non-cancellable operating lease agreement for rental of motor cars for a period of five years and commitments as at December 31, 2007 are as under:			Add : Directors' remuneration [Refer (a) above]	28,436	36,252
Upto One Year	8,711	5,452	Depreciation/Amortisation provided in the books of account	240,274	220,114
One to Five Years	21,164	14,185	Loss on sale / scrapping of fixed assets (Net)	14,800	18,427
				1,349,225	1,053,492

SCHEDULES

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)		Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
Less : Depreciation under Section 350 of the Companies Act, 1956	240,274	220,114	(d) Earnings in foreign currency		
Profit on sale of investments	-	1,070	Service charges	67,353	33,404
Net profit as per Sections 198 and 349 of the Companies Act, 1956	1,108,951	832,308	(e) Expenditure in foreign currency		
Commission to erstwhile Managing Director at 1% of Net Profit, restricted to the salary upto the date of his tenure.	-	1,872	Lease charges	5,694	6,366
Commission to erstwhile Managing Director.	-	4,568	Foreign travel	457	2,811
Commission to Managing Director.	7,000	-	Others	2,388	2,185
Commission to Independent Directors at 1% of Net Profit per Director, restricted to Rs.10 lacs per Independent Director.	2,000	2,000		8,539	11,362
(c) Legal and Professional Charges include Auditors' Remuneration as follows :			(f) Remittance in foreign currency on account of dividends		
Audit Fees - Statutory Audit Fees	3,300	3,300	Number of Non-resident shareholders	1	1
Tax Audit Fees	600	600	Number of Equity Shares held	19,227,887	19,227,887
For other matters	1,700	2,350	Amount of dividend remitted	19,228	28,842
	5,600	6,250	Year / Period to which dividend relates	Jan - Dec 2006	April - Dec 2005

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

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)

					N	I	L
--	--	--	--	--	---	---	---

					N	I	L
--	--	--	--	--	---	---	---

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

Total Liabilities								Total Assets										
		4	2	9	1	1	7	1			4	2	9	1	1	7	1	
Sources of Funds																		
Paid-up Capital								Reserves & Surplus										
			2	3	7	6	2	8			2	9	3	5	3	8	2	
Secured Loans								Unsecured Loans										
						N	I	L							N	I	L	
Deferred Tax Liability(Net)																		
			1	7	6	6	5	0										

Application of Funds

Net Fixed Assets								Investments									
		1	6	3	5	5	2	9				6	3	4	6	6	0
Net Current Assets								Misc. Expenditure									
		1	0	7	9	4	7	1							N	I	L
Accumulated Losses																	
						N	I	L									

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

Turnover *								Total Expenditure**									
		8	1	1	8	3	2	7			7	0	5	2	6	1	2

* Including Other Income

+ -	Profit/Loss before tax
<input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> 1 0 6 5 7 1 5
+ -	Earning Per Share in Rs.
<input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 9 . 4 7

** Net of Interest Income

+	-	Profit/Loss after tax
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 6 <input type="text"/> 9 <input type="text"/> 9 <input type="text"/> 2 <input type="text"/> 7 <input type="text"/> 0
+	-	Dividend rate %.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> . <input type="text"/> 0 <input type="text"/> 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, 2007
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)	:	16,584
For the previous financial years (Rs.in thousand)	:	14,677

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Greg Tanner
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 11, 2008

CONCORDE AIR LOGISTICS LIMITED

BOARD OF DIRECTORS

Vaidhyanathan Iyer

Tushar Gunderia

D. Basappa

Mirza Baig

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 Fourth Annual Report of your Company for the year ended December 31, 2007.

FINANCIAL RESULTS

	(Rs. in millions)	
	For the year ended December 31, 2007	For the year ended December 31, 2006
Revenues:		
Services	23.02	18.69
Commission	8.94	6.77
Other Income	1.15	0.48
Less : Operating Expenses	14.73	9.60
Operating Profit (EBIDTA)	18.37	16.34
Less : Depreciation / Amortisation	1.79	1.67
Earnings before Tax	16.58	14.67
Less : Provision for income tax (including FBT)	6.09	5.51
Earnings after tax	10.49	9.16

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 is also engaged in the business of clearance of import cargo in addition to export cargo at all Indian ports and Airports.

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

DIRECTORS

During the year under review, Mr. Mirza Baig was appointed as an Additional Director of the Company with effect from October 30, 2007.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

AUDITORS

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.

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

DIRECTORS' REPORT

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 has issued 'Compliance Certificate' for the year ended 31st December, 2007, which has been attached as an Annexure to this Report.

EMPLOYEES

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

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

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

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

A	Conservation of Energy	:	Not applicable
B	Technology absorption	:	Not applicable
C	Foreign Exchange Earnings & Outgo	:	
	Earnings	:	Nil
	Outgo	:	Rs. 6.7 million (previous Year Rs. 13 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

Vaidhyanathan Iyer
Director

Tushar Gunderia
Director

D. Bassapa
Director

Mumbai,
February 11, 2008

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, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the 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, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2007 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, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place: Mumbai
Date : February 11, 2008

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, 2007]

- (1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (2) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clause (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clause (iii)(f) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (3) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the 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 have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. As there have been no contracts or arrangement 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 nature of its business.
- (8) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, cess and other material statutory dues, as applicable, with the appropriate authorities in India. As informed to us investor education and protection fund, 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 service tax and cess which have not been deposited on account of any dispute. The particulars of income tax as at December 31, 2007 which has not been deposited on account of a dispute are as follows :

Name of the statute	Nature of dues	Amount under dispute not yet deposited (Rs. '000)	Periods to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income Tax	2,605	A. Y. 2005-06	The Commissioner of Income-Tax (Appeals)

- (9) As the Company is registered for a 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 shares, securities, debentures and other investments.

ANNEXURE TO AUDITORS' REPORT

- (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.
- (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 is 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 11, 2008

COMPLIANCE CERTIFICATE

CIN : U60230MH2004PTC146141
Authorised Capital : Rs. 2,000,000/-

To the Members of
CONCORDE AIR LOGISTICS LIMITED
Mumbai.

We have examined the necessary registers, records, books and papers of CONCORDE AIR LOGISTICS LIMITED as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on 31st December, 2007. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Maharashtra, Mumbai or such other authorities within the time prescribed under the Act and the rules made thereunder. The Company was not required to file any forms and returns with the Regional Director, Central Government, Company Law Board or other authorities.
3. The status of the Company, being Public Limited Company, comments are not required.
4. The Board of Directors duly met 5 (Five) times on 20.02.2007, 16.04.2007, 16.07.2007, 15.10.2007 and 30.10.2007 respectively, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the year under review.
6. The Annual General Meeting for the year ended 31st December, 2006 was held on 16th April, 2007 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its directors and / or persons or firms or Companies referred to in the Section 295 of the Act, during the year under review.
9. The Company has not entered into any new contract attracting the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or the Central Government.
12. The Company has not issued duplicate share certificates during the financial year under review and hence no comment is invited.
13. The Company has:
 - (i) no instances of allotment, transfer or transmission of shares during the year under review and hence no comment is 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 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 the various provisions of the Act 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 hence no comment is invited. | 27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under review. |
| 20. The Company has not bought back any shares during the year under review. | 28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under review. |
| 21. The Company has not redeemed any preference shares / debentures during the year under review. | 29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year under review. |
| 22. There were no transactions necessitating the Company to keep in abeyance any corporate benefits of the members pending registration of transfer of shares. | 30. The Company has not altered any provisions of its Articles of Association during the year under review. |
| 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. | 31. There was no prosecution initiated against or show cause notices received by the Company for alleged offenses under the Act and no fines and penalties or any other punishment was imposed on the Company during the year under review. |
| 24. The amount borrowed by the Company during the year ended 31 st December, 2007 is within the borrowing limits of the Company in terms of the provisions of Section 293 (1)(d) of the Act. | 32. The Company has not received any money as security from its employees during the year under review. |
| 25. The Company has not made any loans or advances or investments or given guarantees or provided securities to other bodies corporate in violation of Provisions of Section 372A of the Act. The Company has made necessary entries in the register required to be kept for the purpose. | 33. The provisions of Section 418 of the Act do not apply to the Company. |
| 26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under review. | |

Place : Mumbai
Date : February 11, 2008

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

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)

Place : Mumbai
Date : February 11, 2008

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

COMPLIANCE CERTIFICATE

Annexure B

Sr. No.	Form No.	Section	Purpose	Filed on
1	Form- 32	303 (2)	Confirming Appointment of Additional Director	23.11.2007 SRN A26511493
2	Form – 62	383A	As required under Companies (Compliance Certificate) Rules, 2001.	15.05.2007 SRN A14773774
3	Form – 20B	159	Annual Return - As per requirement of the Act	13.06.2007 SRN P08835209
4	Form – 23AC	210	Balance Sheet - As per requirement of the Act	12.05.2007 SRN C.No. P08454860

Place : Mumbai
Date : February 11, 2008

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

CONCORDE AIR LOGISTICS LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2007

	Schedule No.	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	1,100	1,100
Reserves and Surplus	2	35,212	24,724
TOTAL		36,312	25,824
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	20,314	19,415
Less: Depreciation / Amortisation		9,036	7,244
Net Block		11,278	12,171
Investments	4	7,398	75
Deferred Tax Assets (Net) [Refer notes 2(g) and 6 - Schedule 14]			
Deferred Tax Assets		407	325
Less : Deferred Tax Liabilities		230	158
		177	167
Current Assets, Loans and Advances			
Sundry Debtors	5	14,034	13,871
Cash and Bank Balances	6	17,813	14,003
Loans and Advances	7	2,252	1,076
		34,099	28,950
Less: Current Liabilities and Provisions			
Liabilities	8	15,455	14,596
Provisions	9	1,185	943
		16,640	15,539
Net Current Assets		17,459	13,411
TOTAL		36,312	25,824
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 11, 2008

CONCORDE AIR LOGISTICS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2007

	Schedule No.	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
INCOME			
Service Charges [Refer Note 2 (d)(i) - Schedule 14]		23,018	18,698
Commission [Refer Note 2 (d)(ii) - Schedule 14]		8,946	6,766
Other Income	10	1,147	477
		33,111	25,941
EXPENDITURE			
Freight, Handling and Servicing Costs	11	2,410	1,794
Employee Costs	12	9,503	6,229
Other Costs	13	2,822	1,573
		14,735	9,596
Profit Before Depreciation and Taxation		18,376	16,345
Depreciation / Amortisation		1,792	1,668
Profit Before Taxation		16,584	14,677
Provision for Taxation			
[Refer Notes 2(g) and 6 - Schedule 14]			
Current Tax		6,033	5,498
Deferred Tax		(10)	(21)
Fringe Benefits Tax		73	32
		6,096	5,509
Profit After Taxation		10,488	9,168
Balance brought forward from previous year		11,224	2,056
Balance carried forward to Balance Sheet		21,712	11,224
Earnings Per Share			
(Refer Note 5 - Schedule 14)			
Basic and diluted Earnings Per Share (in Rupees)		95.34	83.35
Nominal value per equity share (in Rupees)		10	10
Notes to Accounts	14		

Schedules 10 to 14 referred to above form an integral part of the Profit and Loss Account.

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

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 11, 2008

CONCORDE AIR LOGISTICS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
A. Cash flows from Operating activities:		
Profit before Taxation	16,584	14,677
Adjustments for:		
Depreciation / Amortisation	1,792	1,668
Interest income	(799)	(212)
Dividend income	(348)	-
Provision for Gratuity	201	208
Provision for leave encashment	41	48
Operating profit before working capital changes	17,471	16,389
Adjustments for changes in working capital :		
(Increase) / Decrease in Sundry Debtors	(163)	(9,893)
(Increase) / Decrease in Other Receivables	(129)	(90)
Increase / (Decrease) in Trade and Other Payables	859	8,485
Cash generated from Operations	18,038	14,891
Taxes paid (net of Tax Deducted at Source)	(6,623)	(5,193)
Net cash from/(used in) Operating activities	11,415	9,698
B. Cash flows from Investing activities:		
Purchase of fixed assets	(899)	(354)
Interest received	269	157
Investments in Mutual funds (net)	(7,000)	-
Proceeds from maturity of National Saving Certificates	25	-
Net cash from/(used in) Investing activities	(7,605)	(197)
C. Cash flows from Financing activities:		
Net cash from/(used in) Financing activities	-	-
Net Increase in Cash and Cash Equivalents	3,810	9,501
Cash and cash equivalents at the beginning of the year	14,003	4,502
Cash and cash equivalents at the end of the year	17,813	14,003
	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Cash and cash equivalents comprise of:		
Cash on hand	183	69
Balance with Scheduled Banks		
on current accounts	8,119	6,018
on deposit accounts	9,451	7,856
on margin money accounts	60	60
	17,813	14,003

- 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 year's figures have been regrouped and recasted wherever necessary to conform to the current year's classification.
 - Cash and cash equivalents includes Rs. 60 ('000) [(Previous year - Rs. 60 ('000)] which are not available for use by the Company. (Refer Schedule 6 in the Financial Statements)

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

Thomas Mathew
Partner
Membership No.50087
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Dated : February 11, 2008

V. N. Iyer
Director

Tushar Gunderia
Director

D. Basappa
Director

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 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	21,712	11,224
<u>Issued and Subscribed</u>			Total	35,212	24,724
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 Year 1,10,000) equity shares are held by Blue Dart Express Limited, the holding company and its nominees. The ultimate holding company is Deutsche Post AG, Germany.

SCHEDULE 3

FIXED ASSETS

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

in Rs. ('000)

DESCRIPTION OF ASSETS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at January 1, 2007	Additions	Deductions / Adjustments	As at December 31, 2007	As at January 1, 2007	For the Year	Deductions / Adjustments	As at December 31, 2007	As at December 31, 2007	As at December 31, 2006
Goodwill [Refer Note below]	14,900	-	-	14,900	3,979	1,490	-	5,469	9,431	10,921
Buildings	2,022	-	-	2,022	2,018	-	-	2,018	4	4
Office Equipment	264	-	-	264	246	5	-	251	13	18
Electrical Equipment	426	-	-	426	198	27	-	225	201	228
Computers	347	-	-	347	148	46	-	194	153	199
Computer Software	24	-	-	24	9	4	-	13	11	15
Furniture and Fittings	486	-	-	486	456	29	-	485	1	30
Vehicles	946	899	-	1,845	190	191	-	381	1,464	756
TOTAL	19,415	899	-	20,314	7,244	1,792	-	9,036	11,278	12,171
Previous Year	19,061	354	-	19,415	5,576	1,668	-	7,244	12,171	

Note :

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

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SCHEDULE 4			SCHEDULE 6		
INVESTMENTS			CASH AND BANK BALANCES		
(Long Term, Unquoted, At cost) [Refer Note 2 (c) - Schedule 14]			Cash on hand	183	69
Non - Trade			Balance with scheduled banks :		
<u>In Government Securities</u>			on current accounts	8,119	6,018
National Saving Certificates (6 year NSCs - VIII issue) (Refer Note below)	50	75	on deposit accounts	9,451	7,856
<u>Others (Current) (Lower of cost and market value)</u>			on margin money accounts	60	60
Units in Mutual Funds 263,859 (Previous Year - NIL) Units of ICICI Prudential Floating Rate Plan D- Daily Dividend- Reinvest Dividend (210,946 units purchased, 52,913 units cumulated and NIL units sold during the year)	2,639	-	Total	17,813	14,003
287,346 (Previous Year - NIL) Units of Birla Sun Life	4,709	-	The balance in the margin money accounts are given as security against guarantees issued by banks on behalf of the company.		
CashPlus - Retail- Daily Dividend Reinvestment (274,903 units purchased, 12,443 units cumulated and NIL units sold during the year)			SCHEDULE 7		
Total	7,398	75	LOANS AND ADVANCES		
Note: National Saving Certificates are given as security to the Custom Authorities.			(Unsecured, considered good)		
SCHEDULE 5			Advances recoverable in cash or in kind or for value to be received :		
SUNDRY DEBTORS			Prepaid Expenses	123	69
(Unsecured, considered good)			Other Deposits	22	22
Debts outstanding for a period exceeding six months	-	-	Advance Tax (Net of Provision)	1,200	683
Other debts	14,034	13,871	Other Advances	907	302
Total	14,034	13,871	Total	2,252	1,076
			SCHEDULE 8		
			LIABILITIES		
			Sundry Creditors :		
			(a) Micro, Small and Medium Enterprises*	-	-
			(b) Others	14,762	14,069
			Other Liabilities	693	527
			Total	15,455	14,596

(* Determined to the extent such particulars have been identified on the basis of information available with the Company. This has been relied upon by the auditors In the previous year there was no amount due to Small Scale Industrial Undertaking and in the current year the disclosure has been made as per the definition given in the Micro, Small and Medium Enterprises Development Act, 2006)

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
SCHEDULE 9			SCHEDULE 12		
PROVISIONS			EMPLOYEE COSTS		
(Refer Note 2 (e) - Schedule 14)			[Refer Note 2 (e) - Schedule 14]		
Provision for Leave Encashment	226	185	Salaries, wages, bonus and leave encashment	8,755	5,714
Provision for Gratuity	959	758	Contribution to provident and other funds	656	453
Total	1,185	943	Staff welfare expenses	92	62

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)		Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
SCHEDULE 10			SCHEDULE 13		
OTHER INCOME			OTHER COSTS		
Facility Charges earned	-	176	Legal and professional charges [Refer Note 7(a)- Schedule 14]	1,650	677
Interest income	799	212	Office expenses	64	52
Dividend income	348	-	Electricity	327	237
Miscellaneous Income	-	89	Communication expenses	288	201
Total	1,147	477	Rates and taxes	24	41
Note : Miscellaneous income includes Exchange Gain (net) of Rs. Nil [Previous Year - Rs. 48('000)]			Repairs and maintenance - others	81	133
SCHEDULE 11			Travelling and conveyance	306	142
FREIGHT, HANDLING AND SERVICING COSTS			Insurance	21	42
Handling and clearing charges	1,720	1,442	Miscellaneous Expenses	61	48
Domestic network operating costs	569	271	Total	2,822	1,573
Printing, stationery and consumables	121	81			
Total	2,410	1,794			

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.

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

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

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

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

(c) Investments

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

(d) Service Charges

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

(e) Employee Benefits

(i) Short Term Employee Benefits :

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

(ii) Long Term Employee Benefits :

Defined Contribution Plan

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

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

The Company 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 and Leave Encashment for all its employees.

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

SCHEDULES

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.

(g) Taxes on Income

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

Deferred tax is recognised, subject to prudence, 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 classified the various employee benefits as under :-

I Defined Contribution Plans

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

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

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
- Employers' Contribution to Provident Fund	186*	114*
- Employers' Contribution to Employee's State Insurance	36*	7*
- Employers' Contribution to Employee's Pension Scheme 1995.	141*	98*

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

II Defined Benefit Plan

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

GRATUITY

	As at December 31, 2007	As at December 31, 2006
Discount Rate (per annum)	8.00%	7.75%
Rate of increase in Compensation levels	6.75%	6.75%
Rate of Return on Plan Assets	8.00%	7.75%
Expected Average remaining working lives of employees (years)	16.57	16.44

LEAVE ENCASHMENT

Discount Rate (per annum)	8.00%	7.75%
Rate of increase in Compensation levels	6.75%	6.75%
Rate of Return on Plan Assets	8.00%	7.75%
Expected Average remaining working lives of employees (years)	16.57	16.44

SCHEDULES

A) Changes in the Present Value of Obligation

GRATUITY

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Present Value of Obligation at the beginning of the year	758	524
Interest Cost	59	45
Past Service Cost	Nil	Nil
Current Service Cost	92	38
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(49)	Nil
Actuarial (gain) / loss on obligations	99	151
Present Value of Obligation as at Year end.	959	758

LEAVE ENCASHMENT

Present Value of Obligation at the beginning of the year	185	129
Interest Cost	14	11
Past Service Cost	Nil	Nil
Current Service Cost	23	9
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(32)	Nil
Actuarial (gain) / loss on obligations	36	36
Present Value of Obligation as at Year end.	226	185

B) Changes in the Fair value of Plan Assets

GRATUITY

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Expected Return on Plan Assets	Nil	Nil

Actuarial Gains and (Loss) on Plan Assets

Contributions

Benefits Paid

Fair Value of Plan Assets at Year end

LEAVE ENCASHMENT

Present Value of Plan Assets at the beginning of the year

Expected Return on Plan Assets

Actuarial Gains and (Loss) on Plan Assets

Contributions

Benefits Paid

Fair Value of Plan Assets at Year end

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

GRATUITY

Present Value of Plan Assets at the beginning of the year

Fair Value of Plan Assets as at the end of the year

Funded Status

Present Value of unfunded Obligation as at the Year end

Unrecognised Actuarial (gains) / losses

Unfunded Net Asset / (Liability) recognised in the Balance Sheet

** Included in provisions (Refer Schedule 9)

As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Nil	Nil
49	Nil
(49)	Nil
Nil	Nil
Nil	Nil
Nil	Nil
32	Nil
(32)	Nil
Nil	Nil
Nil	Nil
36	36
226	185
Nil	Nil
Nil	Nil
(959)	(758)
(959)	(758)
Nil	Nil
(959)**	(758)**

SCHEDULES

E) Expenses recognised in the Profit and Loss Account

LEAVE ENCASHMENT			GRATUITY		
	As at December 31, 2007 In Rs. ('000)	As at December 31, 2006 In Rs. ('000)		As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Present Value of Plan Assets at the beginning of the year	Nil	Nil	Current Service Cost	92	38
Fair Value of Plan Assets as at the end of the year	Nil	Nil	Past Service Cost	Nil	Nil
Funded Status	(226)	(185)	Interest Cost	59	45
			Expected Return on Plan Assets	Nil	Nil
Present Value of unfunded Obligation as at the Year end	(226)	(185)	Curtailment Cost / (Credit)	Nil	Nil
Unrecognised Actuarial (gains) / losses	Nil	Nil	Settlement Cost / (Credit)	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(226)***	(185)***	Net actuarial (gain) / loss recognised in the Year	100	151
*** Included in provisions (Refer Schedule 9)			Total Expenses recognised in the Profit and Loss Account	251*****	234*****
D) Amount recognised in the Balance Sheet			***** Included in Contribution to provident and other funds (Refer Schedule 12)		
GRATUITY			LEAVE ENCASHMENT		
Present Value of Obligation at the end of the year	(959)	(758)	Current Service Cost	23	9
Fair Value of Plan Assets as at the end of the year	Nil	Nil	Past Service Cost	Nil	Nil
Liability recognised in the Balance Sheet	(959)****	(758)****	Interest Cost	14	11
**** Included in provisions (Refer Schedule 9)			Expected Return on Plan Assets	Nil	Nil
LEAVE ENCASHMENT			Curtailment Cost / (Credit)	Nil	Nil
Present Value of Obligation at the end of the year	(226)	(185)	Settlement Cost / (Credit)	Nil	Nil
Fair Value of Plan Assets as at the end of the year	Nil	Nil	Net actuarial (gain) / loss recognised in the Year	36	36
Liability recognised in the Balance Sheet	(226)*****	(185)*****	Total Expenses recognised in the Profit and Loss Account	73*****	56*****
***** Included in provisions (Refer Schedule 9)			***** Included in Salaries, wages, bonus and leave encashment (Refer Schedule 12)		
			4 Contingent liability not provided for :		
			Bank Guarantee	240	240
			Note : Future cash outflows can be determined only when guarantee is invoked by the party to whom given.		

SCHEDULES

5 Earnings Per Share :

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
(a) Profit After Taxation for the year/period (Rs.'000)	10,488	9,168
(b) Weighted average number of shares (Nos.)	110,000	110,000
(c) Basic and Diluted Earnings Per Share (Rs.)	95.34	83.35
(d) Nominal value of shares outstanding (Rs.)	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, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Provision for Leave Encashment	77	62
Provision for Gratuity	325	255
Preliminary Expenses	5	8
Total	407	325
(b) Liabilities		
Depreciation/Amortisation	230	158
Total	230	158
Net Deferred Tax Assets	177	167

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

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
Audit Fees		
- Statutory Audit Fees	100	100
- Tax Audit Fees	50	50
Reimbursement of expenses	6	8
	156	158

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
(b) Expenditure in foreign currency		
Towards Freight charges	6,660	12,979
Towards IATA fees and examination fees	10	20
	6,670	12,999

8 Related party disclosures

(a) Enterprises where control exists

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

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

- (i) Blue Dart Express Limited Holding Company
- (ii) Skyline Air Logistics Limited. Fellow Subsidiary Company (upto August 10, 2006)
- (iii) DHL Express India Private Limited Fellow Subsidiary Company
- (iv) Blue Dart Aviation Limited Enterprise over which Blue Dart Express Limited is able to exercise significant influence.

(c) Transactions with related parties during the period :

(i) With Holding Company

Blue Dart Express Limited

Recoveries towards air freight, etc.	149,179	140,424
Agency Charges	1,315	600

(ii) With Enterprises over which Blue Dart Express Limited is able to exercise significant influence.

Blue Dart Aviation Limited

Reimbursement of expenses	18,390	13,143
Agency charges incurred for customs clearing	4,267	1,295

SCHEDULES

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)		Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
(iii) Fellow Subsidiary Company			(d) Related party balances at the year end :		
Skyline Air Logistics Limited			Receivable from Holding Company / Fellow Subsidiary Company		
Facilities charges income	-	176	Blue Dart Express Limited	12,125	13,754
Commission paid	-	57	DHL Express India Private Limited	1,640	-
DHL Express India Private Limited					
Recoveries towards air freight, etc.	4,912	-			
Handling charges received	328	-			

9 Segment information

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

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

SCHEDULES

Schedule forming part of the Accounts

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

I. Registration Details

Registration No.

State Code

Balance Sheet Date
Date Month

Year

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

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

Total Liabilities

Sources of Funds

Paid-up Capital

Secured Loans

Deferred Tax Liability (Net)

Total Assets

Reserves & Surplus

Unsecured Loans

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Misc. Expenditure

Deferred Tax Asset (Net)

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

Turnover *

Total Expenditure**

* Including Other Income

+ - Profit/Loss before tax
☒ ☐

+ - Earning Per Share in Rs.
☒ ☐

** Net of Interest Income

+ - Profit/Loss after tax
☒ ☐

+ - Dividend rate %.
☒ ☐

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 THE CONSOLIDATED ACCOUNTS

To the Board of Directors of

BLUE DART EXPRESS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Blue Dart Express Limited and its subsidiary (the Group), as at December 31, 2007, 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, 2007;
 - (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 11, 2008

BLUE DART EXPRESS LIMITED (CONSOLIDATED)

BALANCE SHEET AS AT DECEMBER 31, 2007

	Schedule No.	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	237,628	237,628
Reserves and Surplus	2	2,957,625	2,273,934
		3,195,253	2,511,562
Loan Funds			
Secured Loans	3	-	101,800
		-	101,800
Deferred Tax Liabilities (Net)			
[Refer Notes 1(h) and 6 - Schedule 18]			
Deferred Tax Liabilities		205,321	220,614
Less : Deferred Tax Assets		28,848	26,748
		176,473	193,866
TOTAL		3,371,726	2,807,228
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		2,589,490	2,459,826
Less: Depreciation / Amortisation		976,490	760,675
Net Block		1,613,000	1,699,151
Capital work in progress (including capital advances)		33,806	17,770
		1,646,806	1,716,921
Investments	5	627,994	269,271
Current Assets, Loans and Advances			
Inventories	6	20,378	17,634
Sundry Debtors	7	1,092,753	888,101
Cash and Bank Balances	8	313,850	133,055
Loans and Advances	9	602,221	475,827
		2,029,202	1,514,617
Less: Current Liabilities and Provisions			
Liabilities	10	833,259	611,067
Provisions	11	99,017	84,148
		932,276	695,215
Net Current Assets		1,096,926	819,402
Miscellaneous Expenditure	12	-	1,634
(to the extent not written off or adjusted)			
TOTAL		3,371,726	2,807,228
Notes to Accounts	18		

Schedules 1 to 12 and 18 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

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Greg Tanner
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 11, 2008

BLUE DART EXPRESS LIMITED (CONSOLIDATED)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2007

	Schedule No.	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
INCOME			
Service Charges [Refer Note 1(e) (i)- Schedule 18]		8,106,196	6,701,321
Commission [Refer Note 1(e) (ii)- Schedule 18]		8,946	6,766
Other Income	13	31,466	9,803
		8,146,608	6,717,890
EXPENDITURE			
Freight, Handling and Servicing Costs	14	5,017,795	4,263,948
Employee Costs	15	1,173,152	964,968
Other Costs	16	628,099	462,802
		6,819,046	5,691,718
Profit Before Interest, Depreciation and Taxation		1,327,562	1,026,172
Interest Expense (Net)	17	3,198	15,492
Depreciation / Amortisation		242,066	222,019
Profit Before Taxation		1,082,298	788,661
Provision for Taxation [Refer Notes 1 (h) and 6 - Schedule 18]			
Current Tax		380,861	277,540
Deferred Tax		(17,393)	(3,267)
Fringe Benefits Tax		9,074	8,544
		372,542	282,817
Profit After Taxation, before Share of Associate's Profit		709,756	505,844
Share of Associate's Profit		2,400	5,451
Net Profit		712,156	511,295
Balance brought forward from previous year		1,632,090	1,161,342
Available for Appropriation		2,344,246	1,672,637
Proposed dividend		23,728	23,728
Tax on Proposed Dividend		4,033	4,262
Tax on Dividend pertaining to earlier years		704	-
Transfer to General Reserve		-	12,557
Balance carried forward to the Balance Sheet		2,315,781	1,632,090
Earnings Per Share			
[Refer Note 5 - Schedule 18]			
Basic and diluted Earnings Per Share (in Rupees)		30.01	21.55
Nominal value per equity share (in Rupees)		10.00	10.00
Notes to Accounts	18		

Schedules 13 to 18 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

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Greg Tanner
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 11, 2008

BLUE DART EXPRESS LIMITED (CONSOLIDATED)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

	Year ended December 31, 2007 Rs. ('000)	Year ended December 31, 2006 Rs. ('000)
A. Cash flow from Operating activities:		
Profit before Taxation	1,082,298	788,661
Adjustments for:		
Depreciation / Amortisation	242,066	222,019
Interest expense	4,158	17,773
Interest income	(960)	(2,281)
Dividend from mutual funds	(19,499)	(3,928)
Loss on sale/scraping of fixed assets (Net)	14,800	18,568
Miscellaneous expenditure written off	1,634	2,180
Bad debts /advances written off	17,258	10,000
Unadjusted credits / liabilities no longer required written back	(5,463)	-
Provision for leave encashment	13,964	24,984
Provision for gratuity	52,658	36,942
Net adjustments on account of investment / disinvestment in subsidiary	-	(1,808)
Provision for Directors' commission / professional fees	9,000	8,440
Operating profit before working capital changes	1,411,914	1,121,550
Adjustments for changes in working capital :		
(Increase) / Decrease in Inventories	(2,744)	(1,510)
(Increase) / Decrease in Sundry Debtors	(219,652)	(226,890)
(Increase) / Decrease in Other Receivables	(109,084)	(93,205)
Increase / (Decrease) in Trade and other payables	163,433	121,796
Cash generated from Operations	1,243,867	921,741
Taxes paid (net of Tax Deducted at Source)	(408,647)	(283,103)
Net cash from/(used in) Operating activities	835,220	638,638
B. Cash flow from Investing activities:		
Purchase of fixed assets	(168,319)	(138,002)
Changes in capital work in progress	(16,036)	(13,652)
Proceeds from sale of fixed assets	475	2,565
Interest received	426	2,073
Dividend received from mutual funds	19,177	3,928
Proceeds from sale of shares of Skyline Air Logistics Limited	-	4,420
Investment in mutual funds (Net)	(356,348)	(107,000)
Proceeds from maturity of investments	25	-
Net cash from/(used in) investing activities	(520,600)	(245,668)
C. Cash flow from Financing activities:		
Repayment of long term borrowings	(100,000)	(116,667)
Repayment of short term borrowings (Net)	-	(200,000)
Movement in bank overdrafts (Net)	(1,800)	(1,276)
Interest paid	(4,158)	(17,773)
Dividend paid	(23,834)	(35,775)
Dividend tax paid	(4,033)	(5,925)

BLUE DART EXPRESS LIMITED (CONSOLIDATED)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

	Year ended December 31, 2007 Rs. ('000)	Year ended December 31, 2006 Rs. ('000)
Net cash from / (used in) financing activities	(133,825)	(377,416)
Net Increase in Cash and Cash Equivalents	180,795	15,554
Cash and cash equivalents at the beginning of the year	133,055	117,501
Cash and cash equivalents at the end of the year	313,850	133,055
	As at December 31, 2007 Rs. ('000)	As at December 31, 2006 Rs. ('000)
Cash and cash equivalents comprise		
Cash, cheques on hand and remittances in transit	129,433	46,207
Balance with Scheduled Banks :		
on current accounts	171,319	74,152
on deposit accounts	9,451	7,856
on margin money accounts	210	592
on unpaid dividend accounts	1,639	1,745
Balance with non- scheduled Bank		
on current account	418	1,123
on deposit account	1,380	1,380
	313,850	133,055

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 year'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 year as the 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. 7 ('000) [(Previous Year - Rs. 422 ('000))].
- Cash and cash equivalents includes Rs. 3,229 ('000) [(Previous year - Rs. 3,717 ('000)) which are not available for use by the Company.(Refer Schedule 8 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

Sharad Upasani
Chairman

Clyde Cooper
Director

Yogesh Dhingra
Finance Director &
Chief Operating Officer

Anil Khanna
Managing Director

Greg Tanner
Director

Tushar Gunderia
Company Secretary

Malcolm Monteiro
Director

Suresh G. Sheth
Director

Place : Mumbai
Dated : February 11, 2008

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 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, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SCHEDULE 2		
RESERVES AND SURPLUS		
Securities Premium	394,057	394,057
General Reserve		
At the beginning of the year	247,787	235,230
Add: Transfer from Profit and Loss Account	-	12,557
At the end of the year	247,787	247,787
Profit and Loss Account	2,315,781	1,632,090
Total	2,957,625	2,273,934

SCHEDULE 3

SECURED LOANS

From Banks		
Term Loans [Refer Note (a) below] {Amount payable within a Year Rs. Nil [Previous Year - Rs. 66,667 ('000)]}	-	100,000
Bank Overdrafts [Refer Note (b) below]	-	1,800
Total	-	101,800

Notes :

- Term Loans from banks are secured by first pari passu charge on movable and immovable properties of the Company.
- 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.

SCHEDULES

Schedule forming part of the Balance Sheet									
SCHEDULE 4									
FIXED ASSETS									
[Refer notes 1(b), 1(k), 1(m) and 3 - Schedule 18]									
in Rs. ('000)									
Description of Assets	GROSS BLOCK (At Cost)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at January 1, 2007	Additions	Deductions/ Adjustments	As at December 31, 2007	As at January 1, 2007	For the Year	Deductions/ Adjustments	As at December 31, 2007	As at December 31, 2006
Goodwill [Refer note (a) below]	44,900	-	-	44,900	27,609	2,990	-	30,599	17,291
Land - Freehold	396,283	-	-	396,283	-	-	-	396,283	396,283
Buildings	170,512	1,349	-	171,861	23,127	2,803	-	25,930	147,385
Office Equipment	74,872	15,944	16,504	74,312	28,584	6,878	9,574	25,888	46,288
[Refer note (b) below]									
Electrical Equipment	134,561	37,362	3,435	168,488	47,712	12,647	1,625	58,734	86,849
[Refer note (b) below]									
Computers	294,467	61,529	16,587	339,409	161,748	39,809	14,926	186,631	132,719
Computer Software	79,242	9,579	(4,062)	92,883	47,320	8,683	(4,076)	60,079	31,922
Furniture and Fittings	223,589	44,528	8,727	259,390	65,636	20,445	3,569	82,512	157,953
[Refer note (b) below]									
Vehicles	40,640	899	635	40,904	21,932	3,288	633	24,587	18,708
Aircraft Engines	123,698	-	-	123,698	105,177	9,312	-	114,489	18,521
Aircraft	527,246	-	-	527,246	94,460	35,589	-	130,049	432,786
Aircraft Components and Overhaul	205,170	-	-	205,170	97,852	43,893	-	141,745	107,318
[Refer note (b) below]									
D-check cost on Aircraft	114,598	-	-	114,598	35,453	54,110	-	89,563	79,145
[Refer notes (b) and (c) below]									
Ground Handling Equipment	30,048	-	(300)	30,348	4,065	1,619	-	5,684	25,983
Total	2,459,826	171,190	41,526	2,589,490	760,675	242,066	26,251	976,490	1,699,151
Previous Year	2,436,383	135,825	112,382	2,459,826	627,280	222,019	88,624	760,675	1,699,151

Notes:

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

Blue Dart Express Limited	-	Rs. 4,870 ('000) - Three years and three months.
Concorde Air Logistics Limited	-	Rs. 9,431 ('000) - Six years and three months.
- During the year ended December 31, 2007 the Company revised the estimated useful life of certain assets under the block of Furniture and Fittings, Electrical Equipments, Office Equipments, Aircraft Components and Overhaul and D-Check on Aircraft 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. 57,631 ('000). [(Previous Year - Rs. 41,407 ('000))]
- D-check cost on Aircraft represents costs towards heavy maintenance mandatory checks.

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
SCHEDULE 5					
INVESTMENTS					
(Long Term, Unquoted, At Cost) [Refer Note 1(c) - Schedule 18]			16,088,116 units (Previous Year Nil) of Birla Sunlife Liquid Plus - Institutional Plan- Daily Dividend Reinvestment (26,860,786 units purchased, 216,923 units cumulated 10,989,593 units sold during the Year)		
Trade				162,709	-
9,600,000 (Previous Year - 9,600,000) equity shares of Rs 10 each in Blue Dart Aviation Limited - Associate Company	120,000	120,000	3,271,720 units (Previous Year 4,988,510) of Kotak Liquid Institutional Premium Daily Dividend plan (49,189,980 units purchased, 129,671 units cumulated and 51,036,441 units sold during the Year)	40,000	61,000
Add: Group's share of Profit / (Loss) upto December 31, 2007	536	(1,864)			
Net Investments	120,536	118,136			
1,000 (Previous Year - 1,000) equity shares of Rs. 50 each in Thane Janta Sahakari Bank Limited	50	50	Nil units (Previous Year Nil) of Kotak Flexi Debt -Daily Dividend Plan (10,970,824 units purchased, 88,348 units cumulated and 11,059,172 units sold during the Year)	-	-
1,000 (Previous Year - 1,000) equity shares of Rs. 10 each in Saraswat Co-operative Bank Limited	10	10	9,974,257 units (Previous Year Nil) of HDFC Cash Management Fund Savings Plus plan wholesale - Daily Dividend Reinvestment Plan (15,951,717 units purchased, 121,364 units accumulated and 6,098,824 units sold during the Year)	100,000	-
Non - Trade					
In Government Securities					
National Savings Certificates (6 Year NSCs - VIII issue) (Refer Note below)	50	75	Nil units (Previous Year Nil) of HDFC Cash Management Fund - Savings Plan- Daily dividend Reinvestment option (54,012,636 units purchased, 175,161 units cumulated and 54,187,797 units sold during the Year)	-	-
Others (Current)					
Units in Mutual Funds					
NIL units (Previous Year 5,000,000) of ICICI Prudential Institutional Liquid Plan- Super Institutional Daily Dividend reinvestment plan (66,200,000 units purchased, 333,167 units cumulated and 71,533,167 units sold during the Year)	-	50,000	51,017 units (Previous Year Nil) of UTI Liquid Cash fund Inst plan Daily dividend reinvestment (665,067 units purchased, 1,405 units cumulated and 615,455 units sold during the Year)	52,000	-
15,274,097 units (Previous Year Nil) of ICICI Prudential Floating rate Plan D -Daily Dividend Reinvestment Plan (30,207,728 units purchased, 352,721 units cumulated and 15,286,352 units sold during the Year)	152,639	-	Nil units (Previous Year Nil) of DWS Insta Cash Plus Fund and Institutional - Daily Dividend plan (98,602,631 units purchased, 155,132 units cumulated and 98,757,763 units sold during the Year)	-	-

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Nil units (Previous Year 3,992,215) of Birla Cash Plus Institutional Premium - Daily dividend - Reinvestment (74,454,813 units purchased, 221,972 units cumulated and 78,669,000 units sold during the Year)	-	40,000
Total	627,994	269,271

Note: National Saving Certificates are given as security to the Custom Authorities.

SCHEDULE 6

INVENTORIES

[Refer Note 1(i) - Schedule 18]		
Packing and Stationery Consumables	11,631	8,733
Spares	8,747	8,901
Total	20,378	17,634

SCHEDULE 7

SUNDRY DEBTORS

(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	1,092,753	888,101
Total	1,092,753	888,101

SCHEDULE 8

CASH AND BANK BALANCES

Cash, cheques on hand and remittances in transit	129,433	46,207
Balance with scheduled banks:		
on current accounts	171,319	74,152
on deposit accounts	9,451	7,856
on margin money accounts	210	592
on unpaid dividend accounts	1,639	1,745
Balance with non-scheduled bank (Municipal Co-operative Bank)		
on current account	418	1,123
on deposit account	1,380	1,380

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
{Maximum amount outstanding during the Year in current account Rs. 2,585 ('000) [Previous Year - Rs. 1,128 ('000)] and in deposit account Rs. 1,380 ('000) [Previous Year - Rs. 1,380 ('000)]}		
Total	313,850	133,055

Note :

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 9

LOANS AND ADVANCES

(Unsecured, considered good)		
Aircraft Payload Deposit	215,000	195,000
Advances recoverable in cash or in kind or for value to be received :		
Prepaid expenses	23,839	14,438
Deposits	143,345	105,261
Advance Tax (Net of provision)	55,636	36,917
Other Advances	164,401	124,211
Total	602,221	475,827

SCHEDULE 10

LIABILITIES

Sundry Creditors :		
a) Micro and Small Enterprises *	5,083	4,301
b) Others	451,804	316,739
Unclaimed dividend **	1,639	1,745
Other liabilities	374,733	288,282
Total	833,259	611,067

* Determined to the extent such particulars have been identified on the basis of information available with the Company. This has been relied upon by the Auditors. Figures for the previous year represent amounts due to Small Scale Industrial Undertaking.

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

SCHEDULES

Schedules forming part of the Balance Sheet

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
SCHEDULE 11			SCHEDULE 14		
PROVISIONS			FREIGHT, HANDLING AND SERVICING COSTS		
Provision for Gratuity [Refer Note 1(f) - Schedule 18]	959	758	Aircraft Charter costs	2,950,463	2,541,277
Provision for Leave Encashment [Refer Note 1(f) - Schedule 18]	70,297	56,333	Domestic network operating costs	1,045,310	805,348
Proposed Dividend	23,728	23,728	International servicing charges	517,282	473,097
Tax payable on Proposed Dividend	4,033	3,329	Domestic excess baggage	292,141	278,899
Total	99,017	84,148	Printing, stationery and consumables	108,014	86,743
SCHEDULE 12			Handling and clearing charges	104,585	78,584
MISCELLANEOUS EXPENDITURE			Total	5,017,795	4,263,948
(To the extent not written off or adjusted) (Refer Note 1(d) - Schedule 18)			SCHEDULE 15		
Long-term Contract Negotiation costs			EMPLOYEE COSTS		
At the beginning of the Year	1,634	3,814	[Refer Notes 2, 8(C)(iv) - Schedule 18]		
Add: Additions during the Year	-	-	Salaries, bonus and leave encashment	915,103	729,584
Less: Amortised during the Year	(1,634)	(2,180)	Contribution to provident and other funds	113,625	103,506
At the end of the Year	-	1,634	Staff welfare expenses	144,424	131,878
			Total	1,173,152	964,968

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)			
SCHEDULE 13			SCHEDULE 16		
OTHER INCOME			OTHER COSTS		
Dividend from Mutual Funds	19,499	3,928	Rent	186,401	130,424
Liability no longer required written back	5,463	-	Communication expenses	58,380	49,473
Gain on account of Foreign exchange fluctuation [Refer Note 1 (g) - Schedule 18]	-	1,343	Electricity charges	53,638	41,744
Miscellaneous income	6,504	4,532	Repairs and maintenance - others	49,340	39,540
Total	31,466	9,803	Office expenses	47,137	35,508
			Sales promotion and advertising	46,237	16,752
			Legal and Professional charges	40,262	33,922
			Security Expenses	38,864	31,105
			Travelling and conveyance	24,751	16,900
			Rates and taxes	23,296	19,107

SCHEDULES

Schedules forming part of the Profit and Loss Account

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
Bad debts / advances written off	17,258	10,000
Loss on sale / scrapping of fixed assets (net)	14,800	18,568
Lease rentals (Refer Notes 1(j) and 9-Schedule 18)	12,461	9,554
Insurance	9,549	6,226
Miscellaneous expenses	2,410	1,799
Loss on account of Foreign exchange fluctuation [Refer Note 1 (g) - Schedule 18]	1,681	-
Miscellaneous expenditure written off	1,634	2,180
Total	628,099	462,802
SCHEDULE 17		
INTEREST EXPENSE (NET)		
On Term Loans	4,092	10,199
On Commercial Paper	-	6,590
On Bank Overdraft	66	423
On Short Term Loans	-	561
	4,158	17,773
Less: Interest on deposits with banks and others	960	2,281
{Tax deducted at source Rs. 7('000) [Previous Year - Rs. 422('000)]}		
Total	3,198	15,492

SCHEDULE 18

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

Description of Assets	Useful Life (in Years)
Office Equipment	2 to 15
Electrical Equipment	6 to 15
Computers	3 to 6
Aircraft Engines	2 to 7
Aircraft	14
D-Check 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 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 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.

(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

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

(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 of short term nature 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 contributes to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making its contribution.

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

Defined Benefit Plans

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

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

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

(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.

(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 period. 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.

(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.

SCHEDULES

(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 year 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 classified the various employee benefits provided to employees as under:-

I Defined Contribution Plans

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

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

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
- Employers' Contribution to Provident Fund	23,497*	19,120*
- Employers' Contribution to Superannuation Fund	5,987*	4,043*
- Employers' Contribution to Employee's State Insurance	11,734*	7,546*
- Employers' Contribution to Employee's Pension Scheme 1995.	20,440*	17,750*

* Included in Contribution to provident and other funds (Refer Schedule 15)

II Defined Benefit Plans

Valuations in respect of Gratuity and Leave encashment have been carried out by independent actuary, as at the Balance sheet date, based on the following assumptions:

GRATUITY

	As at December 31, 2007	As at December 31, 2006
Discount Rate (per annum)	7.75% / 8.00%	7.75%
Rate of increase in Compensation levels	7.25% / 6.75%	6.75%
Rate of Return on Plan Assets	7.75% / 8.00%	7.75%
Expected Average remaining working lives of employees (years)	20 / 16.57	22 / 16.44

LEAVE ENCASHMENT

Discount Rate (per annum)	7.75% / 8.00%	7.75%
Rate of increase in Compensation levels	7.25% / 6.75%	6.75%
Rate of Return on Plan Assets	7.75% / 8.00%	7.75%
Expected Average remaining working lives of employees (years)	20 / 16.57	22 / 16.44

SCHEDULES

A) Changes in the Present Value of Obligation

GRATUITY

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Present Value of Obligation at the beginning of the year	117,299	78,165
Interest Cost	9,091	6,880
Past Service Cost	Nil	Nil
Current Service Cost	12,513	7,835
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(12,944)	(8,240)
Actuarial (gain)/ loss on obligations	35,336	32,659
Present Value of Obligation as at Year end.	161,295	117,299

LEAVE ENCASHMENT

Present Value of Obligation at the beginning of the year	49,850	27,808
Interest Cost	3,863	2,475
Past Service Cost	Nil	Nil
Current Service Cost	5,495	3,135
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(6,035)	(4,153)
Actuarial (gain) / loss on obligations	3,965	20,585
Present Value of Obligation as at Year end.	57,138	49,850

B) Changes in the Fair value of Plan Assets

GRATUITY

Present Value of Plan Assets at the beginning of the year	79,431	68,241
Expected Return on Plan Assets	6,156	5,459
Actuarial Gains and (Loss) on Plan Assets	1,783	(529)

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Contributions	45,049	14,500
Benefits Paid	(12,944)	(8,240)
Fair Value of Plan Assets at Year end	119,475	79,431

LEAVE ENCASHMENT

Present Value of Plan Assets at the beginning of the year	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Actuarial Gains and (Loss) on Plan Assets	Nil	Nil
Contributions	6,036	4,153
Benefits Paid	(6,036)	(4,153)
Fair Value of Plan Assets at Year end	Nil	Nil

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

GRATUITY

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)
Present Value of funded obligation as at the year end	119,475	79,431
Fair Value of Plan Assets as at the end of the year	119,475	79,431
Funded Status	(41,820)	(37,868)
Present Value of unfunded Obligation as at the Year end	(41,820)	(37,868)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(41,820)**	(37,868)**

** Included in other liabilities (Refer Schedule 10)

SCHEDULES

E) Expenses recognised in the Profit and Loss Account

	As at December 31, 2007 in Rs. ('000)	As at December 31, 2006 in Rs. ('000)		Year ended December 31, 2007 (in Rs. '000)	Year ended December 31, 2006 (in Rs. '000)
LEAVE ENCASHMENT			GRATUITY		
Present Value of funded obligation as at the year end	Nil	Nil	Current Service Cost	12,513	7,835
Fair Value of Plan Assets as at the end of the year	Nil	Nil	Past Service Cost	Nil	Nil
Funded Status	(57,138)	(49,850)	Interest Cost	9,091	6,880
Present Value of unfunded Obligation as at the Year end	(57,138)	(49,850)	Expected Return on Plan Assets	(6,156)	(5,459)
Unrecognised Actuarial (gains) / losses	Nil	Nil	Curtailment Cost / (Credit)	Nil	Nil
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(57,138)***	(49,850)***	Settlement Cost / (Credit)	Nil	Nil
*** Included in provisions (Refer Schedule 11)			Net actuarial (gain) / loss recognised in the Year	33,554	33,188
D) Amount recognised in the Balance Sheet			Total Expenses recognised in the Profit and Loss Account	49,002*****	42,444*****
GRATUITY			***** Included in Salaries, Bonus and Leave Encashment (Refer Schedule 15)		
Present Value of Obligation at the end of the year	(161,295)	(117,299)	LEAVE ENCASHMENT		
Fair Value of Plan Assets as at the end of the year	119,475	79,431	Current Service Cost	5,495	3,135
Liability recognised in the Balance Sheet	(41,820)****	(37,868)****	Past Service Cost	Nil	Nil
**** Included in other liabilities (Refer Schedule 10)			Interest Cost	3,863	2,475
LEAVE ENCASHMENT			Expected Return on Plan Assets	Nil	Nil
Present Value of Obligation at the end of the year	(57,138)	(49,850)	Curtailment Cost / (Credit)	Nil	Nil
Fair Value of Plan Assets as at the end of the year	Nil	Nil	Settlement Cost / (Credit)	Nil	Nil
Liability recognised in the Balance Sheet	(57,138)*****	(49,850)*****	Net actuarial (gain) / loss recognised in the Year	3,965	20,585
***** Included in provisions (Refer Schedule 11)			Total Expenses recognised in the Profit and Loss Account	13,323*****	26,195*****
			***** Included in Salaries, Bonus and Leave Encashment (Refer Schedule 15)		

SCHEDULES

	As at December 31, 2007 (in Rs. '000)	As at December 31, 2006 (in Rs. '000)		As at December 31, 2007 (in Rs. '000)	As at December 31, 2006 (in Rs. '000)
3. Capital Commitments			(a) Liabilities		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	313,275	96,144	Depreciation/Amortisation	205,321	220,064
{Includes proportionate share of an associate of Rs 200,704 ('000) [Previous Year - Rs 20,911 ('000)]}			Long term contract negotiation costs	-	550
			Total	205,321	220,614
4. Contingent Liabilities not provided for :			(b) Assets		
(a) Corporate Guarantees given on behalf of Blue Dart Aviation Limited	1,138,000	1,078,000	Provision for leave encashment	21,251	16,344
(b) Bank Guarantees	26,942	26,680	Provision for Bonus	2,168	1,726
{Includes proportionate share of an associate of Rs 25,242 ('000) [Previous Year - Rs 22,628 ('000)]}			Preliminary expenses	5	8
			Provision for gratuity	5,424	8,670
			Total	28,848	26,748
			Net Deferred Tax Liabilities	176,473	193,866
Note : Future cash outflows can be determined only when guarantees are invoked by parties to whom given.			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.		
5. Earnings per share :			8. Related party disclosures		
	Year ended December 31, 2007	Year ended December 31, 2006	(A) Enterprises where control exists :		
(a) Profit after taxation for the year (Rs '000)	712,156	511,295	DHL Express (Singapore) Pte. Limited	- Holding Company	
(b) Weighted average number of shares (Nos.)	23,727,934	23,727,934	Deutsche Post AG, Germany	- Ultimate Holding Company	
(c) Basic and Diluted Earnings Per Share (In Rupees)	30.01	21.55	DHL Express India Private Limited	- Fellow Subsidiary Company	
(d) Nominal value of shares outstanding (In Rupees)	10.00	10.00	DHL Lemuir Logistics Private Limited	- Fellow Subsidiary Company	
			(Previously known as Exel Logistics Private Limited)		
6. Deferred Tax Balances :			(B) Related party relationships where transactions have taken place during the year:		
The components of deferred tax liabilities and assets arising on account of timing differences between taxable income and accounting			(i) Holding/Fellow Subsidiary/Associate Company/Subsidiaries		
			DHL Express (Singapore) Pte. Limited	- Holding Company	
			DHL Express India Private Limited	- Fellow Subsidiary Company	

SCHEDULES

Blue Dart Aviation Limited - Associate Company			Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
DHL Lemuir Logistics Private Limited - Fellow Subsidiary Company				
(Previously known as Exel Logistics Private Limited)				
(ii) Key Management Personnel		DHL Lemuir Logistics Private Limited:		
Air Marshal S.S. Ramdas (Retd.)	Chairman (upto October 16, 2007)	Domestic service charges income	(21,528)	(13,088)
Sharad Upasani	Chairman (from December 21, 2007)	(iii) With Associate Company		
		Blue Dart Aviation Limited		
Clyde C. Cooper	Managing Director (upto March 12, 2006), (Director from March 12, 2006)	Aircraft charter cost	2,943,429	2,532,932
		Additional aircraft payload deposit	20,000	40,915
Malcolm Monteiro	Managing Director (from March 12, 2006 to February 21, 2007), (Director from February 21, 2007)	Reimbursements towards air freight, etc	18,390	25,235
		Domestic Service charges income	5,058	5,224
Anil Khanna	Managing Director (from February 21, 2007)	Recoveries towards Agency charges	4,267	3,332
Suresh G. Sheth	Director	Reimbursement of capital expenditure	-	474
(C) Transactions with related parties during the year:		Interest (income)/expenditure on current account (net)	-	(1,879)
		(iv) With Key Management Personnel :		
(i) With Holding Company DHL Express (Singapore) Pte Limited		Managerial remuneration		
Dividend paid	19,228	Salary	16,279	16,062
		Commission	9,000	8,440
(ii) Fellow subsidiary		Contribution to provident fund	499	636
DHL Express India Private Limited		Contribution to Superannuation Fund	578	454
International Servicing Cost	516,930	Gratuity paid	-	6,750
Domestic Service charges income	(143,243)	Leave Encashment paid	310	229
Recoveries towards air freight, etc.	4,912	Perquisites	1,210	3,101
Handling charges received	(328)	Directors' sitting fees	560	580
			28,436	36,252

SCHEDULES

	Year ended December 31, 2007 in Rs. ('000)	Year ended December 31, 2006 in Rs. ('000)
Incurring for :		
- Air Marshal S. S. Ramdas (Retd.)	1,240	1,280
- Clyde C. Cooper	60	11,898
- Malcolm Monteiro	1,519	21,794
- Anil Khanna	24,357	-
- Suresh G. Sheth	1,260	1,280
	28,436	36,252

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

	As at December 31, 2007 (in Rs. '000)	As at December 31, 2006 (in Rs. '000)
(D) Related party balances at the year end :		
(i) Receivable / (payable) from / to Fellow subsidiary/ Associate		
DHL Express India Private Limited (Net)	(85,149)	(84,339)
Blue Dart Aviation Limited	215,000	195,000
DHL Lemuir Logistics Private Limited	6,139	1,945
(ii) Corporate Guarantee given on behalf of Blue Dart Aviation Limited (as at year end)	1,138,000	1,078,000
(iii) Payable to Key Management Personnel:		
- Air Marshal S. S. Ramdas (Retd.)	1,000	1,000
- Clyde C. Cooper	-	1,872
- Malcolm Monteiro	-	4,568
- Anil Khanna	7,000	-
- Suresh G. Sheth	1,000	1,000

9. Commitments under lease agreements

The Company has entered into a non-cancellable operating lease agreement for rental of motor cars for a period of five years and commitments as at December 31, 2007 are as under:

Upto one year	8,711	5,452
One to five years	21,164	14,185

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

(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, 2007
Concorde Air Logistics Limited (with effect from May 11, 2004)	India	100%

(b) Investment in Associate

Blue Dart Aviation Limited (with effect from March 11, 2005)	India	40%
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11. The figures of current year are not comparable to those of the previous year as the Skyline Air Logistics ceased to be a subsidiary with effect from August 10, 2006.

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

Fact Sheet

Description	: South Asia's premier and intergrated air express package distribution company
Began Operations	: November, 1983
Headquarters	: Mumbai, India
Revenues Jan-Dec 2007	: Rs 8,118 million
Destinations Serviced	: Domestic - over 17,600 locations international - more than 220 countries and territories worldwide through a sales alliance with DHL
Air Airport	: 3 Boeing 757 and 4 Boeing 737 freighters
Ground Support	: 4,800 vehicles
Number of Shipments	: Jan - Dec 2007
Handled in millions	: Domestic - 72.4 International - 0.64
Tonnage handled in tonnes	: 191,875
People Force	: Over 5,700
World Wide Web address	: http://www.bluedart.com



