

T w e l f t h A n n u a l R e p o r t 2 0 0 2 - 2 0 0 3



BLUE DART



BLUE DART

Solutions for peace of mind

our vision

Our vision

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

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

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Directors

Directors

Directors

Directors

BOARD OF DIRECTORS

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



Left to Right:

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

Management

EXECUTIVE MANAGEMENT

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

AUDITORS

Price Waterhouse

PRINCIPAL BANKERS

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

SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe
DSK Legal

REGISTERED OFFICE

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Mumbai - 400 099
Tel : 28396444
Fax : 28244131 / 28311184
www.bluedart.com

Chairman's statement

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Chairman's statement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Warm regards,

Mumbai,
May 14, 2003

Tushar Jani
Chairman

Financial summary

Financial summary

Financial summary

FINANCIAL SUMMARY OF LAST 5 YEARS

(Rs. in Crores)

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

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