

## LETTER OF OFFER

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of **Blue Dart Express Limited**. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager/ Registrar to the Offer. In case you have sold your equity shares in Blue Dart Express Limited, please hand over this Letter of Offer, the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

### DHL Express (Singapore) Pte. Ltd.

Registered Office : Allen & Gledhill, One Marina Boulevard #28-00, Singapore 018989  
Corporate Office: 600 North Bridge Road, 23rd Floor Parkview Square, Singapore 188778 (Tel: +65 6216-6293 Fax: +65 6216-6610)

along with

### Deutsche Post AG

Person Acting in Concert having its

Registered Office & Corporate Office: Charles-de-Gaulle-Strasse 20, 53113 Bonn, Germany (Tel: +49-228-182 93339 Fax: + 49-228-182 63299)

### MAKES A CASH OFFER AT Rs. 350 (RUPEES THREE HUNDRED AND FIFTY ONLY) PER FULLY PAID-UP EQUITY SHARE

pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations), 1997 and subsequent amendments thereto upto the date of the PA (the "SEBI Takeover Code")

**TO ACQUIRE 4,745,587 FULLY PAID-UP EQUITY SHARES**  
representing 20 % of present issued and voting equity share capital  
of

### Blue Dart Express Limited

Registered Office: Blue Dart Centre, Sahar Airport Road, Andheri (E), Mumbai – 400 099 (Tel: +91 22 2839 6444 Fax: +91 22 2824 4131)

#### Please Note :

- 1) This Offer is being made pursuant to Regulations 10 & 12 of the SEBI Takeover Code.
- 2) The Offer is subject to the approval(s) of the Foreign Investment Promotion Board of India; Ministry of Civil Aviation, Government of India; Reserve Bank of India under the Foreign Exchange Management Act, 1999 for acquiring the shares tendered under the Offer and of the Competition Commission of India under the Competition Act, 2002, if necessary. Please refer to Section 8 of this Letter of Offer for details.
- 3) If the aggregate of the valid response exceeds 4,745,587 equity shares, then DHL Express (Singapore) Pte. Ltd. (the "Acquirer") shall accept the shares equal to the Offer size i.e. 4,745,587 equity shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the SEBI Takeover Code.
- 4) If there is any upward revision in the Offer Price by the Acquirer till the last date of revision i.e. Wednesday, February 9, 2005, or withdrawal of the Offer in terms of the SEBI Takeover Code, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement dated November 11, 2004 had appeared. Such revised offer price would be payable for all the equity shares of Blue Dart Express Limited, tendered anytime during the Offer and accepted under the Offer.
- 5) The procedure for acceptance is set out in Section 9 of this Letter of Offer. A Form of Acceptance cum Acknowledgement and a Form of Withdrawal is enclosed with this Letter of Offer.
- 6) As on the last date for a competitive bid i.e. December 2, 2004, there had been no competitive bid.
- 7) The Public Announcement, Revised Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal would also be available on SEBI's website <http://www.sebi.gov.in>.
- 8) **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Revised Public Announcement / Letter of Offer, can withdraw the same upto three working days prior to the date of closure of the Offer. Requests for such withdrawals should reach the designated collection centres before the close of business hours on Tuesday, February 15, 2005**
- 9) **If there is a competitive bid:**
  - The public offers under all the subsisting bids shall close on the same date.
  - As the offer price cannot be revised during the period after Wednesday, February 9, 2005, it would therefore be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

All future correspondence, if any, should be addressed to the Registrar to the Offer at address mentioned below:

#### MANAGER TO THE OFFER



#### Ambit Corporate Finance Private Limited

449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013  
Contact person: Gautam Gupte / Mayuresh Patwardhan / Kashyap Choksi  
Tel: +91 22 39821819 Fax: +91 22 3982 3020  
Email: [bluedartopenoffer@ambitpte.com](mailto:bluedartopenoffer@ambitpte.com)

#### REGISTRAR TO THE OFFER



**Intime Spectrum Registry Ltd.**  
C-13 Pannalal Silk Mills Compound  
LBS Marg, Bhandup (West)  
Mumbai 400 078  
Contact person: Nikunj Daftary

Tel: +91 22 5555 5454 Fax: +91 22 5555 5353  
Email: [nikunj@intimespectrum.com](mailto:nikunj@intimespectrum.com)

**OFFER OPENS ON: MONDAY, JANUARY 31, 2005**

**OFFER CLOSURES ON: SATURDAY, FEBRUARY 19, 2005**

#### SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER:

Activity	Original schedule		Revised schedule	
	Date	Day	Date	Day
Date of Public Announcement	November 11, 2004	Thursday	November 11, 2004	Thursday
Date of Revised Public Announcement	-	-	January 25, 2005	Tuesday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be posted)	December 3, 2004	Friday	December 3, 2004	Friday
Last date for a competitive bid	December 2, 2004	Thursday	December 2, 2004	Thursday
Last date for completion of dispatch of the Letter of Offer to the shareholders of Blue Dart Express Ltd	December 23, 2004	Thursday	January 27, 2005	Thursday
Date of opening of the Offer	December 31, 2004	Friday	January 31, 2005	Monday
Last date for revising the Offer Price / number of shares	January 10, 2005	Monday	February 9, 2005	Wednesday
Last date for withdrawal by shareholders who have accepted the Offer	January 14, 2005	Friday	February 15, 2005	Tuesday
Date of Closing of the Offer	January 19, 2005	Wednesday	February 19, 2005	Saturday
Last date for communicating rejection/acceptance and payment of consideration for applications accepted and for dispatch of share certificate(s) for the rejected shares / credit of unaccepted demat shares	February 3, 2005	Thursday	March 5, 2005	Saturday

**Attention of the shareholders is invited to the fact that February 19, 2005 being a Saturday, the collection centres would accept tenders upto 1 PM only. Shareholders holding equity shares in demat mode are also advised to check the timing of operation on Saturday with their respective depository participants.**

## RISK FACTORS

- i. Acceptance of the equity shares of Blue Dart Express Limited tendered in the Offer is subject to receipt of the statutory approvals, as mentioned in Section 8 of this Letter of Offer. In the event, any of the required statutory approvals is refused, the Offer would stand withdrawn in terms of the SEBI Takeover Code. For further details, see Section 8 of this Letter of Offer.
- ii. In the event that either (a) a regulatory approval is not received in a timely manner, (b) there is any litigation leading to a stay on the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of Blue Dart Express Limited whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirer may be delayed. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI Takeover Code, SEBI may, if satisfied that the non receipt of approvals was not due to wilful default or negligence on part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. February 15, 2005 shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
- iii. The Acquirer is making this Offer at Rs. 350 per share pursuant to Regulations 10 and 12 of the SEBI Takeover Code, which have been triggered upon the decision to acquire 16,184,957 equity shares in Blue Dart Express Limited. Further, the shares tendered in the Offer will be held in trust by the Registrar to the Offer, till the completion of the Offer formalities. Accordingly, the Acquirer makes no assurance with respect to the market price of the shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders on whether to participate or not to participate in the Offer.
- iv. The Acquirer has not acquired control of Blue Dart Express Limited or any of its subsidiaries and makes no assurance with respect to the financial performance of Blue Dart Express Limited or any of its subsidiaries. The Acquirer makes no assurance with respect to its investment / divestment decisions relating to its proposed shareholding in Blue Dart Express Limited.
- v. As per the Annual Report of DPAG, for the financial year ended December 31, 2003, the Group's contingent liabilities total Euros 1,642 million [Rs.953,345 Lacs] (previous year: Euros 1,671 million [Rs.970,183 Lacs])

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of Blue Dart Express Limited or its subsidiaries or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of Blue Dart Express Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

**TABLE OF CONTENTS**

1	DEFINITIONS .....	4
2	DISCLAIMER CLAUSE .....	5
3	DETAILS OF THE OFFER .....	5
4	BACKGROUND OF THE ACQUIRER AND THE PAC .....	9
5	DISCLOSURE IN TERMS OF REGULATION 21(3) .....	25
6	BACKGROUND OF BLUE DART EXPRESS LIMITED .....	25
7	OFFER PRICE AND FINANCIAL ARRANGEMENTS .....	35
8	TERMS AND CONDITIONS OF OFFER .....	37
9	PROCEDURE FOR ACCEPTANCE AND SETTLEMENT .....	39
10	DOCUMENTS FOR INSPECTION .....	42
11	DECLARATION BY THE ACQUIRER AND THE PAC .....	43

**1 DEFINITIONS**

Acquirer / DHLSG	DHL Express (Singapore) Pte. Ltd.
Ambit	Ambit Corporate Finance Pvt. Ltd.
BDAL	Blue Dart Aviation Limited
BDCSPL	Blue Dart Courier Service Private Limited
BDEL / the Target Company	Blue Dart Express Limited
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services Limited
DP	Depository Participant
DPAG	Deutsche Post AG
Eligible Person(s) for the Offer	All owners (registered or unregistered) of equity shares of BDEL (other than Acquirer and other parties to the SPAs & SLA) anytime before the closure of the Offer
EU	The European Union
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board of India
Form of Acceptance /FOA	Form of Acceptance cum Acknowledgement
FOW	Form of Withdrawal
Letter of Offer / LOO / LOF	this Letter of Offer
Manager/ Manager to the Offer	Ambit Corporate Finance Pvt. Ltd.
MCA	Ministry of Civil Aviation, Government of India
Mm / Mn / mn	Million
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer	Open offer for acquisition of 4,745,587 fully paid-up equity shares of face value of Rs.10/- each, representing 20 % of the voting share capital of BDEL at a price of Rs.350 per fully paid-up equity share
Offer Price	Rs.350 (Rupees Three Hundred and Fifty only) per fully paid-up equity share of Rs.10
Promoters / Promoter Group	Tushar K. Jani, Khushroo Dubash, Clyde Cooper, Blue Dart Courier Service Private Limited and persons acting in concert with them - together holding 12,151,552 Shares constituting 51.21% of the issued and voting capital of BDEL. Details are given in paragraph 6.16 of this LOO.
Public Announcement/ PA	Announcement of the Offer made by the Acquirer and the PAC on November 11, 2004
PAC	Person Acting in Concert i.e. DPAG
RBI	Reserve Bank of India
Registrar/ Registrar to Offer	Intime Spectrum Registry Limited
Revised Public Announcement	The revised public announcement dated January 25, 2005
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto upto the date of the PA
Sellers under the SPAs	Promoters Group (excluding the seller under the SLA) and Newfields Holdings Limited, Mauritius
Share(s)	Fully paid-up equity shares of face value of Rs.10/- each of BDEL
SLA	Seller Letter Agreement. This constitutes the letter dated November 6, 2004 from Mrs Nalini Tushar Jani, who holds 14,806 Shares of BDEL under her maiden name Nalini Vishindas Vazirani, informing the Acquirer of her intention to sell her entire holding of 14,806 Shares in BDEL to the Acquirer at time of acquisition of shares under the SPAs by the Acquirer, at the same price as the price at which the Sellers under the SPAs sell their shares to the Acquirer.
SPAs	The following two definitive Share Purchase Agreements entered into between: I. The Acquirer and the Promoter Group (excluding the Shares under the SLA) for 12,136,746 Shares of BDEL II. The Acquirer and Newfields Holdings Limited, Mauritius for 4,033,405 Shares of BDEL
Specified Date	Friday, December 3, 2004

## 2 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF BLUE DART EXPRESS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, AMBIT CORPORATE FINANCE PVT LTD, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 25, 2004 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

## 3 DETAILS OF THE OFFER

### 3.1 Background of the Offer

3.1.1 DHL Express (Singapore) Pte. Ltd., a private company limited by shares registered in the Republic of Singapore with the Registrar of Companies and Businesses, Singapore, is making an offer to the public shareholders of BDEL to acquire up to 4,745,587 fully paid-up Shares of Rs.10 each, representing 20% of the issued and voting equity capital of BDEL at a price of Rs.350 (Rupees Three Hundred and Fifty only) per Share, payable in cash and subject to the terms and conditions mentioned hereinafter.

3.1.2 Deutsche Post AG is a person acting in concert with DHL SG as per the provisions of Regulation 2(1)(e)(1) of the SEBI Takeover Code.

Due to the operation of Regulation 2(1)(e)(2) of the SEBI Takeover Code, there could be other persons who would be deemed to be acting in concert. However, they are not acting in concert for the purposes of this Offer.

3.1.3 This Offer and the acquisition in terms of the SPAs and the SLA, after the completion of the Offer would result in a change in control of BDEL. This Offer is being made in compliance with Regulation 10 and Regulation 12 of the SEBI Takeover Code.

3.1.4 On November 6, 2004 the Acquirer has decided to acquire 16,184,957 Shares of the Target Company, representing 68.21% of the issued and voting capital of the Target Company at a cash price of Rs. 350 per Share from existing shareholders. This includes the entire shareholding of the present Promoter Group consisting of 12,151,552 shares representing 51.21% of the present voting capital of BDEL through an SPA and the SLA. In addition, 4,033,405 Shares representing 17.00% of the present voting capital of BDEL are being acquired from Newfields Holdings Limited - a financial investor.

3.1.5 The proposed acquisition is through the following agreements which have been entered into on November 6, 2004

3.1.5.1 **A definitive Share Purchase Agreement with the Promoter Group, as follows:**

Name of the seller	Shares held on the date of agreement	Shares agreed to be sold	Contact details (Address, Tel, Fax) *
Tushar K. Jani	1,116,900	1,116,900	201, Navrattan Building, 69, P.D'Mello Road, Mumbai - 400 009, Tel: (022) 2342 0261 Fax:(022) 2342 2233
Tushar K. Jani HUF	434,000	434,000	
Bhairavi T. Jani	687,520	687,520	
Anjani T. Jani	234,984	234,984	
Ashok K. Jani	1,000	1,000	
Ashok K. Jani - HUF	156,996	156,996	
Kokila A. Jani	156,784	156,784	
Hiral A. Jani	157,386	157,386	
Nilay A. Jani	469,920	469,920	
Rajiv J. Bhatt	183,140	183,140	
Premila J. Bhatt	174,106	174,106	
Charu K. Jani	92,580	92,580	
Harsha K. Jani	91,580	91,580	
Khushroo Dubash	2,357,745	2,357,745	
Shirin Dubash	470,884	470,884	Tel: (022) 2636 2843 Fax: (022) 2831 1454
Natasha Dubash	942,521	942,521	1502, Le-Papeyon, Mount Mary Road, Bandra (West), Mumbai - 400 050
Clyde Cooper	39,38,700	39,38,700	Tel: (022) 2839 6444 Fax: (022) 2831 1454
Blue Dart Courier Service Pvt. Limited	470,000	470,000	Blue Dart Centre, Sahar Airport Road, Andheri (E), Mumbai - 400 099
			Tel: (022) 2839 6444 Fax: (022) 2831 1454
<b>Total</b>	<b>12,136,746</b> <b>(51.15% of the total voting rights in BDEL)</b>	<b>12,136,746</b> <b>(51.15% of the total voting rights in BDEL)</b>	

\* as made available by BDEL

The above sellers are part of the Promoter Group of the Target Company.

3.1.5.2 A definitive Share Purchase Agreement with Newfields Holdings Limited, Mauritius [Contact address, as made available by BDEL: c/o Desai & Diwanji, Advocates, Lentin Chambers, Dalal Street, Mumbai 400 023, Tel - (022) 2265 1682, Fax - (022) 2265 8245], for acquiring 4,033,405 shares (representing 17.00% of the total voting rights in BDEL). Newfields Holdings Limited held 4,951,598 shares (representing 20.87% of the total voting rights in BDEL) as on the date of the agreement.

Newfields Holdings Limited is a company incorporated in Mauritius and is wholly owned by Asia Pacific Fund II - a direct investment fund advised by Schroder Capital Partners Limited.

3.1.5.3 In addition to the above mentioned two definitive share purchase agreements, the Acquirer also received a letter dated November 6, 2004 (the "Seller Letter Agreement") from Mrs Nalini Tushar Jani [Contact address, as made available by BDEL: 152, Sindhi Society, Shewa Sadan, Chembur, Mumbai - 400 071, Tel (022) 2522 7871, Fax - (022) 2342 2233], who holds 14,806 equity shares of BDEL under her maiden name Nalini Vishindas Vazirani, informing the Acquirer of her intention to sell her entire holding of 14,806 shares in BDEL to the Acquirer at time of acquisition of shares under the SPAs by the Acquirer, at the same price as the price at which the Sellers under the SPAs sell their shares to the Acquirer. Mrs Jani is part of the Promoter Group of the Target Company. The Acquirer has decided to acquire the 14,806 Shares held by Mrs Jani (representing 0.06% of the total voting rights in BDEL), at the time of acquisition of Shares proposed to be transferred under the SPAs.

3.1.6 The sale and purchase of shares and the payment of purchase price shall take place upon fulfillment of conditions mentioned in the SPAs, including completion of this Offer, as per provisions of the SEBI Takeover Code.

3.1.7 A brief summary of the major terms, which are common, to the SPAs, is as follows. Kindly note that this is not an exact reproduction of the SPA clauses.

- The Acquirer has agreed to acquire the equity shares of BDEL to the extent disclosed at a cash price of Rs. 350 per share. This price shall be fixed and firm and shall not be subject to escalation or price adjustment.
- The Acquirer has provided a corporate guarantee from DHL Worldwide Express B.V, the Netherlands, to secure the payment of purchase price payable under the SPAs to the selling shareholders under the SPAs.
- The selling shareholders under the SPAs shall exercise their voting rights to vote on resolutions to the effect that the Target Company and its subsidiaries shall do such acts as are necessary to in relation to this Offer.
- In view of the regulatory restriction on foreign investment in Indian domestic airlines, it is proposed that BDEL will disinvest upto 100% shares of its subsidiary, BDAL, in favour of its founders/promoters Mr. Tushar Jani and Mr. Khushroo Dubash, or such other person as may be identified. Presently, the Foreign Investment Policy in the domestic air transport sector limits the foreign equity participation to 40%. Pursuant to a cabinet decision to revise this limit to 49%, a formal notification is awaited. In conformity with the extant provisions, it is proposed that BDEL divests upto 100% of the issued equity capital of BDAL such that the BDEL holds not more than 40%/49% in BDAL, as may be permitted in law. It is proposed that the approval of shareholders of BDEL will be sought for divesting upto 100% of BDAL to give flexibility in the event change in structure is desired due to regulatory constraints. The selling shareholders have also agreed to vote in favour of the shareholders' resolution for sale of upto 100% shares of BDAL.
- Before the acquisition of shares under the SPAs, BDEL should have passed the necessary shareholders resolutions for approving the sale of upto 100 % shareholding of Blue Dart Aviation Limited to Mr Tushar Jani and Mr Khushroo Dubash (including members of their respective groups), at fair value or above, and entered into a shareholders agreement with the persons to whom the shares would be sold.
- Under the SPAs and subject to the exceptions specified therein, Clyde Cooper, Tushar Jani, Khushroo Dubash and Newfields Holdings Limited will not for a period of 3 years from the date of transfer of shares agreed to be sold under the SPAs, directly or indirectly engage in or receive any financial benefit from any activity which is similar to or is competing with the activities of BDEL in India without consent of the Acquirer. This specifically excludes any restriction on passive minority investments and on family members.
- After March 31, 2005, if purchase and sale of shares has not taken place and if SEBI has directed payment of interest to the public shareholders under the Offer, the Acquirer would also pay the interest to the selling shareholders, at the rate payable to the public shareholders.
- Pursuant to Regulation 22(16) of the SEBI Takeover Code, the parties to SPAs agree and acknowledge that in case of non-compliance of any provisions of Regulation 22 of the SEBI Takeover Code by the parties, the SPAs shall not be acted upon by the parties.
- The SPAs shall automatically stand terminated without any further act of the parties to the SPAs on June 30, 2005 if closing of the purchase and sale of the shares under the SPAs has not occurred till then for any reason whatsoever. The SPAs are also terminable upon the occurrence of certain events including the following: mutual written consent of the parties, breach of any warranty, covenants or agreements as provided in the SPAs, any order or action by any Governmental authority restraining / prohibiting the consummation of the transactions contemplated by the SPAs, bankruptcy, insolvency etc of the parties, SEBI in any way restricting the Acquirer from making and completing the Open Offer, execution or consummation of an Alternative Transaction as defined in the SPAs. The right to terminate is with the Acquirer on occurrence of some of the events mentioned herein and with the sellers on occurrence of other events mentioned herein.
- The share purchase agreement with the Indian promoter group provides that it shall be terminated by DHLSG in case of expiry or termination of the share purchase agreement with Newfields Holdings Limited, Mauritius.
- The share purchase agreement with Newfields Holdings Limited, Mauritius provides that it shall be terminated by DHLSG in case of expiry or termination of the share purchase agreement with the Indian promoters. The share purchase agreement with Newfields Holdings Limited also provides that the subscription agreement dated December 11, 1996 entered into between Newfields Holdings Limited and BDEL shall cease and terminate upon acquisition of shares by the Acquirer under the SPAs.

3.1.8 The following material related documents have also been entered into in relation to the proposed acquisition transaction:

**Joint understanding between the Sellers under the SPAs and the Acquirer**

- The Sellers under the SPAs and the Acquirer have also agreed that the aggregate liability of the Sellers under the SPAs shall be limited to Euros 10 million. Likewise the aggregate liability of the Acquirer shall be limited to Euros 10 million. However, in case of bad faith there is no limit on the liability.
- It is also agreed that in case the outlay required for purchase of shareholding of BDAL by Mr Tushar Jani and Mr Khushroo Dubash exceeds Rs 45 crores, then they will have the first right to acquire such additional shares for a value in excess of Rs 45 crores. In the event they do not agree to acquire such additional shares of BDAL, the responsibility of finding a buyer, before the closure of the Offer, would be that of the Acquirer.

**Acquirer's undertaking to make good losses, if any, suffered by BDEL**

- In case of failure to consummate the proposed transaction, the Acquirer has agreed to make good the tangible loss / damage suffered by BDEL, subject to a limit of Euros 10 million. This limit will not apply in the event of bad faith on the part of the Acquirer.

**Acquirer's undertaking to ensure continued employment of the Managing Director, Mr Clyde Cooper with BDEL**

- The Acquirer has agreed that since the continued employment of the Managing Director, Mr Clyde Cooper, is a key element of the success of BDEL, after successful completion of the acquisition process, it will use its vote to ensure that the Target Company offers a retention agreement to the Managing Director, Mr Clyde Cooper, in an amount of Rs 68 million.

3.1.9 The Acquirer and the PAC did not hold any Shares in BDEL as of the date of the PA. The Manager to the Offer also did not hold any Shares in BDEL as on the date of the PA.

3.1.10 Neither the Acquirer nor the PAC or their directors have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act.

3.1.11 The applicable provisions of Chapter II of the SEBI Takeover Code have been complied by the Acquirer. The provisions are not applicable to the PAC.

3.1.12 The Acquirer reserves the right to seek reconstitution of the Board of Directors of the Target Company, in accordance with the provisions contained in the SEBI Takeover Code and the Companies Act, 1956.

**3.2 Details of the offer**

3.2.1 The Public Announcement dated November 11, 2004 was made in the following newspapers, in accordance with Regulation 15 of the SEBI Takeover Code:

Publication	Language	Editions
The Economic Times	English	All editions
Navbharat Times	Hindi	All editions
Maharashtra Times	Marathi	Mumbai

The Revised Public Announcement dated January 25, 2005 would also appear in the above newspapers.

(The Public Announcement as well as the Revised Public Announcement would be available at the SEBI website: [www.sebi.gov.in](http://www.sebi.gov.in))

3.2.2 The Offer is for acquisition of upto 4,745,587 Shares (representing 20% of present issued and voting equity share capital of BDEL) from the shareholders of BDEL (other than the Sellers under the SPAs and SLA). If the number of Shares offered by the shareholders are more than the Offer size of 4,745,587 Shares, then the acquisition from each shareholder will be as per Regulation 21(6) of the SEBI Takeover Code, on a proportional basis. The minimum marketable lot for the purposes of acceptance, for both physical and demat Shares would be one Share. The Acquirer and the PAC have not acquired any Shares since the date of the Public Announcement upto the date of this Letter of Offer.

3.2.3 The Offer is not conditional on any minimum level of acceptance by the shareholders.

**3.3 Object of the Offer and Acquirer's Future Plans for BDEL**

3.3.1 This Offer is being made in compliance with Regulation 10 and Regulation 12 of the SEBI Takeover Code, for the purposes of substantial acquisition of equity shares and / or voting rights accompanied with change in control and management of BDEL thereby enabling DHLSG to exercise control over BDEL, inter-alia, through the right to appoint directors or through control over management or policy decisions, by virtue of their shareholding. The Acquirer reserves the right to seek reconstitution of the Board of Directors of the Target Company, in accordance with the provisions contained in the SEBI Takeover Code and the Companies Act, 1956. It is intended that Mr. Clyde Cooper will continue to be the Managing Director of the Target Company. Other key employees may also be retained, on such terms and conditions as may be agreed upon. The Acquirer may also consider changing the name of the Target Company at a later date.

3.3.2 DHLSG may, if advised, in the ordinary course of business of the Target Company and / or to the extent required for the purposes of any arrangement / reconstruction, restructuring, merger / demerger, and/or streamlining of various operations, assets, liabilities, businesses or otherwise of BDEL and/or its subsidiaries, dispose off or otherwise encumber any assets of the Target Company. Such decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time. The Acquirer will evaluate and consider such proposals and may, if appropriate, support the same. As disclosed in paragraph 3.1.7 of this LOO, it is intended that part or whole of the holding of BDEL in BDAL would be divested to Mr. Tushar Jani and Mr. Khushroo Dubash



(including members of their respective groups) to enable the Acquirer to hold controlling stake in BDEL, subject to BDEL shareholders' approval. The Acquirer understands that BDEL and the persons acquiring the BDAL shares would have a mutual put and call option on the transferred shares, exercisable subject to receipt of regulatory permissions. It will be the responsibility of the Board of Directors of BDEL to make appropriate decisions in these matters in accordance with the business requirements and in line with opportunities or changes in the economic scenario, from time to time. After completion of the Offer, the Acquirer may evaluate options for further consolidation of its shareholding in BDEL subject to applicable laws. Such consolidation may result in delisting of the equity shares of BDEL.

- 3.3.3 The Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of BDEL except with the prior approval of the shareholders of BDEL.
- 3.3.4 DHL Express (India) Private Limited ("DHL India") entered into an International Express Services Agreement with BDEL, on September 18, 2002, pursuant to which, effective October 1, 2002, BDEL has been availing of DHL's Global Express Network for all of BDEL's outbound international express consignments. The term of the Agreement is for 5 years, and the agreement only relates to outbound international consignments. There is no co-branding relationship under the Agreement, and the parties act on a principal to principal, arms length basis. The domestic business of BDEL is different from the international express business of DHL India, and accordingly, the Acquirer has no immediate plans for integration of the two businesses. The Acquirer and PAC believe that due to the complimentary nature of the two businesses, there should be no, or only marginal impact on either the market share or the capacity utilization of DHL India.
- 3.3.5 During the Offer period the Acquirer may purchase additional equity shares of BDEL in accordance with the SEBI Takeover Code, subject to availability of necessary approvals. Such acquisitions, if any, by the Acquirer / PAC would be limited to 400,000 Shares representing 1.69% of the present issued and voting share capital of BDEL.

#### **4 BACKGROUND OF THE ACQUIRER AND THE PAC**

##### **4.1 Details of the Acquirer and PAC**

##### **4.1.1 Details of DHLSG, the Acquirer**

- 4.1.1.1 DHL Express (Singapore) Pte. Ltd. is a private company, limited by shares registered in the Republic of Singapore with the Registrar of Companies and Businesses, Singapore. The registration number of the company is 197700524Z. The registered office of the company is situated at Allen & Gledhill, One Marina Boulevard #28-00, Singapore 018989. The corporate office is situated at 600 North Bridge Road, 23rd Floor Parkview Square, Singapore 188778.
- 4.1.1.2 The company was incorporated on March 14, 1977 under the Companies Act, CAP, 185 with the name DHL Courier Service (S) Pte. Ltd. The name of the company was changed to DHL International (Singapore) Pte. Ltd. on June 10, 1983 and was further changed to DHL Express (Singapore) Pte. Ltd. on September 2, 2004.
- 4.1.1.3 The principal activities of DHLSG consist of the provision of international document, parcel and airfreight delivery services offering Time Definite and Express Logistics services. In providing these services, DHLSG utilizes the International Transportation Network operated by DHL Operations BV. The use of the DHL Network by DHLSG is governed by the terms of an operating agreement which DHLSG has entered into with DHL Operations BV.
- 4.1.1.4 The entire issued and paid up equity share capital of DHLSG consists of 500,000 ordinary shares of Singapore Dollar 1 each which are owned by DHL Danzas Management (Asia Pacific) Pte. Ltd. (previously known as Danzas Asia Pacific Management Pte. Ltd.).

4.1.1.5 The board of directors of DHL Express (Singapore) Pte. Ltd. as on the date of the Public Announcement, was as follows:

Name	Appointment Date	Qualification	Experience	Residential Address
Bryan Ross Jamison*	April 28, 2003	Bryan graduated from Ashburton College, New Zealand	<p>Bryan is a seasoned professional in the air express industry. His career with DHL spans close to two decades, bringing with him a wealth of experience and expertise acquired at various positions across the DHL global network.</p> <p>Bryan joined DHL in 1984 as Area Sales Manager for the Gulf States of the Middle East. He then became Operations Manager for DHL Saudi Arabia, and was subsequently promoted to General Manager for DHL Turkey.</p> <p>In 1993, Bryan was appointed as General Manager for DHL Malaysia and Brunei, where he was instrumental in steering the company to achieve leadership in the two countries. He spearheaded developments in Malaysia and Brunei including infrastructure developments and the adoption of leading-edge information technology.</p> <p>In January 1998, Bryan was appointed Area Director for DHL ASEAN, which comprised of Indonesia, Malaysia, Singapore and Thailand. Three years later in January 2001 he was promoted to Area Director for South East Asia with responsibility for sixteen countries spanning from India and Pakistan in the west of Asia to the Philippines and Indonesia in the east.</p>	65 Jalan Lim Tai See Singapore 268397
Christian Oliver Gritz	April 28, 2003	Christian holds university degrees in financial economics and logistics and has completed an MBA degree from the International Institute for Management Development (IMD) in Lausanne, Switzerland	<p>Christian is the Chief Financial Officer for DHL in the Asia Pacific. Based in the Regional Office in Singapore, he is responsible for finance and controlling of DHL in Asia Pacific.</p> <p>Mr Gritz joined the former Danzas in 1992. Prior to his assignment in the Asia Pacific, he worked as Executive Vice President and Chief Financial Officer of the former Danzas in North America in Seattle, USA. His other assignments included senior</p>	12 Tanglin Walk Singapore 247881

			management positions in Hong Kong and in Basel, Switzerland. In addition, he was responsible for the financial integration of the former Danzas and AEI in the Asia Pacific, a project he spearheaded to successful completion in 2001.	
Yasmin Binti Aladad Khan	April 15, 2003	Yasmin is a graduate of the University of Aston, Birmingham, England. Yasmin holds a Masters of Business and Administration	<p>Yasmin is responsible for maintaining DHL Express' market leadership in Singapore and leading the company in the highly challenging areas of technology, e-commerce and supply-chain management. Prior to heading DHL Express Singapore, Yasmin was the General Manager for DHL Express Malaysia where she was responsible for the overall running of all DHL Express operations in Malaysia.</p> <p>Yasmin brings with her a wealth of experience in managing business in Asia. Her former positions include Vice President at Chase Bank and Chief Operating Officer of General Electric International Operations Inc. Thailand. Yasmin also has international exposure at General Electric Company in Malaysia, Thailand and Hong Kong.</p>	151 Stevens Road #11-07 The Equatorial Singapore 257872
Poh Eng Seng*	April 28, 2003	S.M. (Civil, Transportation), 1980, Massachusetts Institute of Technology, USA. B. Eng (Civil Engineering), 1976, University of Singapore. P.E. (Civil Engineering), Singapore Professional Engineers Board	Poh Eng Seng is Business Planning and Development Director - Greater China & Korea, DHL Express Asia Pacific	613A Upper Changi Road Singapore 487026

\* Poh Eng Seng and Bryan Ross Jamison have resigned from the board of directors of DHL SG with effect from November 30, 2004 and January 12, 2005 respectively. Scott Price has joined the board of directors of DHL SG with effect from January 13, 2005.

4.1.1.6 None of the above directors are on the Board of Directors of the Target Company.

4.1.1.7 None of the Directors of DHL SG have acquired any Shares of BDEL during the preceding 12 months.

4.1.1.8 The shares of DHL SG are not listed on any stock exchanges.

## 4.1.1.9 Key financials of DHL SG

INCOME STATEMENT	Six months ended		Year ended					
	30-Jun-04 Certified		31-Dec-03 Audited		31-Dec-02 Audited		31-Dec-01 Audited	
	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)
Sales	1,125.17	29,347.92	2,050.94	53,494.92	1,745.88	45,538.04	1,573.33	41,037.29
Cost of Sales	(649.40)	(16,938.46)	(1,059.33)	(27,630.71)	(1,049.93)	(27,385.40)	(1,077.47)	(28,103.88)
<b>Gross Profit</b>	<b>475.77</b>	<b>12,409.46</b>	<b>991.61</b>	<b>25,864.21</b>	<b>695.95</b>	<b>18,152.64</b>	<b>495.85</b>	<b>12,933.41</b>
Other Operating Income	6.45	168.21	13.62	355.32	15.10	393.74	20.59	537.06
Administrative expenses	(423.45)	(11,044.95)	(935.33)	(24,396.23)	(607.07)	(15,834.27)	(444.54)	(11,594.94)
Other Operating Expenses	(10.97)	(286.02)	(34.94)	(911.25)	(53.39)	(1,392.48)	(29.98)	(781.95)
<b>Profit from Operations</b>	<b>47.80</b>	<b>1,246.70</b>	<b>34.97</b>	<b>912.04</b>	<b>50.59</b>	<b>1,319.64</b>	<b>41.93</b>	<b>1,093.58</b>
Finance income / (costs) - net	0.15	3.79	0.09	2.44	(0.54)	(14.15)	(0.79)	(20.59)
<b>Profit Before Tax</b>	<b>47.94</b>	<b>1,250.49</b>	<b>35.06</b>	<b>914.47</b>	<b>50.05</b>	<b>1,305.49</b>	<b>41.14</b>	<b>1,072.99</b>
Tax	(9.35)	(243.88)	(18.12)	(472.61)	(7.43)	(193.81)	(9.00)	(234.75)
<b>Net Profit</b>	<b>38.59</b>	<b>1,006.61</b>	<b>16.94</b>	<b>441.86</b>	<b>42.62</b>	<b>1,111.68</b>	<b>32.14</b>	<b>838.24</b>

BALANCE SHEET	As of							
	30-Jun-04 Certified		31-Dec-03 Audited		31-Dec-02 Audited		31-Dec-01 Audited	
	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)
<b>SOURCES OF FUNDS</b>								
Share Capital	5.00	130.42	5.00	130.42	5.00	130.42	5.00	130.42
Retained Profits	207.62	5,415.33	169.03	4,408.72	152.09	3,966.86	239.46	6,245.98
Shareholders Equity	212.62	5,545.74	174.03	4,539.13	157.09	4,097.28	244.46	6,376.40
Borrowings	62.57	1,631.90	62.25	1,623.57	0.76	19.86	-	-
Current Liabilities:								
Trade and other payables	608.90	15,881.97	698.55	18,220.43	518.98	13,536.53	519.34	13,546.01
Obligations under finance leases	-	-	-	-	-	-	-	-
Provision for taxation	20.61	537.62	24.76	645.90	26.26	684.98	21.17	552.14
Borrowings	2.55	66.41	2.34	61.11	61.41	1,601.72	-	-
Provision for contingencies	-	-	-	-	-	-	5.14	134.09
Deferred Tax Liability	-	-	-	-	-	-	2.07	54.06
<b>Total</b>	<b>907.24</b>	<b>23,663.64</b>	<b>961.93</b>	<b>25,090.15</b>	<b>764.49</b>	<b>19,940.37</b>	<b>792.19</b>	<b>20,662.69</b>

BALANCE SHEET	As of							
	30-Jun-04 Certified		31-Dec-03 Audited		31-Dec-02 Audited		31-Dec-01 Audited	
	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)	(SG \$ Lacs)	(Rs. Lacs)
<b>APPLICATIONS OF FUNDS</b>								
Current Assets:								
Cash and Cash equivalents	217.85	5,682.25	289.17	7,542.57	73.61	1,919.97	74.53	1,943.91
Trade and other receivables	473.43	12,348.53	466.55	12,168.99	504.86	13,168.25	509.10	13,278.98
Non-current assets:								
Long Term Investments	0.00	0.03	0.00	0.03	0.00	0.03	0.67	17.39
Transferable club membership, at cost	3.39	88.30	3.39	88.30	3.24	84.39	-	-
Property, Plant & Equipment	212.57	5,544.54	201.97	5,268.09	178.56	4,657.35	207.89	5,422.41
Deferred Tax Asset	-	-	0.85	22.17	4.23	110.38	-	-
<b>Total</b>	<b>907.24</b>	<b>23,663.64</b>	<b>961.93</b>	<b>25,090.15</b>	<b>764.49</b>	<b>19,940.37</b>	<b>792.19</b>	<b>20,662.69</b>

OTHER FINANCIAL DATA	30-Jun-04 Certified		31-Dec-03 Audited		31-Dec-02 Audited		31-Dec-01 Audited	
	(SG \$)	(Rs.)	(SG \$)	(Rs.)	(SG \$)	(Rs.)	(SG \$)	(Rs.)
Dividend per share	-	-	-	-	26	678.16	-	-
Earnings per share ("EPS")	7.72	201.32	3.39	88.37	8.52	222.34	6.43	167.65
Return on Net Worth (%)	18.15%		9.73%		27.13%		13.15%	
Book Value per share	42.52	1,109.15	34.81	907.83	31.42	819.46	48.89	1,275.28

Note:

- (1)  $EPS = \text{Profit After Tax} / \text{No. of shares outstanding}$
- (2)  $\text{Return on Net Worth} = \text{Profit after Tax} / \text{Net Worth at year-end}$
- (3)  $\text{Book Value per share} = \text{Net Worth} / \text{No. of shares outstanding}$
- (4)  $\text{Net Worth} = \text{Share Capital} + \text{Retained Profits}$

(Source: Annual Report & Company Data)

Reference rate: One SGD = Rs. 26.0831 for November 6, 2004; Source:www.dbs.com

4.1.1.10 The summarised significant accounting policies of DHLSG, as per the audited financial statements for the year ended December 31, 2003, are as follows:

- (a) Effect of changes in Singapore Companies Legislation: Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from the financial year commencing on or after 1 January 2003, Singapore-incorporated companies are required to prepare and present their statutory accounts in accordance with the Singapore Financial Reporting Standards ("FRS"). Hence, these financial statements, including the comparative figures, have been prepared in accordance with FRS. Previously, the company prepared its statutory accounts in accordance with Singapore Statements of Accounting Standard. The adoption of FRS does not have material impact on the accounting policies and figures presented in the statutory accounts for financial year ended 31 December 2002.
- (b) Basis of preparation: These financial statements of DHLSG have been prepared under the historical cost convention.
- (c) Revenue recognition: Service fee revenue comprises invoiced value for the services, net of goods and services tax and trade discounts. Service fee revenue is recognised when services are rendered and invoices are raised. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Interest income is accrued on a day to day basis.
- (d) Trade receivables: Trade receivables are stated at original invoice amount less allowance made for doubtful receivables based on a review of all outstanding amounts at the year end. An allowance for doubtful receivables is made when there is objective evidence that the company will not be able to collect all amounts due according to original terms of receivables. Bad debts are written off when identified.
- (e) Investments: Investments that are intended to be held for the long term, are stated in the financial statements at cost and an allowance for diminution is made where, in the opinion of the directors, there is a decline in the value of such investments. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is taken to the income statement.
- (f) Property, plant and equipment: All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis to write off the cost of property, plant and equipment over their expected useful lives. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/loss from operations. Fully depreciated assets are retained in the financial statements until they are no longer in use.
- (g) Deferred income taxes: Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
- (h) Finance Leases: Leases of property, plant and equipment where the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.
- (i) Operating leases: Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.
- (j) Provisions: Provisions are recognised when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.
- (k) Restructuring: Restructuring provisions mainly comprise lease termination penalties and employee termination payments, and are recognised in the period in which the company becomes legally or constructively committed to payment.

4.1.1.11 Comparison of results: Sales for the year ending on December 31, 2003 increased by approximately 17% as compared to the previous year ending on December 31, 2002. The Cost of Sales for the same period showed a marginal increase of approximately 1%. This was because of the move towards a full cost transfer pricing approach that commenced in 2003 which altered the costing basis. However, administrative expenses for the same period in-

creased by approximately 54% from both increased marketing activity as well as the combination of the logistics business unit into the Singapore operation in early 2004. Consequently, the profit from operations showed a decline of approximately 31%. The decline was followed by increase in tax by approximately 144% which is the result of over provisions for 2001 that were written back in the 2002 financial year. Consequently, the net profit for the period showed a decline of approximately 60%.

4.1.1.12 According to the financial statements for the year ended December 31, 2003, DHL SG does not have any contingent liability.

#### 4.1.2 Details of DPAG, the PAC

4.1.2.1 Deutsche Post AG (www.dpwn.com) is a company incorporated under the laws of Germany. The registered and business office of DPAG is situated at Charles-de-Gaulle-Strasse 20, 53113 Bonn, Germany.

4.1.2.2 DPAG is the ultimate holding company of DHL SG. DPAG holds 100% shareholding of DHL SG, through four intermediate wholly owned subsidiaries. 100% of the share capital of DHL SG is owned by DHL Danzas Management (Asia Pacific) Pte. Ltd., Singapore which is a 100% subsidiary of Danzas Holding AG, Switzerland ("DHAG, Switzerland"). DHAG, Switzerland is a 100% subsidiary of Deutsche Post International B.V., the Netherlands which is a 100% subsidiary of Deutsche Post Beteiligung Holding GmbH, Germany - a 100% subsidiary of Deutsche Post AG.

4.1.2.3 DPAG is part of the "Deutsche Post World Net" group which has its service lines, structured as four corporate divisions - mail, express, logistics and financial services. Deutsche Post World Net operations are spread across many countries internationally. The mail services division operates under the brand name "Deutsche Post" and is responsible for the Group's domestic mail activities in Germany. The express and logistics services are offered under the brand name "DHL". The express services division mainly caters to transport of documents and packages between 200 gms and 20 kgs. The financial services are offered in Germany under the brand "Postbank" and mainly consist of retail banking services.

4.1.2.4 The company was initially operating as Deutsche Bundespost (German Federal Post Office), a special asset of the Federal Republic. The Deutsche Bundespost was split into three companies in 1989 - Deutsche Bundespost POSTDIENST, Deutsche Bundespost POSTBANK and the Deutsche Bundespost TELEKOM. Under the Act for the Conversion of the German Federal Post Office into a Corporation (Gesetz zur Umwandlung der Unternehmen der Deutschen Bundespost in die Rechtsform der Aktiengesellschaft) of September 14, 1994, the Deutsche Bundespost POSTDIENST was reorganized into a "Aktiengesellschaft" company according to German law at December 14, 1994 and renamed Deutsche Post AG on December 20, 1994. The company was entered in the Commercial Register in the Municipal Court of Bonn under the registration number HRB 6792 on January 2, 1995.

4.1.2.5 Shares of DPAG are listed on all German stock exchanges. The quoted price of DPAG share was Euros 15.66 on November 5, 2004 at the Frankfurt Stock Exchange. As on December 31, 2003 the Federal Republic of Germany owned 20% shares of DPAG, Kreditanstalt für Wiederaufbau Bankengruppe (80% owned by Federal Republic of Germany) owned another 42.6%. The remaining shares were held by institutional shareholders (27.6%) and retail public (9.8%).

4.1.2.6 Corporate Governance compliance: On December 19, 2003, Deutsche Post AG issued its second Declaration of Conformity based on the German Corporate Governance Code, which states: *"After the resolution by the Annual General Meeting on June 5, 2003 on the modification of the compensation of the Supervisory Board established the necessary preconditions, the Board of Management and the Supervisory Board of Deutsche Post AG complied in full in fiscal year 2003 with the recommendations of the German Corporate Governance Code in the versions dated February 26, 2002/November 7, 2002, respectively, and will continue to do so up to the end of the fiscal year. Starting on January 1, 2004, the Board of Management and the Supervisory Board of Deutsche Post AG will comply with all recommendations of the German Corporate Governance Code in the version dated May 21, 2003."*

4.1.2.7 Following are the material litigations involving DPAG:

- On October 20, 2004, the European Commission announced that it had ruled against the Federal Republic of Germany, finding that relevant provisions of the German Postal Act are not consistent with EU law. This ruling related to downstream access to Deutsche Post's networks by mail consolidators. Additional to this, the German Federal Antitrust Authority has initiated proceedings against Deutsche Post AG, and is expected to rule shortly that Deutsche Post AG is required to grant mail consolidators downstream access to its networks. If the rulings result in such an obligation, this could lead to revenue losses for DPAG in each of the coming years.
- Further, pending before the European Commission are competition proceedings, in which Deutsche Post is accused of charging excessive letter rates.
- DPAG is also contesting allegations before the European Commission that it allows Deutsche Postbank AG to use Deutsche Post outlets at below market rates and that the acquisition of Deutsche Postbank AG by DPAG involved a grant of state aid. DPAG believes the fee charged to Deutsche Postbank AG complies with the provisions on competition and state aid stipulated in European law. Furthermore, the European Commission already concluded in an earlier investigation that the acquisition of Deutsche Postbank AG involved no state aid.

- Additional risks arise from the pending cases before the Cologne administrative court against the Regulatory Authority's decision about the parameters of the price-cap procedure in July 2002 as well as against the Regulatory Authority's concrete price approvals for 2003 and 2004.

The outcome of the above 4 litigations and their financial impact, if any, on DPAG is indeterminate at this stage.

- A ruling by the European Commission, in the state aid proceedings, required Deutsche Post to repay the Federal Republic of Germany state aid of Euros 572 million plus interest (Euros 907 million in total). DPAG has filed an appeal against this ruling and the matter is pending.
- A dispute has arisen between Deutsche Post AG and the German tax authorities over whether services in the "business customer parcel service" segment are exempt from turnover tax and consequently, whether certain deductions of taxes paid on inputs claimed by DPAG should be allowed. The Tax Court is yet to issue a ruling. However, to hedge risks from subsequent claims, DPAG has provided for an amount of Euros 309 mn, as of December 31, 2003 which is expected to increase by about Euros 60 mn during the current financial year.
- As part of the currency changeover from Deutsche Marks to Euros, DPAG had given a deadline of June 30, 2003 for exchange of postage stamps denominated in Marks with Euros stamps. In June 2004 a district court has ordered DPAG to exchange non-cancelled Marks denominated stamps for a plaintiff, even after the deadline has passed. This ruling is being contested by DPAG in a higher court.

#### 4.1.2.8 Particulars of material acquisitions by DPAG during the last 3 years.

The details of major (over Euros 400 millions) mergers and acquisitions done by DPAG during the last 3 years (November 2001 - November 2004), are as follows:

Sr. No.	Date	Target	Percentage acquired	Business Description of the Target
1	December 2, 2002	DHL International Ltd.	100% <sup>(1)</sup>	DHL Intl is one of the leading integrators world-wide, offering international express and parcel services in more than 220 countries and territories
2	July 3, 2003	Securicor Omega Holdings Ltd.	100% <sup>(2)</sup>	Securicor Omega Holdings Ltd. has been operating one of the major nationwide parcel and express networks in the United Kingdom.

Notes:

(1) Sequential acquisition in the time period of July, 6 1998 until December 2, 2002.

(2) Sequential acquisition in the time period of March 31, 1999 until July 3, 2003.

#### 4.1.2.9 The issued capital of DPAG amounts to Euros 1,112,800,000 and is composed of 1,112,800,000 no-par value registered shares with a current notional value of Euro 1 each.

#### 4.1.2.10 Board of Director details, as on the date of PA, are as follows:

Board of Management

Name Designation	Appointment Date	Qualification	Experience
Dr. Klaus Zumwinkel, Chairman of the Board	1995	<ul style="list-style-type: none"> <li>• Degree from Münster University (Dipl.-Kaufmann)</li> <li>• Wharton Business School, Philadelphia, USA (Masters of Science)</li> <li>• Doctorate in business administration from Münster University (Dr. rer. pol.)</li> </ul>	Dr. Klaus Zumwinkel began his career as a management consultant at McKinsey in 1974. He remained with the company for ten years, during which time he became a senior partner and was appointed to the global management team. In 1985, he became the Chairman of the Board of Management of Deutsche Bundespost POSTDIENST in 1990 and of DPAG in 1995



Name Designation	Appointment Date	Qualification	Experience
Dr. Peter E. Kruse Express Europe	2001	<ul style="list-style-type: none"> <li>● Technical university RWTH in Aachen Engineering degree, (Dipl.-Ingenieur)</li> <li>● Doctorate at RWTH Aachen (Dr.-Ing)</li> </ul>	Dr. Peter E. Kruse is a logistics expert and was the managing director of Bertelsmann Distribution and a member of Kühne & Nagel International AG's Management board. He became a member of DPAG's Board of Management in 2001
Dr Frank Appel Logistics, Corporate Services	2002	<ul style="list-style-type: none"> <li>● MSc. Chemistry, University of Munich, Germany</li> <li>● PhD. Neurobiology, ETH (Swiss Federal Institute of Technology), Zurich, Switzerland</li> </ul>	Dr. Frank Appel started his career at management consulting firm McKinsey in 1993, where he was elected a partner and a member of the German management in 1999. In 2000, he joined DPAG as Head of Corporate Development. He has been a member of DPAGs Board of Management since 2002.
Dr. Hans-Dieter Petram MAIL	1995	<ul style="list-style-type: none"> <li>● Studies and training program in the United States</li> <li>● Business administration exams, Münster University</li> <li>● Doctorate in Business administration from the University of Münster</li> </ul>	Dr. Hans-Dieter Petram started his professional career at Deutsche Anlagen Leasing. He later moved to Deutsche Immobilien Leasing and then joined Gustav Schickedanz KG as head of the real estate division in 1986. Dr. Petram has been a member of the Board of Management of Deutsche Bundespost POSTDIENST since 1990 and of DPAG since 1995
Walter Scheurle Personnel	2000	<ul style="list-style-type: none"> <li>● Degree from the Social Academy in Dortmund</li> </ul>	Walter Scheurle has been a longstanding member of the Central Executive Committee of Deutsche Postgewerkschaft (German Postal Workers' Union). He started his career with a traineeship at Deutsche Bundespost. Subsequently he worked full-time for Deutsche Postgewerkschaft. He has been a member of DPAGs Board of Management since 2000.
Dr. Edgar Ernst Finance	1995	<ul style="list-style-type: none"> <li>● Mathematics Graduate</li> <li>● Doctorate in business administration from Technical University Aachen</li> </ul>	Dr. Edgar Ernst worked as a management consultant at McKinsey and a Director of Corporate Development at Gustav Schickedanz KG, before joining Deutsche Bundespost POSTDIENST in 1990 where he was appointed to the Board of Management in 1992. He has been a member of DPAGs Board of Management since 1995.

Name/Designation	Appointment Date	Qualification	Experience
Prof. Dr. Wulf von Schimmelmann FINANCIAL SERVICES	1999	<ul style="list-style-type: none"> <li>● Studies in economic sciences at Hamburg and Zürich universities</li> <li>● Licentiate of the University of Zurich</li> <li>● Doctorate from Zürich University (Dr. oec.publ.)</li> </ul>	Prof. Dr. Wulf von Schimmelmann worked at the management consulting firm McKinsey before joining Landesgirokasse Stuttgart's Board of Management in 1978. He then served as a member of the Board of Management of DG Bank, as an associate at BHF-Bank and as managing partner of investment company Regius. In 1999, he became Chairman of the Management Board of Deutsche Postbank AG and as a member of the Board of Management of DPAG.

Mr John P Mullen has joined the Board of Management as of January 1, 2005. The correspondence address and the official address for the above mentioned members of the board of management is Charles-de-Gaulle-Strasse 20, 53113 Bonn, Germany.

Supervisory Board:

Name	Appointment Date	Experience / Qualification
Josef Hattig	July 16, 1996	Josef Hattig is a lawyer and Chairman of the Supervisory Board at DPAG as well as Chairman of the Supervisory Board at Bremer Logistics Group since 1999. He has 40 years of experience. Prior to his current position he was Managing Director at Brauerei Beck GmbH & Co. KG and Senator for Economic Affairs in Bremen.
Willem G. van Agtmael	February 07, 1995	Willem G. van Agtmael has a bachelor's degree in Hospitality Management and is active owner of E. Breuninger GmbH & Co. in Stuttgart since 1984. He has 37 years of experience. He has been sector head at E. Breuninger GmbH & Co. from 1973 - 1980 and in top management since 1980. Prior to joining E. Breuninger GmbH & Co. he held various positions as hotel manager in Europe and the US.
Hero Brahms	February 07, 1995	Hero Brahms has a degree in business administration from the University of Münster and works as an executive consultant since July 2004. He has 35 years of experience. Prior to his current position he held senior management positions with Linde AG in Wiesbaden (Member of the board of management), Treuhandanstalt in Berlin (Vice President) and Horsch AG in Dortmund (Member of the board of management).
Gerd Ehlers	October 11, 2004	Gerd Ehlers has the second state examination in law and is state secretary in the Federal Ministry of Finance since 01.07.2004. He has 28 years of experience. Prior to taking over the position as state secretary he worked for the Federal Finance Administration in the Federal Ministry of Finance.
Dr. Jürgen Großmann	June 27, 2001	Dr. Jürgen Großmann has a Ph.D. in engineering from Technical University Berlin and is active owner of Georgsmarienhütte Holding GmbH since 1993. He has 24 years of experience. Prior to joining Georgsmarienhütte he was Managing Director and Member of the board of management of the Holding at Klöckner Group.

Name	Appointment Date	Experience / Qualification
Prof. Dr. Ralf Krüger	May 01, 1999	Prof. Dr. Ralf Krüger has a Ph.D. in business administration from the University of Münster and is professor at Wiesbaden polytechnic (Fachhochschule) and works as an executive consultant. He has 32 years of experience. Prior to his current position he was a member of the board of management at BFG Bank AG.
Dr. Manfred Lennings	February 17, 1995	Dr. Manfred Lennings has a Ph.D. in Engineering from Technical University Clausthal and works as an industrial consultant. He has 40 years of experience. Prior to his current occupation he was Chairman of the board of management at HDW in Hamburg/Kiel, Chairman of the board of management at GHH Aktienverein in Oberhausen, Chairman of the Supervisory Board at Friedrich Krupp AG in Essen and Chairman of the Administrative Board at Treuhandanstalt in Berlin.
Roland Oetker	September 10, 2004.	Roland Oetker is a lawyer (degree from University of Münster) and is an active owner of ROI Verwaltungsgesellschaft mbH since 1981. He has 23 years of experience. Prior to joining ROI Verwaltungsgesellschaft he was Deputy Chairman of the board of management at Massa AG in Alzey.
Hans Reich	September 10, 2004	Hans W. Reich has a degree in banking administration from Bankakademie e.V. Wiesbaden and is the spokesman of the Managing Board at KfW Banking Group since 1999. He has 43 years of experience. He held senior management positions with KfW Banking Group especially in the area of export finance. Prior to joining KfW he worked for Dresdner Bank AG in various functions.
Dr. Jürgen Weber	July 15, 2003	Dr. Jürgen Weber has a Ph.D. in engineering and is Chairman of the Supervisory Board at Deutsche Lufthansa AG since June 2003. He has 39 years of experience. Prior to his current position he was Chairman of the board of management at Deutsche Lufthansa AG.
Rolf Büttner	April 01, 2000	Rolf Büttner is a postal civil servant and a member of the board of management at the Ver.di Union. He has 39 years of experience. Prior to joining the Ver.di board of management in 2000 he held various positions in the postal civil servant career.
Frank von Alten-Bockum	September 01, 2001	Frank von Alten-Bockum has a degree as a graduate engineer from the Technical University Berlin and is the Managing Director for Compliance at DPAG. He has 32 years of experience. Prior to joining Headquarters of DPAG, he held the position as president of the Düsseldorf directorate.
Marion Deutsch	September 01, 2001	Marion Deutsch is Chairman of the works council at the Mail branch Saarbrücken since 2002. She has 25 years of experience. Prior to her current position she worked in the mail distribution area.

<b>Name</b>	<b>Appointment Date</b>	<b>Experience / Qualification</b>
Helmut Jurke	March 13, 2003	Helmut Jurke is the Head of Postal, Courier, Express and Parcel services at the Ver.di Federal administration. He has 34 years of experience. Prior to his current position at Ver.di he was Head of Operations at Deutsche Bundespost, District Chairman at Deutsche Post union (DPG) Federal State of Brandenburg, Deputy District Chairman at Deutsche Post union at Berlin-Brandenburg and Deputy Federal State Head for Berlin-Brandenburg at Ver.di.
Dirk Marx	August 16, 2002	Dirk Marx is Deputy Chairman of the Central Works Council since May 2000. He has 45 years of experience. Prior to his current position he worked as a postal civil servant in various functions.
Silke Oualla-Weiß	June 05, 2003	Silke Oualla-Weiß is the Chairwoman of the works council at DHL Worldwide Express GmbH in Dortmund. She has 19 years of experience.
Franz Schierer	January 29, 1998	Franz Schierer is a postal civil servant and is Deputy Head for Ver.di Union at a district in the Federal State of Baden-Württemberg. He has 42 years of experience. Prior to his current position he worked as a postal civil servant in various functions.
Stefanie Weckesser	April 01, 2000	Stefanie Weckesser is Chairwoman of the Works Council at Hub Aschheim/Express Augsburg. She has 19 years of experience.
Margrit Wendt	June 05, 2003	Margrit Wendt has a diploma in administrative science (Diplomverwaltungswirtin) and is Chairwoman of the Central and Group Works Council since 2000. She has 34 years of experience. Prior to her current position she worked as a postal civil servant in service functions as well as held management positions.
Annette Harms	June 05, 2003	Annette Harms is the Deputy Chairwoman of the Works Council since 2003. She has 32 years of experience. Annette Harms has been working for the Works Council as a released member since 1996.

The correspondence address for the above mentioned members of Supervisory Board is the official address, Charles-de-Gaulle-Strasse 20, 53113 Bonn, Germany.

## 4.1.2.11 Key financials of DPAG

CONSOLIDATED INCOME STATEMENT	Period ended		Year ended					
	30-Jun-04 (6 months) Certified		31-Dec-03 Audited		31-Dec-02 Audited		31-Dec-01 Audited	
	(Euros mn)	(Rs. Lacs)	(Euros mn)	(Rs. Lacs)	(Euros mn)	(Rs. Lacs)	(Euros mn)	(Rs. Lacs)
Revenue and income from banking transactions	21,045	12,218,727	40,017	23,233,870	39,255	22,791,453	33,379	19,379,847
Other operating income	588	341,393	1,203	698,462	3,007	1,745,864	1,576	915,026
<b>Total operating income</b>	<b>21,633</b>	<b>12,560,120</b>	<b>41,220</b>	<b>23,932,332</b>	<b>42,262</b>	<b>24,537,317</b>	<b>34,955</b>	<b>20,294,873</b>
Materials expense and expenses from banking transactions	(9,862)	(5,725,877)	(18,466)	(10,721,360)	(17,720)	(10,288,232)	(16,039)	(9,312,243)
Staff costs	(6,995)	(4,061,297)	(13,329)	(7,738,817)	(13,772)	(7,996,023)	(11,240)	(6,525,944)
Depreciation and amortization expense excluding goodwill amortization	(669)	(388,421)	(1,392)	(808,195)	(1,403)	(814,582)	(1,064)	(617,758)
Other operating expenses	(2,425)	(1,407,955)	(5,058)	(2,936,675)	(6,946)	(4,032,848)	(4,059)	(2,356,655)
<b>Total operating expenses excluding goodwill amortization</b>	<b>(19,951)</b>	<b>(11,583,551)</b>	<b>(38,245)</b>	<b>(22,205,047)</b>	<b>(39,841)</b>	<b>(23,131,685)</b>	<b>(32,402)</b>	<b>(18,812,601)</b>
<b>Profit from operating activities before goodwill amortization (EBITA)</b>	<b>1,682</b>	<b>976,569</b>	<b>2,975</b>	<b>1,727,285</b>	<b>2,421</b>	<b>1,405,633</b>	<b>2,553</b>	<b>1,482,272</b>
Goodwill amortization	(188)	(109,153)	(319)	(185,211)	(449)	(260,689)	(171)	(99,283)
<b>Profit from operating activities (EBIT)</b>	<b>1,494</b>	<b>867,416</b>	<b>2,656</b>	<b>1,542,074</b>	<b>1,972</b>	<b>1,144,943</b>	<b>2,382</b>	<b>1,382,989</b>
Net loss from associates	5	2,903	(28)	(16,257)	(1)	(5,810)	(130)	(75,478)
Net other finance costs	(426)	(247,336)	(713)	(413,968)	(115)	(66,769)	(99)	(57,479)
<b>Net finance costs</b>	<b>(421)</b>	<b>(244,433)</b>	<b>(741)</b>	<b>(430,225)</b>	<b>(116)</b>	<b>(67,350)</b>	<b>(229)</b>	<b>(132,957)</b>
<b>Profit from ordinary activities</b>	<b>1,073</b>	<b>622,984</b>	<b>1,915</b>	<b>1,111,849</b>	<b>1,856</b>	<b>1,077,594</b>	<b>2,153</b>	<b>1,250,032</b>
Income tax expense	(321)	(186,373)	(573)	(332,684)	(266)	(154,440)	(560)	(325,136)
<b>Net profit for the period before minority interest and extraordinary expense</b>	<b>752</b>	<b>436,611</b>	<b>1,342</b>	<b>779,165</b>	<b>1,590</b>	<b>923,154</b>	<b>1,593</b>	<b>924,896</b>
Minority interest	(31)	(17,999)	(33)	(19,160)	(24)	(13,934)	(10)	(5,806)
Extraordinary expense	-	-	-	-	(907)	(526,604)	-	-
<b>Consolidated net profit for the period</b>	<b>721</b>	<b>418,613</b>	<b>1,309</b>	<b>760,005</b>	<b>659</b>	<b>382,615</b>	<b>1,583</b>	<b>919,090</b>

CONSOLIDATED BALANCE STATEMENT	As of							
	30-Jun-04 Certified		31-Dec-03 Audited		31-Dec-02 Audited		31-Dec-01 Audited	
	(Euros mn)	(Rs. Lacs)	(Euros mn)	(Rs. Lacs)	(Euros mn)	(Rs. Lacs)	(Euros mn)	(Rs. Lacs)
<b>SOURCES OF FUNDS</b>								
Issued capital	1,113	646,208	1,113	646,208	1,113	646,208	1,113	646,208
Reserves	4,451	2,584,251	3,684	2,138,930	3,323	1,929,334	2,657	1,542,654
Consolidated net profit	721	418,613	1,309	760,005	659	382,615	1,583	919,090
	<b>6,285</b>	<b>3,649,071</b>	<b>6,106</b>	<b>3,545,144</b>	<b>5,095</b>	<b>2,958,157</b>	<b>5,353</b>	<b>3,107,952</b>
Minority interest	1,573	913,2840	59	34,255	117	67,930	75	43,545
Provisions:								
Provisions for pensions and other employee benefits	6,415	3,724,549	6,351	3,687,391	6,292	3,653,135	6,627	3,847,636
Tax provisions	1,784	1,035,790	1,491	865,675	1,510	876,706	1,311	761,167
Other provisions	4,876	2,831,006	4,831	2,804,879	4,882	2,834,489	3,033	1,760,960
Liabilities:								
Financial liabilities	4,487	2,605,152	4,749	2,757,269	3,816	2,215,570	2,308	1,340,025
Trade payables	2,765	1,605,359	2,755	1,599,553	2,707	1,571,684	2,404	1,395,762
Liabilities from financial services	131,104	76,118,982	123,317	71,597,850	132,851	77,133,291	131,532	76,367,479
Other liabilities	5,249	3,047,569	5,274	3,062,084	5,377	3,121,886	4,058	2,356,075
<b>Total</b>	<b>164,538</b>	<b>95,530,763</b>	<b>154,933</b>	<b>89,954,100</b>	<b>162,647</b>	<b>94,432,848</b>	<b>156,701</b>	<b>90,980,601</b>
<b>APPLICATIONS OF FUNDS</b>								
Non Current Assets:								
Intangible assets	6,365	3,695,519	6,404	3,718,162	5,076	2,947,126	1,787	1,037,532
Property, Plant & Equipment	8,664	5,030,318	8,818	5,119,731	9,085	5,274,751	8,395	4,874,137
Non current financial assets:								
Investments in associates	70	40,642	79	45,867	126	73,156	1,108	643,305
Other noncurrent financial assets	990	574,794	656	380,8740	249	144,569	1,014	588,728
Current Assets:								
Inventories	231	134,119	218	126,571	214	124,248	163	94,638
Receivables and other assets	6,362	3,693,777	5,484	3,184,010	6,168	3,581,141	4,834	2,806,620
Receivables and other securities from financial services	137,071	79,583,423	128,928	74,855,597	137,641	79,914,365	135,904	78,905,862
Current financial instruments	10	5,806	75	43,545	3	1,742	39	22,643
Cash and cash equivalents	3,784	2,196,990	3,355	1,947,913	2,639	1,532,203	1,966	1,141,460
Deferred Tax Asset	991	575,375	916	531,830	1,446	839,548	1,491	865,675
<b>Total</b>	<b>164,538</b>	<b>95,530,763</b>	<b>154,933</b>	<b>89,954,100</b>	<b>162,647</b>	<b>94,432,848</b>	<b>156,701</b>	<b>90,980,601</b>

OTHER FINANCIAL DATA	30-Jun-04 Certified		31-Dec-03 Audited		31-Dec-02 Audited		31-Dec-01 Audited	
	(Euros)	(Rs.)	(Euros)	(Rs.)	(Euros)	(Rs.)	(Euros)	(Rs.)
Dividend (% of face value)	–		44.00%		40.00%		37.00%	
Earnings per share ("EPS")	0.65	37.62	1.18	68.30	0.59	34.38	1.42	82.59
Return on Net Worth (%)	11.47%		21.44%		12.93%		29.57%	
Book Value per share	5.65	327.92	5.49	318.58	4.58	265.83	4.81	279.29

**Note:**

- (1)  $EPS = \text{Profit After Tax} / \text{No. of shares outstanding}$   
(2)  $\text{Return on Net Worth} = \text{Profit after Tax} / \text{Net Worth at year-end}$   
(3)  $\text{Book Value per share} = \text{Net Worth} / \text{No. of shares outstanding}$   
(4)  $\text{Net Worth} = \text{Issued Capital} + \text{Reserves} + \text{Consolidated net profit}$

(Source: Annual Report & Company Data)

Reference rate: One Euro = Rs. 58.06 as on November 5, 2004; Source: Reference rate at [www.rbi.org.in](http://www.rbi.org.in)

4.1.2.12 The summarised significant accounting policies of DPAG, as per the audited financial statements for the year ended December 31, 2003, are as follows:

**Basis of accounting:** The consolidated financial statements of DPAG for fiscal year 2003 were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), required to be applied as of the reporting date. The requirements of the standards applied have been satisfied in full, and the consolidated financial statements of Deutsche Post World Net therefore provide a true and fair view of its net assets, financial position, and results of operations.

**Revenue and expense recognition:** Revenue and income from banking transactions, as well as other operating income, is generally recognized when services are rendered, the amount of revenue and income can be reliably measured and it is probable that the economic benefits from the transactions will flow to the Group. Operating expenses are recognized when the service is utilized or when the expenses are incurred.

**Intangible assets:** Purchased intangible assets are carried at cost. Internally generated intangible assets are carried at cost if the criteria for recognition as an asset are satisfied. This is the case in particular if future economic benefits are expected to flow from the assets. Intangible assets are reduced by straight-line amortization over their useful lives. Intangible assets are written down if there are indications of impairment and if the recoverable amount is lower than amortized cost. The write-downs are reversed if the reasons for the impairment losses no longer apply. Goodwill, including goodwill from capital consolidation, is capitalized in accordance with IAS 22 and normally reduced by straight-line amortization over a useful life of 15 to 20 years.

**Property, plant, and equipment:** Property, plant, and equipment is carried at cost and reduced by depreciation for wear and tear. Borrowing costs are not included in production costs but are expensed directly. Depreciation is generally charged using the straight-line method. Items of property, plant, and equipment are written down if there are indications of impairment and if the recoverable amount is lower than amortized cost. The write-downs are reversed if the reasons for the impairment losses no longer apply.

**Finance leases:** In accordance with IAS 17, beneficial ownership of leased assets is transferred to the lessee if the lessee bears substantially all the risk and rewards incident to ownership of the asset. Where the company is the beneficial owner, the asset is capitalized at the date of inception of the lease either at the fair value or at the present value of the minimum lease payments, if this is less than the fair value. Depreciation methods and useful lives correspond to those of comparable purchased assets.

**Noncurrent financial assets:** Investments in associates are carried at equity in accordance with IAS 28 (Accounting for Investments in Associates). Based on the cost of acquisition at the time of purchase of the investments, the carrying amount of the investments is increased or reduced to reflect changes in the equity of the associates attributable to the investments of Deutsche Post AG. Other noncurrent financial assets include in particular investments in unconsolidated subsidiaries, financial instruments, and other equity investments. 'Available-for-sale' financial instruments are carried at their fair value, where this can be measured reliably. Changes in fair value between reporting dates are generally recognized directly in the revaluation reserve. 'Held-to-maturity' financial instruments are carried at amortized cost at the balance sheet date. Impairment losses are charged to income if the recoverable amount falls below the carrying amount.

*Inventories:* Finished goods and goods purchased and held for resale are carried at the lower of cost or net realizable value. Valuation allowances are charged for obsolete inventories and for slow-moving goods.

*Receivables and other assets:* Unless held for trading, receivables and other assets are carried at amortized cost at the balance sheet date. Doubtful receivables are carried at their principal amount, less appropriate specific allowances. All financial instruments held for trading and derivatives are assigned to the "trading" category. They are generally measured at their fair values, and all changes in fair value are recognized in income.

*Current Financial instruments:* Current financial instruments are available-for-sale financial assets, and are carried at their fair values at the balance sheet date. Unrealized gains or losses from remeasurement are generally credited or charged directly to the revaluation reserve in equity. This reserve is reversed to income either when the assets are sold or otherwise disposed of, or if the fair value of the assets falls more than temporarily below their cost. The financial instruments are accounted for at the settlement date.

*Receivables and liabilities from financial services:* Originated loans and receivables are carried at amortized cost. Purchased loans and receivables classified as held to maturity are measured at cost. Purchased loans and receivables classified as available for sale or held for trading are measured at their fair values. Held-to-maturity and originated securities are measured at amortized cost, while available-for-sale securities and securities held for trading are measured at their fair values.

*Cash and cash equivalents:* Cash and cash equivalents are carried at their principal amount.

*Stock option plan:* The Stock option plan for executives is measured using investment techniques by applying option pricing models. Options are measured at their fair value on the grant date. The option price thus calculated is recognized in income under staff costs and spread over the term of the options.

*Provisions:* Provisions for pensions are measured using the projected unit credit method prescribed by IAS 19 for defined benefit plans. The interest component of pension expenses is reported under net finance costs. Other provisions are recognized for liabilities to third parties arising from past events, whose settlement is expected to result in an outflow of economic benefits and that can be measured reliably. They represent uncertain obligations that are carried at the best estimate of the expenditure required to settle the obligation. Provisions with more than one year to maturity are discounted at market rates of interest that reflect the risk and the time until settlement of the obligation. The interest cost on discounted staff-related provisions is carried under net finance costs.

*Liabilities:* Liabilities from finance leases are carried at the lower of the present value of the lease payments or the market value of the capitalized leased asset, while other liabilities are carried at amortized cost.

*Deferred taxes:* Deferred taxes are calculated in accordance with IAS 12 (Income Taxes). In accordance with IAS 12, deferred tax assets and liabilities are calculated by using the tax rates expected to be enacted when the items reverse.

*Contingent liabilities:* Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities also include certain obligations that will probably not lead to an outflow of resources embodying economic benefits, or where the amount of the outflow of resources embodying economic benefits cannot be measured with sufficient reliability. In accordance with IAS 37, contingent liabilities are not recognized as liabilities.

#### 4.1.2.13 Comparison of income and profit over the previous year:

Total Operating income for the year ending on December 31, 2003 decreased by approximately 2% as compared to the previous year ending on December 31, 2002. This was primarily because of reduction in other operating income by approximately 60%. This reduction was mainly due to two reasons: firstly, the discontinuance of the reversal to income of Postbank's negative goodwill in the amount of Euros 1,499 million (approximately Rs.870,319 Lacs); secondly, it realised one-time other operating income in the previous year. During the same period, Net profit for the period before minority interest and extraordinary expense showed a reduction of approximately 16% because of increase in net finance costs and loss from associates. The increase in net finance costs is on account of reporting the interest cost on provisions for pensions and on other interest-bearing provisions under the net finance costs. The extra-ordinary expense, and therefore the consolidated net profit in FY 2002 were impacted by the provision that they had to recognise for the European Commission's ruling on state aid.

#### 4.1.2.14 As per the Annual Report of DPAG, for the financial year ended December 31, 2003, the Group's contingent liabilities total Euros 1,642 million [Rs.953,345 Lacs] (previous year: Euros 1,671 million [Rs.970,183 Lacs]).

#### 4.1.3 Information on other companies promoted / joint ventures by the Acquirer/PAC in India

DHL group has a business presence in India through DHL India and separately, through a joint venture with the Lemuir Group - DHL Danzas Lemuir Private Limited in which it owns 49% stake.



- A) Name of Company : DHL Express (India) Private Limited  
 Date of Incorporation : April 24, 2001  
 Nature of Business : International express business

(Rs. Lacs)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Equity capital	286.35	286.35
Reserves (excluding revaluation reserves)	2,191.41	1,151.90
Total Income	35,014.09	27,773.43
Profit After Tax	1,039.51	490.11
Earnings per share (Rs.)	36.30	17.11
Net asset value (Rs.)	86.53	50.22

DHL Express (India) Private Limited is not a sick industrial company.

- B) Name of Company : DHL Danzas Lemuir Private Limited  
 Date of Incorporation : April 3, 2002  
 Nature of Business : Integrated intercontinental logistics activities and international air freight and ocean freight forwarding.

(Rs. Lacs)	March 31, 2004 (Audited)	March 31, 2003 (Audited)
Equity capital	250.00	1.00
Reserves (excluding revaluation reserves)	5,716.03	–
Total Income	18,648.71	–
Profit After Tax (PAT)	242.49	(0.10)
Earnings per share (Rs.)	9.70	(1.04)
Net asset value (Rs.)	238.64	8.20

DHL Danzas Lemuir Private Limited is not a sick industrial company.

- 4.2 Disclosures in terms of Regulation 16(ix) of the SEBI Takeover Code  
 Please refer to paragraph 3.3 of this Letter of Offer.

## 5 DISCLOSURE IN TERMS OF REGULATION 21(3)

The Acquirer and the PAC have not acquired any Shares since the date of the PA upto the date of this Letter of Offer. Acquisitions, if any, by the Acquirer / PAC from the open market or through negotiations, in terms of the SEBI Takeover Code, would be limited to 400,000 Shares representing 1.69% of the present issued and voting share capital of BDEL. Accordingly, as a result of the Offer, the public shareholding will not be reduced to 10% or less of the voting share capital of the Target Company.

## 6 BACKGROUND OF BLUE DART EXPRESS LIMITED

**NOTE: The information under this section is sourced from the Target Company and also from public sources**

- 6.1 BDEL is a public limited company with its registered office located at Blue Dart Centre, Sahar Airport Road, Andheri (E), Mumbai – 400 099. Tel: +91 22 2839 6444 Fax: +91 22 2824 4131
- 6.2 BDEL was started as a partnership firm - "Blue Dart Courier Services" in 1983 with a capital base of Rs.0.30 Lacs contributed by Khushroo Dubash, Clyde Cooper and Tushar Jani. The name of the firm was changed to Blue Dart Express on October 1, 1990 and the firm was registered as a private limited company under Part IX of the Companies Act, 1956 on April 5, 1991 and the name was changed to Blue Dart Express Private Limited. On June 17, 1994, the name of the company was changed to Blue Dart Express Limited and in September 1994, it came out with a public issue becoming a public listed company.
- 6.3 BDEL is an integrated air express transportation and distribution company. BDEL provides an entire range of services that extends from a commercial document to a charter-load of shipments. In compliance with Indian regulations,

BDEL does not provide services in relation to mail and letters. BDEL has modern warehousing facilities at Bhiwandi and Hyderabad, an octroi-bonded warehouse at Mumbai, an integrated air and surface facility, with a sales-tax notified warehouse at Kolkata airport.

6.4 BDEL has a commercial arrangement with an Indian group company of DPAG, under which BDEL has access to the international DHL network for its outbound business. BDEL has also entered into regional service alliance with Foster Agencies Pvt. Ltd., member of the Hayley's Group, through which it covers over 400 locations in Sri Lanka. Further, BDEL has agreements with 23 interline partners that enables international airlines to tranship cargo to stations to which they do not operate.

6.5 The present issued and voting capital of the Target Company comprises of 23,727,934 fully paid up equity shares of Rs. 10 each aggregating Rs.237,279,340.

6.6 Subsidiaries of BDEL

Blue Dart Aviation Limited ("BDAL") is an unlisted wholly owned subsidiary of BDEL. The company was formed in May 1994 and the operations were launched in June 1996. The company is the only jet cargo airline in India that offers various services including Air Cargo Movement (Charters), Engineering, Software Development, Aviation Projects and Flight Handling Services. The company has 5 Boeing 737 aircraft into its fleet and connects 6 aviation hub.

Concorde Air Logistics Private Limited ("CALPL") – is an unlisted company and became subsidiary of BDEL with effect from May 11, 2004. CALPL is in the business of Customs House Agents clearing shipments through customs for exports by air. BDEL utilizes the services of CALPL for customs clearance of its air cargo loads.

Skyline Air Logistics Private Limited ("SALPL") – is an unlisted company and became subsidiary of BDEL with effect from May 11, 2004. SALPL is in the business of Customs House Agents clearing shipments through customs for imports by air. BDEL utilizes the services of SALPL for customs clearance of its air cargo loads.

6.7 Apart from the acquisition of the two subsidiaries mentioned above, BDEL did not have any material merger / acquisition /de-merger/spin-off in the last 3 years.

6.8 The share capital structure of BDEL is as follows:

	No. of Shares	% of Voting Shares
Authorised capital	40,000,000 equity shares	–
Issued & subscribed capital	23,727,934 equity shares	100%
Paid-up Equity Shares *	23,727,934 equity shares	100%
Total Voting Rights	23,727,934 equity shares	100%

\* BDEL has forfeited 52,700 shares on account of non-payment of allotment and / or call money in BDEL. The amount received against the forfeited shares is Rs 3.48 Lacs which is reflected in the balance sheet of the company.

6.9 Details of the changes in share capital of the Target Company since incorporation and status of compliance with applicable SEBI regulations / other statutory requirements, are as follows:

Year of allotment	No of shares issued	% of shares issued	Cumulative paid up capital	Mode of allotment	Identity of allottees (promoters/ ex-promoters/ others)	Status of compliance
1991-92	10,000	100%	10,000	Cash	Promoter Group	Yes
1993-94	10,000	50%	20,000	Rights basis in the ratio 1:1	Promoter Group	Yes
1993-94	200,000	–	200,000	Sub-division of shares from face value of Rs.100 to face value of Rs.10	–	Yes
1993-94	2,400,000	92%	2,600,000	Bonus issue in the ratio 12:1	Promoter Group	Yes
1994-95	3,250,000	56%	5,850,000	Bonus issue in the ratio 1.25:1	Promoter Group	Yes

Year of allotment	No of shares issued	% of shares issued	Cumulative paid up capital	Mode of allotment	Identity of allottees (promoters/ ex-promoters/ others)	Status of compliance
1994-95	200,000	3%	6,050,000	Allotment for cash	Employees, directors, associates and others	Yes
1994-95	2,550,000	30%	8,600,000	Public issue	Public	Yes
1996-97	250,000	3%	8,850,000	Conversion of warrants	Promoter Group	Yes
1998-99	3,066,667	26%	11,916,667	Conversion of privately placed fully convertible debentures	Newfields Holdings Limited	* Please see note below
2001-02	(52,700)	0%	11,863,967	Forfeiture of partly paid shares	–	Yes
2001-02	11,863,967	50%	23,727,934	Bonus issue in the ratio 1:1	Existing shareholders	Yes

\* The following disclosure regarding compliance of Takeover Regulations by Newfields Holdings Limited (“Newfields”) is based on the information received from Newfields.

Newfields were allotted 2,300,000 convertible debentures by way of a preferential issue by BDEL in the April 1997. This allotment was approved by the shareholders of BDEL in their meeting held on January 27, 1997. Newfields, through their legal representatives based in India, filed a report with SEBI on June 9, 1997 in terms of Regulation 3(4) of the SEBI Takeover Code enclosing payment of Rs 10,000/- towards the payment required to be made under Regulation 3(5). SEBI, vide its letter dated February 5, 1998 asked Newfields to explain the reasons for non-disclosure of certain information in the notice to the shareholders for the preferential allotment of the convertible debentures. In terms of the then provisions of the SEBI Takeover Code, such disclosures were a necessary for preferential allotment of shares to be exempt from the requirements of making an open offer under the SEBI Takeover Code.

Newfields responded through its legal advisors vide letters dated March 7, 1998 and March 9, 1998 stating, inter-alia, that since the notice to the shareholders of BDEL was sent on January 3, 1997, before the notification dated February 20, 1997 of the revised SEBI Takeover Code, the applicable law was SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1994, and there was no requirement of such disclosures in the notice at the time of its dispatch to shareholders.

Subsequently, during 1998-99 Newfields was allotted 3,066,667 equity shares representing 26% of the equity capital of BDEL, upon conversion of the convertible debentures. SEBI vide its letter dated September 23, 1999 advised Newfields to comply with Regulation 3(4) and 3(5) of the SEBI Takeover Code pursuant to the conversion. Newfields responded through their legal advisors vide letter dated September 27, 1999 stating that they have already filed a report under Regulations 3(4) and 3(5) in June 1997. It was stated that the report under Regulation 3(4) is required to be filed pursuant to acquisition of ‘shares’ and the definition of ‘shares’ under the SEBI Takeover Code also includes convertible instruments like convertible debentures issued to Newfields. It was therefore submitted that the filing of report in June 1997 was in compliance with Regulation 3(4) and 3(5) by Newfields.

- 6.10 As on the date of the Public Announcement, the Shares of BDEL are listed on The Stock Exchange, Mumbai (“BSE”) and The National Stock Exchange of India Limited (“NSE”). The shares of BDEL have been delisted from the Ahmedabad and Delhi Stock Exchanges during the current financial year, based on the voluntary delisting application made by BDEL.
- 6.11 As per the information provided by BDEL, there has been no penal action initiated against BDEL by any of the stock exchanges in respect of the compliance matters and that BDEL has complied with relevant clauses of the stock exchange listing agreements from time to time. Further, BDEL has confirmed that they have complied with the provisions of clause 49 of the stock exchange listing agreement in respect of corporate governance norms. BDEL has been posting EDIFAR filings regularly on SEBI website. However, the Annual Report for the financial year 2003-04 could not be posted on EDIFAR website despite various attempts due to some technical problems on the website. BDEL has lodged a compliant on EDIFAR website for the same.
- 6.12 There are neither any partly paid-up equity shares nor outstanding convertible instruments as on date of the Public Announcement. BDEL has forfeited 52,700 shares on account of non-payment of allotment and / or call money in BDEL and the board of directors of BDEL can reissue the forfeited shares under the extant regulations.

- 6.13 Mr. Tushar Jani, Mr. Clyde Cooper, Mr. Khushroo Dubash, Blue Dart Courier Service Pvt. Ltd. and Newfields Holdings Limited have complied with the applicable provisions of Chapter II of the SEBI Takeover Code, except that there was a procedural delay in reporting acquisition of 200 shares by a member of the Promoter Group in the initial public offer in 1994. This acquisition was reported to the company in August 2001. In March 2003, BDEL complied with Regulation 6(2) and 6(4) of Chapter II of the SEBI Takeover Code pursuant to SEBI Regularisation Scheme, 2002. Further, compliance under Regulation 8(3) for which the due date was April 30, 1999 was done on May 04, 1999 and the delay of four days has been regularised pursuant to SEBI Regularisation Scheme, 2002. Further, BDEL has regularised a delay of 13 days for filings under Regulation 8(3) as on September 12, 2000 pursuant to SEBI Regularisation Scheme, 2002. The filing under Regulation 8(3) for the financial year ended March 31, 2000 was done on May 02, 2000 as against the last date of April 30, 2000 and the delay of two days was on account of the fact that April 30, 2000 and May 1, 2000 were public holidays.
- 6.14 The Sellers under the SPAs, the SLA and BDEL have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act.
- 6.15 The Board of Directors of BDEL as on the date of the Public Announcement was as under:

<b>Name of the Director Designation</b>	<b>Original Appointment Date as Director</b>	<b>Experience &amp; Qualification</b>	<b>Residential Address</b>
Mr Tushar K Jani Chairman	April 06, 1991	Tushar Jani is a science graduate from Mumbai University. He is a founding member of BDEL. He has over 25 years of experience in the Shipping and Transport Industry.	No.10, Ram Niwas, 227, Sion (East), Mumbai 400 022
Mr Clyde C Cooper Managing Director	April 06, 1991	Clyde Cooper is a graduate of Mumbai University and is a founding member of BDEL. He has led the operations of both the organizations since inception. He has over 25 years of experience in the Air Cargo, Aviation and Express Industry.	1502/1602, Le-Papeyon Co-operative Housing Society, Mount Mary Road, Bandra (West), Mumbai – 400 050
Mr Khushroo M Dubash Director	April 06, 1991	Khushroo Dubash is a graduate of Mumbai University and is a founding member of BDEL. He has over 28 years of experience in the industry.	604, Varun, J.P. Road, Versova, Mumbai – 400 058
Mr Suresh G Sheth Director	September 16, 1992	Suresh Sheth is a commerce graduate from Sydenham College and a member of the Institute of Chartered Accountants of India for the past 30 years. He is a partner in Sheth & Company, a Chartered Accountancy firm. His specialisation is audit, taxation and financial consultancy.	Flat No.F-4, Sardar Patel Society, Nehru Road, Vile Parle (East), Mumbai – 400 057
Mr Air Marshal S.S. Ramdas (Retd) Director	July 14, 1994	Air Marshal S.S. Ramdas has an honours degree in Mechanical and Electrical Engineering from Pune University and was commissioned into the Aeronautical Engineering Branch of the Indian Air Force. He was the chairman and managing director of Indian Airlines and Vayudoot Airlines, director on the board of Air India and a member on the board of National Airports Authority. He is a Fellow of the Aeronautical Society of India, Fellow of Institution of Engineers, India, Chartered Engineer and a member of the London Court of International Arbitration.	33, Sahney Sujan Park, Pune – 411 040
Mr Anil Thadani Nominee Director of Newfields Holdings Ltd.	April 25, 1997	Anil Thadani has a Master's Degree in Chemical Engineering from the University of Wisconsin, Madison and MBA from the University of California at Berkeley. Anil Thadani is the Founder and Chairman of Schroder Capital Partners Limited, a private investment advisory company which is a joint venture with Schroders Plc of the United Kingdom.	8A, Bishopgate, Singapore 249 986

Name of the Director Designation	Original Appointment Date as Director	Experience & Qualification	Residential Address
Mr Deepak Vaidya Alternate Director to Mr Anil Thadani	July 25, 2002	Deepak Vaidya is a member of the Institute of Chartered Accountants (England and Wales) and holds a degree in Commerce from University of Mumbai. He has worked as a consultant facilitating various multinationals to enter the Indian market place.	249/251 Walkeshwar Road, Suraj Building, 3 <sup>rd</sup> floor, Mumbai – 400 006

**Note:** There are no directors representing the Acquirer or the PAC on the board of BDEL.

6.16 The details of the changes in shareholding of the Promoter Group as and when it took place, is as follows:

Year	Particulars	Tushar Jani and relatives	Clyde Cooper and relatives	Khushroo Dubhash and relatives	Blue Dart Courier Service Pvt. Ltd.	Total for the Promoter Group (including all associates)
1991-92	Allotment on incorporation	3,200	3,200	3,200	400	10,000
1993-94	Rights issue	3,200	3,200	3,200	400	10,000
1993-94	Sub-division of shares from FV of Rs.100 to FV of Rs.10	64,000	64,000	64,000	8,000	200,000
1993-94	Bonus issue	768,000	768,000	768,000	96,000	2,400,000
1994-95	Bonus issue	1,040,000	1,040,000	1,040,000	130,000	3,250,000
1994-95	Acquisition / disposal of shares	–	–	400	–	400
1996-97	Conversion of warrants into equity shares	83,000	83,000	83,000	1,000	250,000
upto Sept 1997	Acquisition / disposal of shares	20,000	–	(30,000)	–	(10,000)
upto Sept 1998	Acquisition / disposal of shares	(2,000)	–	–	–	(2,000)
upto Sept 1999	Acquisition / disposal of shares	6,398	9,400	(42,900)	–	(27,102)
upto Sept 2000	Acquisition / disposal of shares	(8,100)	–	(3,000)	–	(11,100)
upto Sept 2001	Acquisition / disposal of shares	7,150	4,950	(3,600)	–	8,500
upto Sept 2001	Acquisition during public issue - disclosed to BDEL in August 2001	–	–	200	–	200
Sep-01	Bonus issue	1,978,448	1,969,350	1,876,100	235,000	6,058,898
Mar-03	Addition of Nalini Vazirani (Seller under the SLA) as a person acting in concert	9,806	–	–	–	9,806
Jun- 03	Acquisition / disposal of shares	–	–	18,950	–	18,950
After July 2003	Acquisition / disposal of shares	5,000	–	–	–	5,000
	<b>Total</b>	<b>3,971,702</b>	<b>3,938,700</b>	<b>3,771,150</b>	<b>470,000</b>	<b>12,151,552</b>

Figures in brackets indicate disposals of shares. The above table does not include inter-se transfers within the Promoter Group. Further, the sale and purchase transactions shown above are the net figures of all the purchases and sales during the periods disclosed. BDEL has confirmed that applicable legal provisions, in particular the provisions of the SEBI Takeover Code, as in force at the relevant times and SEBI (Prohibition of Insider Trading) Regulations, 1992 were complied with by the promoters / persons acting in concert with them and BDEL, at the time of each change in the promoters' shareholding, including changes in the shareholding of the persons acting in concert. A procedural delay is disclosed in paragraph 6.13 above.

The constituents of Tushar Jani and relatives, Clyde Cooper and relatives and Khushroo Dubash and relatives are as follows:

<b>Tushar Jani and relatives</b>	Tushar Jani, Tushar Jani HUF, Ashok Jani, Ashok Jani HUF, Charu Jani, Harsha Jani, Kokila Jani, Nilay Jani, Bhairavi Jani, Anjani Jani, Hiral Jani, Rajiv Bhatt, Premila Bhatt, Nalini Vazirani
<b>Clyde Cooper and relatives</b>	Clyde Cooper, Farida Cooper, Johann Cooper, Ayesha Cooper
<b>Khushroo Dubash and relatives</b>	Khushroo Dubash, Shirin Dubash, Natasha Dubash

6.17 BDEL has complied with the applicable requirements of the listing agreement. The details of the corporate governance for the company are as follows:

**Composition of the Board of Directors**

The board of directors of BDEL comprises of 3 executive directors and 3 non-executive directors. Further, there is one alternate director who is a non-executive director. The size and composition of the board of directors conforms to the requirements of the corporate governance norms stipulated in the listing agreements.

The Audit Committee comprises of the 3 independent non-executive directors with the Company Secretary acting as secretary to the audit committee. Mr. Clyde Cooper, Managing Director and Mr. Yogesh Dhingra, Senior Vice President – Finance and Chief Financial Officer are permanent invitees to the audit committee.

The Compensation Committee of directors comprises the 3 independent non-executive directors. The Investor Grievance Committee comprises of Mr. Suresh Sheth, Non-Executive Director acting as the chairman of the committee and Mr. Clyde Cooper. Mr. Tushar Gunderia, Company Secretary, has been designated as Compliance Officer.

**Compliance Certificate of the Auditors**

The statutory auditors of BDEL, vide their letter dated April 27, 2004 have certified that BDEL has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreements.

6.18 Following are the material legal cases involving BDEL, to the best of the knowledge of the company:

**Litigation against BDEL:**

- United India Insurance Company has filed a suit in the High Court of Delhi claiming Rs.23.53 lacs for damage to shipment. The consignment was from Rolta India, who had insured it with United India Insurance Company.
- IBP Limited has filed a complaint in the State Commission, Mumbai claiming Rs.19.86 lacs for loss of shipment.
- One, Akilesh Yadav has filed a complaint in the State Commission, Uttar Pradesh claiming Rs.19 lacs for delay in delivery of a shipment.
- Datanet System has filed a complaint in the State Commission, Bangalore claiming Rs.15.07 lacs for delay in delivery of the shipment.
- One, Chinubhai Patel has filed a complaint in the State Commission, Ahmedabad claiming Rs.10 lacs for losing the shipment containing passport.
- Oriental Insurance Company has filed a suit in the Civil Court of Bangalore claiming Rs.20 lacs for damaging the shipment. The consignment was of Wipro Ltd, who had insured it with Oriental Insurance Company.
- Jwala Impex has filed a suit in a civil court at Rangareddy claiming Rs.13.90 lacs as damages for wrong delivery of the shipment.
- One, V M Bhutani has filed a suit in the Tis Hazari Court at Delhi claiming Rs.10.50 lacs towards value of the share certificates and transfer deeds lost and compensation.
- One, D. R. Dave has filed a complaint in the District Forum, Surat claiming Rs.15 lacs for non-delivery of the shipment and claiming consequential damages.
- One, Jagruti Parikh has filed a suit against Tata Chemicals & others, in the High Court of Mumbai claiming Rs.25 lacs as liquidated damages for loss of shares & debentures and loss of profit etc. BDEL is defendant no. 46 and the claim against BDEL is in the alternative i.e. applicable only if relief's prayed against other defendants are not granted.
- There are 56 other cases filed against the company for reasons like delays in delivery, incorrect delivery, loss of shipment, refusal to carry shipments, short delivery, damage to shipment etc which are pending in various courts / consumer fora where the aggregate of known demands is approximately Rs 122 lacs. There are 2 other cases pending against BDEL in the High Court at Mumbai for recovery of recovery / damages aggregating Rs 7.82 lacs.
- A suit has been filed in the Tis Hazari Court of Delhi by one V N Gupta for possession / ejection with regard to property given to BDEL on lease basis where the Court has passed decree for payment of Rs.10.63 lacs.
- 34 other cases have been filed by past employees against BDEL seeking various reliefs including reinstatement with back wages etc. These cases are at different stages of the applicable dispute resolution process.
- There is a suit filed against the company for non-compliance of some provisions of the Contract Labour Regulations.

- There are 6 cases filed by various parties in the Civil Court, Tis Hazari for non-vacation of the premises on termination. The amount claimed is approximately Rs.4.38 lacs. BDEL has filed counter claims for an aggregate amount of Rs.1.67 lacs on account of non-refund of security deposit amount.

**Note:** BDEL has been contending that each airway bill contains a limit of liability clause and apart from other specific defences taken in such cases, the limit of liability clause binds the claimant.

#### Cases filed by BDEL

- BDEL has filed proceeding for recovery of refundable security deposit amount of Rs 10 lacs in respect of a residential flat at Mumbai owned by GSL Limited (“GSL”). The said flat is mortgaged by GSL in favour of Bank of Rajasthan. Bank of Rajasthan has separately filed proceedings for taking possession of the premises, in which BDEL has been made a party as BDEL is in possession of the premises.
- BDEL has filed a suit in the High Court of Mumbai against Ujjam Vilas Trust for recovery of Rs.14 lacs being the security deposit for entering into a lease agreement that did not materialize.
- A suit has been filed in the High Court of Delhi for eviction of ‘Cyber Squatters’, against Moon Light Estates Pvt. Ltd. to restrain them from launching or operating any website using the words “BLUEDARTEXPRESS.COM” and using the same as their domain name and as their trade mark and trade name.
- BDEL has filed 72 cases under Section 138 of the Negotiable Instruments Act involving a total amount of about Rs. 15.36 lacs. The company has also filed 4 other suits for recovery of amounts totaling approximately Rs. 8.5 lacs.
- 1 case has been filed in the Civil Court, Tis Hazari against Sangam Properties for refund of security deposit. The claim is for Rs.1.20 lacs.

The amounts mentioned in the above cases do not include interest claims, if any.

6.19 The shareholding and voting pattern of BDEL prior to and following the proposed acquisition under the SPA and the Offer, is as under:

Shareholders' category	Shareholding & Voting rights prior to the agreement/ acquisition and Offer (as on November 11, 2004) (A)	Shares/ Voting rights agreed to be acquired which triggered off the SEBI Takeover Code (B)	Shares/ Voting rights to be acquired in the Open Offer (Assuming full acceptances) (C)	Shareholding/ Voting rights after the agreement/ acquisition and Offer (A)+(B)+(C) = (D)
1) Promoters Group				
a) Parties to the SPAs and the SLA	12,151,552 shares 51.21%	(12,151,552) shares (51.21%)	Nil	Nil
b) Promoters other than (a) above	NA	NA	NA	NA
Total 1(a+b)	12,151,552 shares 51.21%	(12,151,552) shares (51.21%)	Nil	Nil
2) Acquirer				
a) Main Acquirer	Nil	16,184,957 shares 68.21%	4,745,587 shares 20.00%	20,930,544 shares 88.21%
b) PAC	Nil	Nil	PAC would not acquire any Shares under the Offer	Nil
Total 2(a+b)	Nil	16,184,957 shares 68.21%	4,745,587 shares 20.00%	20,930,544 shares 88.21%
3) Parties to the agreement other than 1(a) and (2) Newfields Holdings Limited	4,951,598 shares 20.87%	(4,033,405) shares (17.00%)	Nil	918,193 shares 3.87%
4) Public (other than parties to agreement, Acquirer & PAC) *				
a) Mutual Funds and UTI	2,121,311 shares 8.94%			

Shareholders' category	Shareholding & Voting rights prior to the agreement/ acquisition and Offer (as on November 11, 2004) (A)	Shares/ Voting rights agreed to be acquired which triggered off the SEBI Takeover Code (B)	Shares/ Voting rights to be acquired in the Open Offer (Assuming full acceptances) (C)	Shareholding/ Voting rights after the agreement/ acquisition and Offer (A)+(B)+(C) = (D)
b) Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/Non-Government Institutions)	126,431 shares 0.53%			
c) FIs	1,019,765 shares 4.30%			
d) Private Corporate Bodies	844,253 shares 3.56%			
e) Indian Public	2,285,633 shares 9.63%			
f) NRIs/OCBs	46,918 shares 0.20%			
g) Others	180,473 shares 0.76%			
Total (4) : (a)+(b)+(c) + (d)+(e)+(f)+(g)	6,624,784 shares 27.92%	Nil	(4,745,587) shares (20%)	1,879,197 shares 7.92%
<b>Grand Total (1+2+3+4)</b>	<b>23,727,934 shares 100%</b>			<b>23,727,934 shares 100%</b>

\* Total public shareholders as on November 11, 2004 are 8,043.

Newfields Holdings Limited is not a part of the Promoter Group of BDEL and therefore the balance shareholding will be part of the non-promoter / public shareholding.

6.20 Key audited financials of BDEL as a standalone legal entity (consolidation effect of subsidiary financials are not considered). The results as on September 30, 2004 have been certified by the statutory auditors of BDEL, as per the provisions of clause 41 of the listing agreements of BDEL.

INCOME STATEMENT	Six months ended	Year ended		
	30-Sep-04	31-Mar-04	31-Mar-03	31-Mar-02
<b>(Rs. Lacs)</b>				
<b>Income from operations</b>	<b>21,566</b>	<b>35,486.38</b>	<b>31,499.35</b>	<b>28,666.48</b>
Other Income	26	46.87	37.48	59.31
<b>Total Income</b>	<b>21,592</b>	<b>35,533.25</b>	<b>31,536.83</b>	<b>28,725.79</b>
Total Expenses	17,732	29,967.05	27,067.08	24,725.84
<b>Profit Before Interest, Depreciation and Tax</b>	<b>3,860</b>	<b>5,566.20</b>	<b>4,469.75</b>	<b>3,999.95</b>
Depreciation	688	1,001.44	782.08	620.65
Interest	250	435.16	568.67	852.11
Deferred revenue expenditure written off	—	—	—	—
<b>Profit before Tax</b>	<b>2,922</b>	<b>4,129.60</b>	<b>3,119.00</b>	<b>2,527.19</b>
Provision for tax	1,083	1,481.65	1,010.80	726.38
<b>Profit after tax</b>	<b>1,839</b>	<b>2,647.95</b>	<b>2,108.20</b>	<b>1,800.81</b>



<b>BALANCE SHEET</b>	<b>As of</b>			
	<b>(Rs. Lacs)</b>	<b>31-Mar-04</b>	<b>31-Mar-03</b>	<b>31-Mar-02</b>
<b>SOURCES OF FUNDS</b>				
Share Capital	2,376.28	2,376.28	2,376.28	2,376.28
Reserves and Surplus (excluding reval)	10,866.03	9,422.64	8,478.56	8,478.56
Less: Miscellaneous expenditure	(76.27)	(98.06)	(25.52)	(25.52)
Networth	13,166.04	11,700.86	10,829.32	10,829.32
Deferred tax liability (net)	1,619.32	1,472.71	1,514.10	1,514.10
Secured Loans	4,129.95	3,153.28	5,580.79	5,580.79
Unsecured loans	2,400.00	2,000.00	500.00	500.00
<b>Total</b>	<b>21,315.31</b>	<b>18,326.85</b>	<b>18,424.21</b>	<b>18,424.21</b>
<b>APPLICATIONS OF FUNDS</b>				
Net block	14,241.22	11,104.95	10,775.51	10,775.51
Capital work in progress	531.42	274.60	6.56	6.56
Investments	3,013.60	3,013.60	2,013.60	2,013.60
Net current assets	3,529.07	3,933.70	5,628.54	5,628.54
<b>Total</b>	<b>21,315.31</b>	<b>18,326.85</b>	<b>18,424.21</b>	<b>18,424.21</b>

<b>OTHER FINANCIAL DATA</b>	<b>Year ended</b>		
	<b>31-Mar-04</b>	<b>31-Mar-03</b>	<b>31-Mar-02</b>
Dividend (% of face value)	45.00%	27.50%	22.50%
Earnings per Share ("EPS") (Rs.)	11.16	7.08	7.59
Return on Net Worth (%)	21.30%	18.71%	16.74%
Book Value per Share (Rs)	55.49	49.31	45.64

**Note:** (1) EPS = Profit After Tax / No. of shares outstanding

(2) Return on Net Worth = Profit after Tax / Average Net Worth at year-end

(3) Book Value per share = Net Worth / No. of shares outstanding

(Source: Annual Report & Company Data)

As per the last audited results (for the period ended March 31, 2004), BDAL (the wholly owned subsidiary of BDEL) registered total income of Rs 11,153.56 lacs (previous year Rs 9,993.82 lacs) and a profit after tax of Rs 171.95 lacs (previous year Rs 35.78 lacs). The paid-up capital and networth as on March 31, 2004 were Rs 2,400 lacs and Rs 2,959.67 lacs, respectively (Rs 2,400 lacs and Rs 2,743.33 lacs respectively as on March 31, 2003).

6.21 BDEL has the following contingent liability:

<b>CONTINGENT LIABILITIES</b>	<b>Year ended</b>			
	<b>(Rs. Lacs)</b>	<b>31-Mar-04</b>	<b>31-Mar-03</b>	<b>31-Mar-02</b>
a) Corporate Guarantees given on behalf BDAL	4,080.00	4,115.81	3,735.81	3,735.81
b) Bank Guarantees	425.47	94.47	123.59	123.59
c) BDEL has not made any provisions for stamp duty consequent to the amendments made under the Bombay Stamp Act, 1994 and the Karnataka Stamp Act, 1995 based on the legal counsel's advise received challenging, the constitutional validity of the above amendments.				

## 6.22 Comparison of Results

**Year ended March 31, 2004 compared to year ended March 31, 2003**

During the year, BDEL recorded a growth of 13% in income from operations, growth of 25% in Profit before interest, tax and depreciation, growth of 32% in profit before tax and growth of 26% in profit after tax.

**Year ended March 31, 2003 compared to year ended March 31, 2002**

During the year, BDEL recorded a growth of 10% in income from operations, growth of 12% in Profit before interest, tax and depreciation, growth of 23% in profit before tax and growth of 17% in profit after tax.

## 6.23 Key consolidated audited financials of BDEL are as follows. The results as on September 30, 2004 have been certified by the statutory auditors of BDEL, as per the provisions of clause 41 of the listing agreements of BDEL:

INCOME STATEMENT (Rs. Lacs)	Six months ended 30-Sep-04*	Year ended		
		31-Mar-04	31-Mar-03	31-Mar-02
<b>Income from operations</b>	21,581.00	35,461.96	31,462.33	28,647.45
Other Income	36.00	73.66	101.37	115.12
<b>Total Income</b>	<b>21,617.00</b>	<b>35,535.62</b>	<b>31,563.70</b>	<b>28,762.57</b>
Total Expenses	17,389.00	29,293.45	26,344.33	23,977.80
<b>PBIDT</b>	<b>4,228.00</b>	<b>6,242.17</b>	<b>5,219.37</b>	<b>4,784.77</b>
Depreciation	901.00	1,415.68	1,166.06	1,033.23
Interest	342.00	637.30	858.45	1,184.85
Deferred revenue expenditure written off	–	–	–	–
<b>PBT</b>	<b>2,985.00</b>	<b>4,189.19</b>	<b>3,194.86</b>	<b>2,566.69</b>
Provision for tax	1,109.00	1,485.65	1,010.80	738.18
<b>Profit after tax</b>	<b>1,876.00</b>	<b>2,703.54</b>	<b>2,184.06</b>	<b>1,828.51</b>

\* Includes the consolidation of the results of BDEL, BDAL and also of Concorde Air Logistics Private Limited and Skyline Air Logistics Private Limited that became the subsidiaries of BDEL on May 11, 2004. The consolidated results for the year ended March 31, 2004, March 31, 2003 and March 31, 2002 include the consolidation of the results of BDEL and BDAL only.

BALANCE SHEET (Rs. Lacs)	As of		
	31-Mar-04	31-Mar-03	31-Mar-02
<b>SOURCES OF FUNDS</b>			
Share Capital	2,376.28	2,376.28	2,376.28
Reserves and Surplus (excluding reval)	10,532.63	9,047.15	8,032.39
Less: Miscellaneous expenditure	(132.93)	(212.61)	(117.61)
Networth	12,775.98	11,210.82	10,291.06
Secured Loans	5,902.70	4,840.57	7,565.89
Unsecured loans	2,700.00	2,400.00	500.00
Deferred tax liability (net)	1,297.17	1,150.56	1,191.95
<b>Total</b>	<b>22,675.85</b>	<b>19,601.95</b>	<b>19,548.90</b>
<b>APPLICATIONS OF FUNDS</b>			
Net block	17,505.97	14,572.84	14,291.94
Capital work in progress	529.33	274.60	103.89
Investments	13.60	13.60	13.60
Net current assets	4,626.95	4,740.91	5,139.47
<b>Total</b>	<b>22,675.85</b>	<b>19,601.95</b>	<b>19,548.90</b>

OTHER FINANCIAL DATA	Year ended		
	31-Mar-04	31-Mar-03	31-Mar-02
Earnings per Share ("EPS") (Rs.)	11.39	9.20	7.71
Return on Net Worth (%)	21.16%	19.48%	17.77%
Book Value per Share (Rs)	53.84	47.25	43.37

**Note:**

- (1) EPS = Profit After Tax / No. of shares outstanding  
(2) Return on Net Worth = Profit after Tax /Average Net Worth at year-end  
(3) Book Value per share = Net Worth / No. of shares outstanding  
(Source: Annual Report & Company Data)

6.24 The compliance officer of BDEL is Tushar Gunderia, Company Secretary. His contact details are as follows: Telephone - +91 22 2839 6444 extn-3407, Fax - +91 22 2831 1454.

**7 OFFER PRICE AND FINANCIAL ARRANGEMENTS****7.1 Justification of Offer Price**

- 7.1.1 The equity shares of BDEL are listed on NSE and BSE. The shares of BDEL are delisted from the Ahmedabad and Delhi Stock Exchanges during the current financial year, based on the voluntary delisting application made by BDEL.  
7.1.2 The annualized trading turnover during the preceding six months ended October 31, 2004 in each of the stock exchanges on which the shares of BDEL are listed is detailed below:

Name of Stock Exchange	Total number of Shares traded during the preceding six calendar months ended October 31, 2004	Total number of listed shares	Annualized trading turnover (in terms of % of total listed shares)
NSE	6,722,195	23,727,934	56.66%
BSE	2,557,373	23,727,934	21.56%

(Source: NSE, BSE websites)

- 7.1.3 Based on the above information, the shares of BDEL are frequently traded on both the exchanges - BSE and NSE within the meaning of explanation (i) to Regulation 20 (5) of the SEBI Takeover Code. The shares are most frequently traded on NSE.  
7.1.4 The Offer Price of Rs. 350 (Rupees Three Hundred and Fifty only) per Share is justified in terms of Regulation 20 of the SEBI Takeover Code as it is the highest of the following:
- Negotiated Price per share Rs.350
  - Highest Price paid by the Acquirer or the PAC for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-weeks prior to the date of the PA Not Applicable
  - The average of weekly high and low of the closing prices of the Shares of BDEL during the 26-weeks preceding the PA on NSE

Week #	End date	High (Rs)	Low (Rs)	Avg. (Rs)	Volume (Shares)
1	Friday, May 14, 2004	140.75	131.25	136.00	182,846
2	Friday, May 21, 2004	134.80	125.00	129.90	80,562
3	Friday, May 28, 2004	150.95	140.00	145.48	215,418
4	Friday, June 04, 2004	186.70	147.50	167.10	1,090,802
5	Friday, June 11, 2004	178.80	161.70	170.25	424,436
6	Friday, June 18, 2004	168.55	144.85	156.70	705,869
7	Friday, June 25, 2004	156.85	147.10	151.98	172,704

Week #	End date	High (Rs)	Low (Rs)	Avg. (Rs)	Volume (Shares)
8	Friday, July 02, 2004	165.85	153.00	159.43	154,075
9	Friday, July 09, 2004	158.75	150.80	154.78	80,755
10	Friday, July 16, 2004	157.50	149.40	153.45	73,296
11	Friday, July 23, 2004	173.25	161.15	167.20	180,862
12	Friday, July 30, 2004	170.45	168.00	169.23	87,530
13	Friday, August 06, 2004	167.75	166.05	166.90	43,814
14	Friday, August 13, 2004	171.60	166.15	168.88	53,462
15	Friday, August 20, 2004	185.40	170.50	177.95	140,656
16	Friday, August 27, 2004	203.60	190.40	197.00	251,340
17	Friday, September 03, 2004	230.20	211.75	220.98	1,052,706
18	Friday, September 10, 2004	217.00	213.35	215.18	118,997
19	Friday, September 17, 2004	225.30	221.40	223.35	143,803
20	Friday, September 24, 2004	223.80	213.20	218.50	44,226
21	Friday, October 01, 2004	211.30	206.75	209.03	46,274
22	Saturday, October 09, 2004	215.00	204.25	209.63	87,701
23	Friday, October 15, 2004	218.50	207.80	213.15	52,894
24	Thursday, October 21, 2004	242.35	214.50	228.43	511,394
25	Friday, October 29, 2004	266.25	243.85	255.05	601,413
26	Friday, November 05, 2004	314.75	295.85	305.30	1,160,706
<b>26 weeks average</b>				<b>187.34</b>	

d. The average of daily high and low prices of the Shares of BDEL during the 2-weeks preceding the PA on NSE

Day #	Date	High (Rs)	Low (Rs)	Avg. (Rs)	Volume (Shares)
1	Monday, October 25, 2004	262.00	242.00	252.00	233,950
2	Tuesday, October 26, 2004	258.70	241.35	250.03	110,871
3	Wednesday, October 27, 2004	255.00	242.50	248.75	59,685
4	Thursday, October 28, 2004	260.95	245.50	253.23	85,357
5	Friday, October 29, 2004	268.70	258.00	263.35	111,550
6	Monday, November 01, 2004	304.00	269.95	286.98	312,484
7	Tuesday, November 02, 2004	314.95	298.20	306.58	255,366
8	Wednesday, November 03, 2004	318.50	308.10	313.30	181,839
9	Thursday, November 04, 2004	317.40	292.10	304.75	250,402
10	Friday, November 05, 2004	304.90	291.00	297.95	160,615
<b>2 weeks average</b>				<b>277.69</b>	

7.1.5 No additional payments are being made by the Acquirer / PAC as non-compete fees.

7.1.6 In the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified.

7.1.7 If the Acquirer acquires Shares after the date of the Public Announcement up to seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

## 7.2 Financial Arrangements

7.2.1 The total requirement of funds for acquisition of 4,745,587 equity shares of BDEL under the Offer at a price of Rs. 350 per share would amount to Rs.1,660,955,450/- assuming full acceptance. The Acquirer will be provided funding support by DPAG for the acquisition of Shares to be accepted under the Offer.

7.2.2 In accordance with Regulation 28 of the SEBI Takeover Code, DHLSG has created an Escrow Account in the form of a guarantee issued by Standard Chartered Bank, 90, M. G. Road, Mumbai 400 001, India valid upto March 31, 2005

in favour of the Manager to the Offer for an amount of Rs 320,000,000 (Rupees Thirty two crores only) which is more than the amount calculated in terms of Regulation 28(2)(a) of the SEBI Takeover Code. Further, DHLSG has also made a cash deposit equivalent to Rs 16,609,555/- (Rupees one crore sixty six lacs nine thousand five hundred and fifty five only), which is 1% of the total Offer consideration, with Standard Chartered Bank, 6 Battery Road, Singapore 049909. On receipt of requisite RBI approval, DHLSG will arrange the transfer of this deposit to the Mumbai branch of Standard Chartered Bank. Application for opening the bank account in India has been filed with RBI. The Manager to the Offer has been authorised to realise the value of the Escrow Account and the 1% account, in terms of the SEBI Takeover Code. The minimum amount as stipulated in the SEBI Takeover Code would be maintained at all times irrespective of the fluctuations in the conversion rate.

7.2.3 PricewaterhouseCoopers, 8 Cross Street, # 17-00, PWC Building, Singapore 048424 (Tel no.+65 6236 3388, Fax +65 6236 3300), the statutory auditors of the Acquirer, have certified vide their letter dated November 8, 2004 that the Acquirer has received a remittance of SGD 67,000,000 from DPAG and that they understand that these funds are towards implementation of the Offer process. The auditors have also confirmed that these funds are available with the Acquirer as on the date of the certificate. The Indian Rupee equivalent of this amount is Rs. 1,747,567,700 (exchange rate - One SGD = Rs. 26.0831 for November 6, 2004. Source:www.dbs.com). Based on this, the Manager to the Offer has satisfied itself about Acquirer's ability to implement the Offer in accordance with the SEBI Takeover Code.

7.2.4 The Manager to the Offer has been duly authorized by the Acquirer to realize the value of the Escrow Account in terms of the SEBI Takeover Code.

## **8 TERMS AND CONDITIONS OF OFFER**

8.1.1 The Offer is subject to the following regulatory approvals:

- Approval of the FIPB to the Acquirer for acquiring upto 100% of issued equity capital of BDEL; subject to the condition that BDEL would continue to hold upto 40% / 49% of the equity in BDAL as may be permitted under law (BDEL shall sell upto 60% of the issued equity capital of BDAL).\*
- Approval of the Ministry of Civil Aviation, Government of India for proposed change in control/ and induction of 2 new directors on Board of Directors of BDAL.\*
- Approval, if required, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 for approving the transfer of shares from residents to the Acquirer at the Offer Price.
- Approval, if necessary, of the Competition Commission of India under the Competition Act, 2002, in the event that the relevant provisions of the Competition Act, 2002 are notified.

\* Presently, the Foreign Investment Policy in the domestic air transport sector limits the foreign equity participation to 40%. Pursuant to a cabinet decision to revise this limit to 49%, a formal notification is awaited. In conformity with the extant provisions, it is proposed that BDEL divests upto 60% of the issued equity capital of BDAL such that the Target Company holds 40% / 49% in BDAL, as may be permitted in law. It is proposed that the approval of shareholders of the Target Company will be sought for divesting upto 100% of the aviation subsidiary to give flexibility in the event change in structure is desired due to regulatory constraints.

DHLSG has filed an application with FIPB on November 16, 2004 for seeking the above mentioned FIPB approval. Application to RBI for an 'in-principle' approval for acquiring Shares from existing BDEL shareholders has been filed on November 24, 2004. The application to the Ministry of Civil Aviation, Government of India for seeking the above mentioned approval has been filed by BDAL on November 23, 2004.

The Acquirer has received approval from FIPB vide their letter no.FC.II.69(97)/1210(96)-Amend dated December 27, 2004 to invest upto 100% (23,727,934 equity shares) in the equity share capital of BDEL provided, among other conditions as mentioned in the letter, BDEL should not hold more than 40% equity in BDAL.

8.1.2 The Offer will also be subject to such other statutory approvals as may become applicable subsequently.

8.1.3 DHLSG and DPAG will not proceed with the Offer, in terms of Regulation 27 of the SEBI Takeover Code, in case any of the approvals indicated above are refused. No statutory approvals other than those mentioned above are required for the Offer process.

8.1.4 Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non receipt of approvals was not due to wilful default or negligence on part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by SEBI.

8.1.5 The acquisition process of BDEL by the Acquirer, including the sale of BDAL shareholding to Indian shareholders is also subject to certain approvals from the lenders of BDEL and BDAL under the contractual lending arrangements of the two companies.

**8.1.6 Other terms**

- 8.1.6.1 The Offer is being made to the public shareholders of BDEL and the Letter of Offer together with the Form of Acceptance cum Acknowledgement & Form of Withdrawal will be mailed to all shareholders of the Target Company (except the Acquirer and Sellers under the SPAs and the SLA) whose names appear in the register of members of the Target Company and the beneficial owners of the Shares, whose names appear on the beneficial records of the respective share depositories, at the close of the business on Friday, December 3, 2004, the Specified Date.
- 8.1.6.2 All owners of shares, registered or unregistered (except the Acquirer and Sellers under the SPAs and SLA), are eligible to participate in the Offer, any time before the closure of the Offer, as per the procedure set out in Section 9 below. Eligible persons can participate in the Offer by offering their shareholding in whole or in part. No indemnity is required from the unregistered owners.
- 8.1.6.3 Accidental omission to dispatch this Letter of Offer or the non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.
- 8.1.6.4 There are no Shares of BDEL that are locked-in as per SEBI guidelines.
- 8.1.6.5 Any Shares of BDEL that are the subject matter of litigation wherein the Shareholder(s) may be precluded from transferring the equity shares during the pendency of the said litigation are liable to be rejected in case directions/orders to the contrary regarding these Shares are not received together with the equity shares tendered under the Offer.
- 8.1.6.6 The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 8.1.6.7 Incomplete applications, including non-submissions of necessary enclosures, if any, are liable to be rejected.
- 8.1.6.8 Shares that are subject to any charge, lien or encumbrance are liable to be rejected. In the year 1994-95, some lot of share certificates of BDEL were stolen for which BDEL had lodged First Information Report with the Vile Parle, Mumbai police station. Accordingly, the physical certificates received in the Offer will, in addition to the normal verification process, be also subject to verification in this regard.
- 8.1.6.9 The instructions and provisions contained in the FOA and FOW constitute an integral part of the terms of this Offer.

## 9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 9.1 Shareholders of BDEL who wish to avail of this Offer are free to offer their shareholding in whole or in part and they should forward the under mentioned documents by hand delivery at the Collection Centers mentioned below, on or before the close of business hours on Saturday, February 19, 2005, but not later than 1 PM on Saturday, February 19, 2005. Shareholders are advised to ensure that the FOA and other documents are complete in all respect; otherwise the same are liable to be rejected.

	Address	Mode of Delivery	Contact Person	Tel. No. Fax No	E-mail ID
1	Intime Spectrum Registry Ltd., C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078	Hand delivery/ Registered Post	Nikunj Daftary	022-5555 5454 Cell: 9323797902 022-5555 5353	<a href="mailto:nikunj@intimespectrum.com">nikunj@intimespectrum.com</a>
2	Intime Spectrum Registry Ltd., 203 Davar House, 197/199 D. N. Road, Mumbai 400 001	Hand delivery	Vivek Limaye	022-2269 4127 Cell: 9322270272 022-2567 2693	<a href="mailto:vivek@intimespectrum.com">vivek@intimespectrum.com</a>
3	Intime Spectrum Registry Limited, 211 Sudarshan Complex, Near Mithakhali Underbridge, Navrangapura, Ahmedabad 380 009	Hand delivery	Hitesh Patel	079-2646 5179 Cell : 9327032901 079-2646 5179 (Telefax)	<a href="mailto:ahmedabad@intimespectrum.com">ahmedabad@intimespectrum.com</a>
4	Intime Spectrum Registry Ltd., C/o Times Data & Technical Center, 40/3, Second Floor, Geetha Mansion, K.G. Road, Bangalore 560 009	Hand delivery	S. Vijayagopal	080-2235 0351 Cell : 9341282369 080-2235 0351 (Telefax)	<a href="mailto:bangalore@intimespectrum.com">bangalore@intimespectrum.com</a>
5	Intime Spectrum Registry Limited, 201 Sidcup Tower, Near Marble Arch, Race Course Circle, Alkapuri, Vadodara 390 007	Hand delivery	Sunil S. Joshi	0265-2332474/ 2312489 Cell : 9376229460 0265- 2332474	<a href="mailto:vadodara@intimespectrum.com">vadodara@intimespectrum.com</a>
6	Intime Spectrum Registry Limited, Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore 641 028	Hand delivery	S. Dhanalakshmi	0422-2314792 Cell: 9363108720 0422-2314792	<a href="mailto:coimbatore@intimespectrum.com">coimbatore@intimespectrum.com</a>
7	Intime Spectrum Registry Ltd., 307 City Centre, 3rd Floor, 570 M.G. Rd., Indore 452 001	Hand delivery	Ms Megha	0731-2544512 Cell:9302105347 0731-2544512	<a href="mailto:indore@intimespectrum.com">indore@intimespectrum.com</a>
8	Intime Spectrum Registry Limited, 1/17 Prince Gulam Mohammad Road, Kolkata 700 026	Hand delivery	S.P. Guha	033-2464 5145 Cell:31023044 033-2464 5145	<a href="mailto:kolkata@intimespectrum.com">kolkata@intimespectrum.com</a>
9	Intime Spectrum Registry Ltd., 3rd Floor, A-31, Naraina Industrial Area, Phase I, New Delhi 110028	Hand delivery	Sanjiv Kapoor	011-5141 0592 / 93/94 Cell: 9312432265 011-5141 0591	<a href="mailto:delhi@intimespectrum.com">delhi@intimespectrum.com</a>
10	Intime Spectrum Registry Limited, 102, Shree Vidyanand, Dr. Ketkar Path, Erandawane, Near Old Karnataka High School, Pune 411 004	Hand delivery	Sandeep Nagarkar	020- 25458397 Cell: 9373308077 020- 25458397	<a href="mailto:pune@intimespectrum.com">pune@intimespectrum.com</a>

Timing : Monday to Friday (10 AM to 1PM and 2 PM to 4PM)  
Saturday (10 AM to 1PM)

The Shareholders who cannot hand deliver their documents should send the same by registered post, at their own risk, to the Registrar to the Offer at their office at Intime Spectrum Registry Limited, C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai - 400 078, to reach before 1 PM on Saturday, February, 2005.

**Attention of the shareholders is invited to the fact that February 19, 2005 being a Saturday, the collection centres would accept tenders upto 1PM only. Shareholders holding equity shares in demat mode are also advised to check the timing of operation on Saturday with their respective depository participants.**

9.2 Shareholders who wish to tender their shares under this Offer should enclose the following documents duly completed:

9.2.1 For equity shares held in physical form:

**Registered Shareholders should enclose:**

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original share certificate(s).
- Valid share transfer deed / form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with BDEL and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this Letter of Offer.

**Unregistered owners should enclose:**

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original share certificate(s).
- Original broker contract note.
- Valid share transfer deed(s) as received from market. The details of buyer should be left blank failing which, the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.

All other requirements for valid transfer will be precondition for acceptance.

9.2.2 For Equity shares held in demat form:

**Beneficial owners should enclose:**

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by DP in favour of the special depository account (please see below) before the close of business hours on Saturday, February 19, 2005.

The Registrar to the Offer, has opened a special depository account. The details of the special depository account are as under:

DP Name	Infrastructure Leasing & Financial Services Ltd.
DP ID / Client ID	160148000031939
Account name	ISRL ESCROW A/C BLUE DART OPEN OFFER
Depository	Central Depository Services Limited

**For each delivery instruction, the beneficial owner should submit a separate FOA. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favor of the special depository account, before the closure of the Offer, i.e. no later than close of business on Saturday, February 19, 2005. Beneficial owners having their beneficiary accounts with NSDL have to use inter-depository delivery instruction slip for the purposes of crediting their shares in favour of the special depository account. The Forms of Acceptance of such demat shares not credited in favor of the special depository account, before the closure of the Offer will be rejected.**

9.3 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent failing which the tender would be considered invalid and would be liable to be rejected.

9.4 The share certificate(s), share transfer form, FOA and other documents, if any should be sent only to the Registrar to the Offer, at the collection centres mentioned above. They should not be sent to the Manager to the Offer or the Acquirer or the PAC or the Target Company. The above-mentioned documents can be sent to the collection centres (as mentioned in clause 9.1 above) by hand delivery on all days except Sundays and public holidays.

9.5 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one Share.



- 9.6 In case of non-receipt of the Letter of Offer, the eligible Shareholders may obtain a copy of the same from any of the collection centres mentioned above on providing suitable documentary evidence of acquisition of shares of BDEL. The Letter of Offer and Form of Acceptance cum Acknowledgment will be available on SEBI's website: [www.sebi.gov.in](http://www.sebi.gov.in), from the Offer Opening Date. The eligible Shareholders, desirous of participating in the Offer, can download these documents from the SEBI's website and apply on the same. Alternately, they may send their consent to participate in the Offer, to the Registrar to the Offer, on a plain paper stating their name, address, number of shares held, folio number, distinctive numbers of the shares held, number of shares offered, along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer. Unregistered owners should not sign the transfer deed and the transfer deed should be valid. In case of beneficial owners, they may send their application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP in favor of the special depository account, so as to reach the Registrar to the Offer, on or before the close of the Offer. The application should be signed by all the shareholders as per the registration details available with BDEL and should be sent to the Registrar to the Offer in an envelope clearly marked "Blue Dart Express Ltd- Open Offer".
- 9.7 Non-Resident shareholders should also enclose a copy of permission received from RBI for the shares held by them in BDEL. The tenders from non-resident shareholders, where the aforesaid permission is not submitted are liable to be rejected.
- 9.8 Non-Resident shareholders should also enclose a copy of 'no-objection' certificate / tax clearance certificate from the income tax authorities under Income Tax Act, 1961, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. In case the aforesaid 'no-objection' certificate is not submitted, the Acquirer shall arrange to deduct tax at the maximum marginal rate as may be applicable to the shareholder, on the entire consideration amount payable. The Acquirer also reserves the right to reject such tenders from non-resident shareholders, where the aforesaid 'no-objection' certificate is not submitted.
- 9.9 In case of delay in receipt of statutory approvals beyond March 5, 2005, SEBI has the power to grant extension of time to Acquirer for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest for the delayed period, as directed by SEBI in terms of Regulation 22(12) of the Regulations.
- 9.10 Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement/ Letter of Offer, can withdraw the same upto three working days prior to the date of the closure of the offer.
- a) The withdrawal option can be exercised by submitting the documents as per the instruction below, so as to reach the Registrar to the Offer at any of the collection centres, mentioned below under PROCEDURE FOR ACCEPTANCE AND SETTLEMENT, on or before February 15, 2005.
  - b) The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this LOO, duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance in case delivered by Registered A.D.
  - c) In case of non-receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:
    - i. In case of physical shares: Name, address, distinctive numbers, folio number and number of shares tendered / withdrawn.
    - ii. In case of dematerialized shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions in "off market" mode or counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the DP in favor of the Depository Escrow Account.
  - d) Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity shares (i.e shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with BDEL and duly witnessed at the appropriate place.
  - e) The withdrawal of Shares will be available only for the share certificates/ Shares that have been received by the Registrar to the Offer/ Special Depository Account.
  - f) The intimation of returned Shares to the Shareholders will be at the address as per the records of BDEL or the Depositories as the case may be.
  - g) The Form of Withdrawal should be sent only to the Registrar to the Offer, at the collection centres mentioned above.
  - h) In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from BDEL.

- i) Partial withdrawal of tendered Shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.
- j) Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

- 9.11 Payment of consideration will be made by crossed account payee cheque/demand draft / pay order and sent by Registered Post, to those shareholders/unregistered owners and at their risk, whose shares/ share certificates and other documents are found in order and accepted by Acquirer in part or in full. In case of joint holders cheques/ demand drafts will be drawn in the name of the first holder. **It is advised that shareholders provide bank details in the Form of Acceptance cum Acknowledgment, so that same can be incorporated in the cheque/demand draft/pay order.**
- 9.12 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder.
- 9.13 Shares held in demat form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the FOA. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP account.
- 9.14 The Registrars to the Offer will hold in trust the shares/share certificates, shares lying in credit of the special depository account, FOA, and the transfer form(s), if any, on behalf of the shareholders of BDEL who have accepted the Offer, till the cheques/ drafts for the consideration and/or the unaccepted shares/ share certificates are dispatched or credited back to the beneficial owners' DP accounts.
- 9.15 In case any person has lodged shares of BDEL for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in paragraph 9.6 above together with the acknowledgement of the lodgement of shares for transfer. Such persons should also instruct BDEL and its registrar & transfer agents to send the transferred share certificate(s) directly to the collection centre located at Mumbai. The applicant should ensure that the certificate(s) reach the designated collection centre on or before the Offer closing date.
- 9.16 In case any person has tendered his physical shares in BDEL for dematerialisation and such dematerialisation has not yet been effected the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialisation request form acknowledged by shareholder's DP. Such shareholders should ensure the credit of the shares to the special depository account on or before the Offer closing date. A copy of delivery instructions acknowledged by the DP in favour of the special depository account should be forwarded to the collection centre where the FOA and other documents were tendered, before the close of the Offer.
- 9.17 If the aggregate of the valid response exceeds 4,745,587 Shares, then the Acquirer shall accept the tenders received from the Shareholders on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the SEBI Takeover Code.

## 10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of BDEL at the office of the Manager to the Offer, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and public holidays, from the date of opening of the Offer until the Offer closes:

1. SPA dated November 6, 2004 between the Acquirer and members of the promoter group (excluding Mrs Nalini T. Jani).
2. SPA dated November 6, 2004 between the Acquirer and Newfields Holdings Limited.
3. SLA dated November 6, 2004 from Mrs Nalini T. Jani.
4. The following agreements / documents executed, in connection with the proposed acquisition of BDEL:
  - Joint Letter between the parties to the SPAs
  - Letter from the Acquirer to BDEL regarding acceptance of liability, if any.
  - Retention letter to Mr Clyde Cooper
5. Certificate(s) of Incorporation and the Memorandum and Articles of Association of the Acquirer and the PAC.
6. Certificate of Incorporation and the Memorandum and Articles of Association of the Target Company.
7. Copy of published Public Announcement dated November 11, 2004.
8. The annual reports of the Acquirer for the financial years ended December 31, 2003, 2002 and 2001 and the certified results for 6 months period ended June 30, 2004.

9. The annual reports of the PAC for the financial years ended December 31, 2003, 2002 and 2001 and the certified results for 6 months period ended June 30, 2004.
10. The annual reports of the Target Company for the financial years ended March 31, 2004, 2003 and 2002 and the financials for 6 months period ended September 30, 2004.
11. Copy of the letter from PricewaterhouseCoopers, 8 Cross Street, # 17-00, PWC Building, Singapore 048424 dated November 8, 2004 confirming the availability of funds with the Acquirer.
12. Copy of the bank guarantee issued by Standard Chartered Bank, 90, M. G. Road, Mumbai 400 001 in favour of the Manager to the Offer, forming the Escrow Account.
13. Copy of the agreement between the escrow bankers, the Acquirer and the Manager to the Offer, authorising the Manager to the Offer to realize the value of the 1% cash deposit, in terms of the SEBI Takeover Code.
14. SEBI observation letter no CFD/DCR/TO/AT/31215/05 dated January 17, 2005.
15. A copy of the agreement entered into by the Registrar to the Offer with depository participant for opening a special depository account for the purposes of the Offer.
16. A copy of the letter dated January 14, 2005 addressed to BSE and NSE informing them about the delay in opening of the Offer.
17. Copy of published Revised Public Announcement dated January 25, 2005.

## **11 DECLARATION BY THE ACQUIRER AND THE PAC**

The Acquirer and the PAC, represented by their respective board of directors, accept the responsibility for the information contained in this Letter of Offer. Further, the Acquirer and the PAC are severally and jointly responsible for fulfilment of their obligations under the SEBI Takeover Code.

For and on behalf of DHL Express (Singapore) Pte. Ltd. and Deutsche Post AG

Sd/-

Christian Oliver Gritz  
Authorized Person

Place : Toronto

Date : January 24, 2005

Encl:

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal
3. Transfer deed for shareholders holding Shares in physical form