

E I G H T E E N T H A N N U A L R E P O R T 2 0 0 8



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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.

Encourage freedom in communication of thoughts and ideas in all our interactions.

Value integrity and be uncompromising in upholding it at all times.

Give due importance to the health, safety and well-being of our people.

Ensure that our 'People First' philosophy serves as a driving force behind the success of our organisation.

Encourage and inculcate in all a winning attitude.

Encourage learning, self-development and building effective leadership.

Expect our people to be accountable for all their actions related to the company.

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

Drive the 'First Time Right' concept to achieve 100% Quality and Customer Satisfaction.

Encourage passion and enthusiasm for Work, Service Quality and Customer Care.

Project a positive, caring and professional image of ourselves and our service at all times.

Avoid waste by being conscious of the impact of all our actions on the environment.

Continue to be a law-abiding, apolitical and secular company.



Corporate Information

Registered Office:

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

DSK Legal
Mulla & Mulla & Craigie Blunt & Caroe

Registrar & Transfer Agent:

Link Intime India Pvt. Ltd.



Board of Directors



Sharad Upasani
Chairman



Anil Khanna
Managing Director



Malcolm Monteiro
Director



Daniel McHugh
Director



Clyde C. Cooper
Director



Suresh G. Sheth
Director



Christopher Ong
Alternate Director to Daniel McHugh

Executive Management



Yogesh Dhingra
Finance Director &
Chief Operating Officer



Aneel Gambhir
V. P. - Internal Audit



Arun Nangpal
V. P. - Customer Service



Barttanu Kumar Das
V. P. - Human Resources



Tushar Gunderia
Company Secretary



Ketan Kulkarni
Head - Marketing, Corp.
Comm. & Sustainability



Col.(Retd.) Raymond Luiz
G.M. - Security &
Administration



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 Eighteenth Annual General Meeting.

In 2008, Blue Dart completed 25 years of leading, innovating and delivering, and we are all proud of it.

Your Company is South Asia's premier number one express air and integrated transportation, distribution and logistics Company that offers secure and reliable delivery of consignments to over 21,000 locations in India, and to over 220 countries worldwide through its Sales Alliance with DHL Express (India) Pvt. Ltd.

The Indian economy reported strong growth since 2004-05 and grew at a CAGR of 8.92% in the last four years. However, due to global economic slowdown, the GDP is now estimated to grow at 7.1% for the year 2008-09, as per CMIE, as against estimated GDP growth of 9% at the commencement of the year. As you are all aware, the Indian economy entered 2008 on a good note, supported by rising foreign exchange reserves, real estate boom and a flourishing capital market, BSE sensex peaking to the level of 21,000+, thereby enabling growth in the various business segments as also logistics. The boom was, however, short-lived and the grip of global economic crisis took over the developing economies. As the year unfolded, global markets were subject to developments such as volatility in the price of crude oil, inflationary pressures and, later on, sub-prime crisis in the US. Over the last six months, an economic slowdown has enveloped the whole world. India has also been impacted and consequently the markets have witnessed a moderation in growth.

During the year, the Express Industry faced challenges from a weakening global economy, volatile crude oil prices, rising fuel and freight costs, dampening industrial growth and double digit inflation. These woes were further compounded with obstacles faced in the transport infrastructure, air-traffic congestion and overall lack of understanding of supply-chain management.

The softening trends that commenced in the first quarter of 2008 worsened towards the last quarter of the year, with a global depressed economic and financial environment. With the Company having essentially a 'fixed cost' - based business model, the deceleration in volume growth is having an adverse impact on margins. The business from certain key industrial verticals has been affected. We expect that this is a passing phase and recovery in the economy should happen over the next 12 - 15 months.

Despite adverse economic scenario, your Company achieved satisfactory performance for the financial year ended December 31, 2008.

I would like to take this opportunity to share with you the progress achieved by your Company during the financial year ended December 31, 2008.

Your Company posted Rs 7,735 lacs as Profit After Tax for the year ended December 31, 2008, compared to Rs 6,993 lacs for the year ended December 31, 2007, recording a 10.62% increase. Income from Operations for the year ended December 31, 2008, was Rs.97,447 lacs, up from Rs.80,872 lacs for the year ended December 31, 2007. The Company's sales grew by 20.49% for the year ended December 31, 2008, over the corresponding year ended December 31, 2007. The Board of Directors of your Company has recommended a dividend of 10% for the year ended December 31, 2008.

During the year, your Company augmented its fleet with a fourth Boeing 757-200 and the existing fleet now is four Boeing 757-200s and three Boeing 737-200 aircraft, taking its air capacity to 300 tonnes per night across 60 route connections. To capitalize on the improving road infrastructure in the country and in continuation of the thrust on the ground product - Dart Surfaceline - your Company strengthened the ground network to serve the growing needs of the market and, since its launch expanded its reach to 21,000+ locations and 596 ground routes across India. Your Company has also introduced customized products/features to meet the specific needs of various customers. 'Freight on Delivery' (FOD), 'Demand draft on Delivery' (DOD) 'Freight on Value' (FOV) and 'Import-Express' were very well received by the market.

During the year, your Company along with DHL Express and Blue Dart Aviation Ltd., achieved a key milestone by inaugurating a first-of-its-kind integrated terminal at the Bengaluru International Airport Ltd. (BIAL) that will help synergize the domestic and international express operations of both businesses in South India.

Your Company stands as the unrivalled leader in the domestic express industry. Blue Dart commands 41.7% market share in the air express segment (source: A T Kearney). This dominant position is attributed to the huge investments that your company has made in building an infrastructure that is unmatched in the entire South Asia region.

Strong brands form an important part of the assets of an organisation. To create value, brands must build on the existing corporate capital and then be envisioned with a strong personality that incorporates distinctive customer-focused benefits – rational as well as emotional. A strong personality in our case largely gets driven by the hard aspects (rational areas) of brand management – offices, counters, vehicles, uniforms, stationery, collaterals etc., while the emotional aspects get pushed by the experience we provide through our people and service quality. During the year, Blue Dart strengthened its brand association to bring two strong and powerful brands (Blue Dart and DHL) closer at all touch-points that deal with the domestic and international services. Implementation of First Choice and Net Promoter Approach programs were designed to improve the service quality and ability to capture the VOC (Voice of Customer) in a systematic way in order to bring in long-lasting customer benefits and strengthen the brand experience.

Our position as an industry leader was strengthened by accolades received from several industry bodies and customers. It is a matter of great pride for all of us that your Company was honoured as one of the “Best under a Billion” companies listed by Forbes Asia, 2008. Your Company was the only Company listed from the ‘Air and Ground Transportation of time-sensitive packages’ category. We were voted a Superbrand, fourth time in a row. For the third consecutive year, we became the recipient of the Reader’s Digest Most Trusted Brand Gold Award. Blue Dart has been awarded the NDTV Business Leadership Award 2008 and the Brand Leadership Award by the ‘Asia Brand Congress 2008 Awards for Brand 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 2008 for a 3-year period, to the new global ISO 9001:2000 standards.

Your Company is a socially responsible corporate and has undertaken numerous projects to enrich communities and the environment. Blue Dart’s CSR initiatives “Blue Edge: Empowering Lives”, a programme designed to enhance and create employability for marginalized sections is doing well with four batches already graduating from this course. These small steps that we take towards creating a brighter tomorrow for future generations, go a long way in building our corporate value and ethos. The four social initiatives, viz. Coastal Road Clean Up, Best of Waste: Recycle Paper Nature Touch - Sapling Plantation and De-weeding, and Blood Donation, were organised by your Company in association with DHL in Mumbai. Your Company is also focusing on a ‘Go Green initiative’ for protecting and nurturing the environment.

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. The endeavour of your Company is not only to comply with regulatory requirements but also 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 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. Their unrelenting determination to succeed, even in a tough and fiercely competitive market environment enabled us to build and sustain the financial stability of the Company. 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 valuable customers, bankers, financial institutions, government authorities, business associates, channel partners 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.

Mumbai
March 5, 2009

Warm regards,

Sharad Upasani
Chairman

Financial Summary

Financial Summary of the last five years

Rupees in Lacs

Particulars	2004-05	2005*	2006	2007	2008
Income from Operations	45,833	41,509	66,802	80,872	97,447
Other Income	379	758	175	311	806
Total Income	46,212	42,267	66,977	81,183	98,253
Total Expenditure	38,202	34,111	56,831	68,083	84,935
Operating Profit	8,010	8,156	10,146	13,100	13,318
Interest (net)	465	226	158	40	(214)
Gross Profit	7,545	7,930	9,988	13,060	13,532
Depreciation	1,532	1,314	2,201	2,403	1,657
Profit Before Tax	6,013	6,616	7,787	10,657	11,875
Taxation	2,109	2,275	2,764	3,664	4,140
Profit After Tax	3,904	4,341	5,023	6,993	7,735
Equity	2,376	2,376	2,376	2,376	2,376
Reserves	13,959	17,894	22,646	29,354	36,811
Gross Fixed Assets	23,306	24,132	24,404	25,692	28,562
Net Worth	16,335	20,270	25,022	31,730	39,188
Book Value (Rs.)	68.60	85.27	105.39	133.72	165.15
ROCE (in percentage)	35.42	32.73	32.92	37.13	32.92
Debt - Equity (in times)	0.33	0.21	0.04	0	0

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