



BLB LIMITED

Report  Junction.com

21st
Annual Report
2001-2002

**BOARD OF DIRECTORS**

Sh. Brij Rattan Bagri	<i>Chairman</i>
Sh. Keshav Chand Jain	<i>Director</i>
Sh. Satish Sharma	<i>Director</i>
Dr. Suresh Chand Gupta	<i>Director (Up to 2nd Sept., 2002)</i>
Sh. Naveen Mathur	<i>Director (From 2nd Sept., 2002)</i>
Sh. Vikram Rathi	<i>Executive Director</i>
Sh. Pavan Kumar Vijay	<i>Chief Executive Officer</i>

ASST. COMPANY SECRETARY

Sh. Rituraj Agrawal

PRINCIPAL BANKERS

HDFC Bank Limited
Global Trust Bank Limited
The Bank of Rajasthan Limited
ABN Amro Bank

AUDITORS

M/s. Ram Rattan & Associates
Chartered Accountants
New Delhi

REGISTERED OFFICE

4764/23-A, Ansari Road,
Daryaganj, New Delhi - 110 002

LISTING AT

National Stock Exchange of India Limited
The Stock Exchange, Mumbai
The Delhi Stock Exchange Association Limited
The Calcutta Stock Exchange Association Limited
The Stock Exchange, Ahmedabad

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DIRECTORS' REPORT

Dear Members,

Your Directors take immense pleasure in presenting the 21st Annual Report of the Company alongwith the Audited Accounts for the financial year ended 31st March, 2002.

FINANCIAL RESULTS

(Rs. in Lacs)

	Year Ended March 31, 2002	Year Ended March 31, 2001
Profit before tax	203.56	409.12
Less : Provision for taxation		
- Current tax	15.84	0.24
- Deferred tax	55.39	—
Profit after tax	132.33	408.88
Add : Balance brought forward from last year	2615.97	2473.80
	2748.30	2882.68
Add: Provision for taxes for earlier years written back	94.45	—
Deferred tax effect for earlier years	759.10	—
Provision for bad & doubtful debts for earlier years written back	—	0.47
	3601.85	2883.15
Less: Prior Period Adjustments	0.53	0.59
Provision for Taxation relating to earlier years	—	1.34
Profit available for appropriation	3601.32	2881.22
Less: Appropriations		
- Dividend on Preference Shares	—	12.50
- Tax on Dividend on Preference Shares	—	2.75
- Amount transferred to Capital Redemption Reserve	—	250.00
Surplus Carried to Balance Sheet	3601.32	2615.97

OPERATIONS

The year 2001-02 has not been one of the best years for the Indian Capital Market. For most part, the year has been rather gloomy and low as the market worked in shadow of the events of the last quarter of the preceding year. The discontinuation of the *badla* system and introduction of the rolling settlement system was a major change brought about during the year. The market took time to adjust to the changed environment. Further, events on the international level as well have had their impact. The tragic event of September 11, sent shock waves around the globe and had a telling effect on the markets the world over. Accordingly, a general slide in stock prices was witnessed both nationally and internationally.

Despite such extremely adverse environment in which it has operated, the Company managed a turnover of Rs. 683.33 crores in the current year. This is 15 percent lower than the turnover of Rs. 803.27 crores achieved during the previous year. Further, the profitability of the company has also been adversely affected by market factors. The company earned profits before tax of Rs. 2.04 crores. For the preceding year, the corresponding value was Rs. 4.09 crores.

During the year under review, the Company expanded its presence in the 'Derivatives Segment' in addition to the 'Capital Market' and embarked upon an expansion program in both the segments.



FUTURE PROSPECTS

The Stock Market is passing through a phase of experimentation and introspection. Cyclic variations are integral part of the Stock Market. Introduction of Rolling Settlement and Derivatives are steps for reform of the quality of the market. Introduction of rolling settlement with T+3 cycles, futures & options on the indices and in 31 scrips have thrown open many a challenges and opportunities before the players in the Capital Market. Rolling settlement has affected spreads of the players.

The management of your Company is trying to work upon the new market systems to derive advantage out of the recent changes. Your Company is continuing with its traditional business adjusting skillfully to the changed environment. Also, it is trying to carve out a niche for itself in the derivatives market. It is anticipated that the introduction of more derivative products with an aim to infuse liquidity will bring about a revival of the markets.

Your company is gearing up to take advantage of the opportunities that are likely to arise. It is laying great emphasis on building infrastructure and providing intensive training to its staff so as to internalize the changes and encash on the opportunities that exist and are likely to arise in future.

Your Company has adopted a two-pronged strategy of expansion of its base in the area of its core competence in the cash segment and focusing on trading in derivatives. The derivatives segment is pregnant with explosive opportunities in the times to come. Your company hopes that its business shall get a boost as and when more scrips are permitted in the derivatives segment and shall stand to benefit if futures and options contracts are made delivery-settled. The company is gearing itself, eyeing on exploiting these opportunities. Towards this end, the company is also planning to use services of Sh. Chand Rattan Bagri, an expert and a revered figure in the stock market circles to clutch available opportunities and to impart an advanced training to the workforce to sharpen their skills, negotiations for which are in advance stage of finalisation.

DEPOSITS

Deposits from shareholders outstanding as on 31st March, 2002 were Rs.931 lacs. There were no overdue or unclaimed fixed deposits as on that date.

LISTING OF SHARES & PAYMENT OF LISTING FEES

Your Company's shares are listed at National Stock Exchange of India Ltd. (NSE), The Stock Exchange, Mumbai (BSE), The Delhi Stock Exchange Association Ltd. (DSE), The Calcutta Stock Exchange Association Ltd. (CSE), and The Stock Exchange, Ahmedabad (ASE). The Company has also paid the annual listing fees for the year 2002-2003 to all the stock exchanges where the shares of the Company are listed, except CSE and ASE where the process of delisting has already been initiated by the Company.

DIVIDEND

Your Directors recommend no dividend on equity shares for the financial year under review.

SUBSIDIARY

BLBFINWIZ.COM Ltd., a subsidiary of the Company, was incorporated during the financial year 1999-2000 for providing services like internet trading, investors' education, market news, online market rates, depository, portfolio management, etc.

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts together with the reports of Directors and Auditors of BLBFINWIZ.COM Ltd. is annexed to this report.

In their meeting held on 31st January, 2002, the Board of Directors has decided to dispose off the shareholding of the subsidiary Company, after necessary approvals. The same shall be disposed off as and when the approvals are received.

CONSOLIDATED FINANCIAL STATEMENTS

As required by Accounting Standard 21, 'Consolidated Financial Statements' issued by The Institute of Chartered Accountants of India, the audited consolidated financial statements of the group are annexed with this report.

From the consolidated financial statements it may be observed that the profit before tax for the group for the year ended March 31, 2002 amounted to Rs. 199.83 lacs as compared to Rs. 203.55 lacs for the Company.



AMALGAMATION OF J.D. PROPERTIES LIMITED WITH THE COMPANY

Your Company is in the process of consolidating its position in the Capital Market, in a bid to emerge as a stronger and more competitive organization. With this aim, the Board of Directors of your Company had decided on an amalgamation of J.D. Properties Limited with the Company. J. D. Properties Limited is a profit-making group company engaged in the business of investment and trading of shares and securities. For the amalgamation purposes, the valuation led to recommendation of exchange ratio of 3 (three) equity shares of Re. 1/- each of BLB Limited for every one equity share of Rs. 10/- each of J.D. Properties Limited. The Scheme of Amalgamation was approved by the Shareholders of the Company in their Extra Ordinary General Meeting held on Monday, the 15th day of July, 2002. Thereafter, the petition was moved before the Hon'ble High Court of Delhi whose approval in the matter is awaited. Your Company believes that such amalgamation will result in operational and financial synergies, economies of scale for further and stable growth, expansion and diversification and better and more profitable utilization of the combined resources.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement a separate report on Corporate Governance and Management discussion and analysis is appended alongwith a certificate of compliance from the Statutory Auditors, which forms a part of this report.

DIRECTORS

Dr. Suresh Chand Gupta has resigned from the Directorship of the Company with effect from 2nd September, 2002. Your Directors place on record their sincere appreciation for the valuable advice, support and guidance provided by him.

Shri Naveen Mathur has been appointed as Additional Director with effect from 2nd September, 2002. He holds office up to the date of ensuing Annual General Meeting. The Company has received a notice for his appointment as director under Section 257 of the Companies Act, 1956. Your directors recommend his appointment.

Shri Satish Sharma retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your directors recommend his re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- the directors have selected such accounting policies, and applied them consistently and made judgments and estimates, that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts for the year ended 31st March, 2002 on a 'going concern' basis.

AUDITORS

The Auditors, M/s Ram Rattan & Associates, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

AUDITORS' REPORT

The Auditors' Report to the shareholders does not contain any qualifications.

STATUTORY DISCLOSURES

A) PERSONNEL

The overall performance of the Company reflects the dedication, commitment and enthusiasm of the people at all levels of the organization. The Directors, therefore, wish to place on record their appreciation for all employees for their individual and collective contribution towards the performance of the Company. Able and hardworking employees are the most valuable assets of the Company. In order to further sharpen the skills and abilities of the employees, your Company regularly sponsors them for various training and development programmes including higher education for



long term benefit. The continued dedication and commitment of the employees have been instrumental to the success of the Company.

No employee was in receipt of remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

B) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO [Section 217(1)(e)]

a) Conservation of Energy, Technology absorption	:	Not Applicable
b) Foreign Exchange Outgo.	:	Rs. 16,28,120/-
c) Foreign Exchange Earnings	:	Nil

ACKNOWLEDGEMENTS

Your Directors would like to thank various bodies and statutory authorities including bankers, SEBI, RBI, ROC, Stock Exchanges, NSDL, CDSL for their co-operation. Thanks are due to the shareholders for their co-operation and the confidence they have reposed in the management.

For and on behalf of the Board

Place : New Delhi
Date : 2nd September, 2002

(BRIJ RATTAN BAGRI)
Chairman





MANAGEMENT DISCUSSION & ANALYSIS

The year under review has been a difficult and depressing one for the stock market and one in which investors have generally lost value. The decline in the Stock Market was not only a reflection of the general slow-down in the Indian economy in the recent years, but also of the unfortunate and unprecedented events on the national and the international fronts during the year. The tragic terrorist attack in the U.S.A. in September, 2001 inevitably had its repercussions on the world markets, including India. The tremors were felt in the Indian Stock Market in a significant way.

The Indian stock market, which had already gone through adverse conditions during 2000-2001, witnessed a further decline during 2001-2002. The main market barometer, the Sensex, which stood at 3604 on 31st March, 2001 declined further to 3469 on 30th March, 2002. Over the last two financial years, the Sensex declined by nearly 31% from 5000 to 3469.

The performance of the Company should be seen in the context of the circumstances mentioned above. Being a stock trading company, and looking to the nature of our business, our income is dependent on the spreads and volume of activity in the stock market. Over the last two years, several factors including the adverse effects of the slow-down in the economy on many parts of the Indian corporate sector have resulted in a continuous decline in spreads in scrip prices and volumes at the Stock Exchanges, which in turn has unfavourably affected our income. While the Company had little control over the market volume and scrip prices, special efforts were made to book profits from stocks held at every available opportunity arising from movements in the stock market.

The Directors feel that, in such a difficult scenario, the Company's overall performance showing a profit before tax of Rs. 203.55 lacs in 2001-2002, has been very encouraging. During the period under consideration Interest cost declined to Rs. 152.43 lacs from Rs. 327.92 lacs in the previous year, which was mainly due to the softening of interest rates, reduced borrowings and an efficient Working Capital Management. The Capital Market activity has not yet regained satisfactory levels. Ongoing reforms in the Capital Market such as T+1 Settlement, margin trading, inclusion of more scrips in futures and options segment, settlement of futures and options by delivery, etc. will certainly have positive impact on the Company's activity.

Notwithstanding the difficulties enumerated above, your Company increased the manpower by adding 10 people during the year. The head count as on 31/03/2002 was 200. Your Company has some of the outstanding in-house training programmes for the employees, particularly the persons trading on behalf of the Company.

Given the challenging times, it is critical to build and sustain employee motivation. Therefore, there has been a renewed emphasis on a continuous communication across all employee levels, on institutionalisation, knowledge management and dissemination; and on active participation in employee satisfaction programme, whose results are being better monitored and much more widely shared. Moreover, there has been a major shift towards transparent and well-designed objectively-driven appraisals and performance-linked remuneration. The culture of high performance work ethic is built around this system.

Your Company's Internal Control systems and procedures are commensurate with the size of operations and adequate enough to meet the following objectives:

- Efficient use and safeguarding of resources.
- Compliance with statutes, policies and procedures.

These are reviewed from time to time to make them foolproof. The internal control system lays down policies, authorization and approval procedures. The Company has an internal audit department, which carries audit in different areas of the Company's operations. The Audit Committee reviews the reports and recommendations of the internal Audit Department and monitors the implementation of recommendations made by it.

Statements made in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking but these would be subject to conditions of the stock market, changes in the policies of the government, economic development, reforms and various other factors.



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

BLB Limited believes that for the success of its business, an adherence to the core values of integrity, honesty, accountability and compliance of laws is of utmost significance. The Company continuously strives for improving performance and seizing opportunities to make it a leader in its field of business. Clause 49 of the Listing Agreement has made it mandatory on the part of Listed Companies to comply with the Corporate Governance Norms. The Company believes that adherence to Corporate Governance in all its dealings will make the Company more committed towards its Shareholders, Government Authorities, Banks, Stock Exchanges, etc.

2. BOARD OF DIRECTORS

❖ Composition and size of the Board

The present strength of the Board is 6 (six) Directors. Its composition is as follows:

- (i) 2 Executive Directors, viz. The Chief Executive Officer and The Executive Director.
- (ii) 4 Non Executive Directors, one of whom is the Chairman and other 3 are independent directors.

Independent Directors are those who other than receiving Director's Remuneration, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the judgement of the Board, may affect the independence of judgement of the Director.

❖ Board meetings held during the year

During the year 2001-2002, twelve Board meetings were held on the following dates :-

- (1) 14th May, 2001 (2) 30th June, 2001 (3) 30th July, 2001 (4) 1st September, 2001
- (5) 25th September, 2001 (6) 31st October, 2001 (7) 29th November, 2001 (8) 31st December, 2001
- (9) 31st January, 2002 (10) 27th February, 2002 (11) 9th March, 2002 (12) 18th March, 2002

Attendance of each Director at the Board Meetings, last Annual General Meeting (AGM), details of other Directorships and Committee positions held by them are as follows :-

Name of the Directors	Category of Directorship	No. of Board Meetings attended	Whether last AGM attended	No. of outside Directorship held in other public companies	No. of Committee positions held in other public companies	
					Chairman	Member
Sh. Brij Rattan Bagri	Non Executive Director	12	Yes	1	Nil	Nil
Sh. Pavan Kumar Vijay	Executive Director (Chief Executive Officer)	11	No	2	Nil	Nil
Sh. Vikram Rathi	Executive Director	12	Yes	2	Nil	Nil
Sh. Satish Sharma	Independent and Non Executive Director	11	Yes	1	Nil	Nil
Dr. Suresh Chand Gupta (up to 2nd Sept., 2002)	Independent and Non Executive Director	12	No	Nil	Nil	Nil
Sh. Keshav Chand Jain	Independent and Non Executive Director	12	No	1	Nil	Nil
Sh. Naveen Mathur (From 2nd Sept., 2002)	Independent and Non Executive Director	-	NA	Nil	Nil	Nil



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As required under Annexure I to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board during their meetings.

Brief Resume of, Sh. Satish Sharma, Director, who retires by rotation, and is eligible for re-appointment, and Sh. Naveen Mathur, Additional Director, who is proposed to be appointed as a Director, is given in the Notice of the ensuing Annual General Meeting.

3. AUDIT COMMITTEE

❖ Composition

The Board of Directors had constituted an Audit Committee on 14th May 2001. Pursuant to Clause 49, the Committee was reconstituted and was delegated additional powers as envisaged under Clause 49 of the Listing Agreement. The Committee comprises of the following members :-

1. Sh. Keshav Chand Jain
2. Sh. Satish Sharma
3. Dr. Suresh Chand Gupta

All the members of the Audit Committee are Independent Directors. They possess sound knowledge of Accounts, Audit, Finance and etc.. Sh. Satish Sharma is the Chairman of the Audit Committee. The Asstt. Company Secretary of the Company acts as the Secretary to the Committee.

❖ Terms of reference

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with Stock Exchanges read with Section 292A of the Companies Act, 1956. These broadly includes reviewing Internal Control Systems, Financial Reporting Systems, ensuring compliances with regulatory guidelines, discussion on Quarterly/ Annual Financial Results, interaction with Statutory and Internal Auditors, appointment and removal of Statutory Auditors, etc.

❖ Meetings and attendance

The Audit Committee during the year 2001-2002 had three meetings, which were held on 30th June, 2001, 31st October, 2001 and 11th March, 2002. The attendance of each Committee member was as under :-

Name	No. of meetings attended
Sh. Keshav Chand Jain	3
Sh. Satish Sharma	3
Dr. Suresh Chand Gupta	3

4. REMUNERATION COMMITTEE

❖ Composition

The Board has constituted a Remuneration Committee on 9th March, 2002 comprising of the following Directors:-

1. Sh. Keshav Chand Jain
2. Sh. Satish Sharma
3. Dr. Suresh Chand Gupta

All the members of the Committee are Independent Directors. Sh. Satish Sharma acts as the Chairman of the Committee.

❖ Terms of reference

The Remuneration Committee has been authorised to determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and compensation payment and other related issues.

❖ Meetings and attendance

During the year 2001-2002, the Committee had one meeting, which was attended by all the members.

❖ Details of Remuneration paid to Directors

The Directors on the Board, except for the Executive Directors, do not get any remuneration. The details of Remuneration



to Executive Directors during the year is given below :

Executive Directors	Salary (Rs.)	ESOP (Rs.)	Service Contract Period
Sh. Pavan Kumar Vijay	585541	47500	5 Years
Sh. Vikram Rathi	510009	47500	5 Years

Salary includes basic salary, perquisites and allowances, contribution to provident and others funds.

The Stock Options granted by the Company to its Executive Directors were forfeited in the meeting of the Board of Directors held on 1st September, 2001 for non exercise of option by the Directors.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE-CUM-SHARE TRANSFER COMMITTEE

❖ Composition

The Company has a Committee named as Shareholders' / Investors' Grievance-cum-Share Transfer Committee. The Composition of the Committee is as below :-

1. Sh. Satish Sharma
2. Sh. Pavan Kumar Vijay
3. Sh. Vikram Rathi
4. Dr. Suresh Chand Gupta

Sh. Satish Sharma, a Non Executive Director, acts as the Chairman of the Committee. Sh. Rajeev Kumar, the Company Secretary of the Company till 19/06/2002 acted as the Secretary and the Compliance Officer of the Committee till that date, after which Sh. Rituraj Agrawal, Assistant Company Secretary of the Company took over the charge from 01/08/2002.

❖ Terms of reference

The Committee has been authorised to look into issues relating to investor grievances including non-receipt of declared dividend, Annual Report, transfer of shares of the Company, etc. The Committee is also entrusted with the task of looking after the whole process of transfers, transmissions, dematerialisation and rematerialisation of shares.

❖ Meetings and attendance

During the year, 13 meetings of the Committee were held which were attended by all the members.

❖ Shareholders' Queries

The Company did not receive any shareholders complaint during the year. Further, there are no pending share transfers. As Dr. Suresh Chand Gupta has resigned from the directorship of the Company with effect from 2nd September, 2002. A reconstitution of the committee will be made shortly.

6. GENERAL BODY MEETINGS

❖ Details of Annual General Meetings held during the last 3 years.

Year	Venue	Date	Time
2000-2001	Hotel Atithi Palace, 50, Daryaganj, (Near Ram Mandir), New Delhi – 110 002	29th September, 2001	3.00 P.M.
1999-2000	The Connaught, 37, Shaheed Bhagat Singh Marg, Next to Shivaji Stadium, New Delhi – 110 001	15th September, 2000	11.00 A.M.
1998-1999	E-80, Greater Kailash Part – I, New Delhi – 110 048.	28th October, 1999	11.45 A.M.

In addition to Annual General Meetings, Company holds Extra Ordinary General Meetings of shareholders as and when need arises.

❖ Postal Ballot

No special resolution was put through Postal Ballot during the year under review, nor are any resolutions presently proposed.