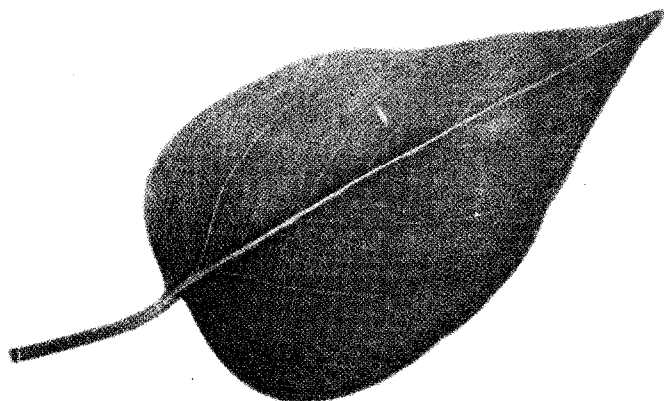




24th Annual Report, 2004-05

Report  junction.com



BLB Limited

**BOARD OF DIRECTORS**

Sh. Brij Rattan Bagri	<i>Chairman</i>
Sh. Keshav Chand Jain	<i>Director</i>
Sh. Satish Sharma	<i>Director</i>
Sh. Pavan Kumar Vijay	<i>Director</i>
Sh. Vikram Rathi	<i>Executive Director</i>
Dr. S. C. Gupta	<i>Director (31.08.2004 to 30.09.2004)</i>

COMPANY SECRETARY

Sh. Amit Kumar

PRINCIPAL BANKERS

HDFC Bank Limited
ABN AMRO Bank
ICICI Bank Ltd.
The Bank of Rajasthan Ltd.

AUDITORS

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

SECRETARIAL AUDITORS

M/s. Chandrasekaran Associates
Company Secretaries
New Delhi

REGISTERED OFFICE

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

LISTING AT

National Stock Exchange of India Limited
Bombay Stock Exchange Limited
 (Erstwhile The Stock Exchange, Mumbai)
The Calcutta Stock Exchange Association Limited

CONTENTS	PAGE NO.
Report of the Directors & Management	
Discussion & Analysis	1
Corporate Governance Report	6
Auditors' Report	13
Balance Sheet	16
Profit & Loss Account	17
Schedules forming part of Accounts	18
Cash Flow Statement	33
Statement pursuant to Section 212	35
Audited Accounts of Subsidiary Company	36
Audited Consolidated Annual Accounts	46
Consolidated Cash Flow Statement	63

YOUR DIRECTORS' REPORT

For the Financial Year Ended 31st March, 2005

Dear Shareholders,

Your Directors' take immense pleasure in presenting the 24th Annual Report of the Company alongwith the Audited Accounts for the financial year ended 31st March, 2005.

FINANCIAL RESULTS

(Rs. in Lacs)

	Year Ended March 31, 2005	Year Ended March 31, 2004
Profit before tax	(759.19)	1673.74
Less : Provision for Taxation		
- Current tax	3.20	109.14
- Deferred tax	110.60	577.30
Profit after tax	(872.99)	987.30
Add : Balance brought forward from last year	4650.13	4351.05
(Short)/ Excess Provision for taxes relating to earlier years	(13.59)	(3.50)
Surplus Available for Appropriations	3763.55	5334.85
Less : Appropriations		
Transfer to General Reserve	-	684.72
Surplus carried to Balance Sheet	3763.55	4650.13

DIVIDEND

In absence of any profit for the year under review, your directors do not recommend any dividend on equity shares of the Company for the financial year under review.

RESERVES

In absence of any profit for the year under review, your Directors do not recommend any transfer to reserves of the Company for the financial year under review.

DEPOSITS

Deposits from the relatives of Director as on 31st March, 2005 were Rs. 14,64,00,000/-. There were no overdue or unclaimed fixed deposits as on that date.

FUTURE PROSPECTS

A discussion is made in this regard under Management Discussion and Analysis, a part of this report.

SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts together with the reports of Directors and Auditors of BLB Global Business Limited is annexed to this report.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement a separate report on Corporate Governance is appended along with a certificate of compliance from the Statutory Auditors of the Company, which forms a part of this report.

DIRECTORS

Dr. S.C. Gupta was appointed as Director subject to necessary approval of stock exchanges where the Company is a member. Due to pendency of such approvals, he resigned from the Board on 01st of October 2004.

Sh. Vikram Rathi, Executive Director is proposed to be reappointed for the same post for another five years.

Sh. Satish Sharma retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment. Your directors recommend his re-appointment.



Research - A Passion

STATEMENT OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956

None of the employee of the Company was in receipt of Remuneration, throughout the financial year or part of it, as specified in section 217 (2A) of the Companies Act, 1956

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of section 217(2AA) of the Companies Act, 1956, your directors confirm that:

- In the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- 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 of 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 prevention and detecting fraud and other irregularities;
- The Directors have prepared the accounts for the year ended 31st March, 2005 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 them 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(IB) of the Companies Act, 1956. The Board recommends their appointment.

AUDITORS' REPORT

The Auditors' Report to the shareholder does not contain any reservation, qualifications or adverse remarks.

LISTING OF SHARES & PAYMENT OF LISTING FEES

The Shares of the company are presently listed at the National Stock Exchange of India Ltd. (NSE), the Stock Exchange, Mumbai (BSE) and the Calcutta Stock Exchange Association Ltd. Your Company is also in process of getting its shares delisted from Calcutta Stock Exchange .

The Company has also paid the annual listing fees for the year 2005-06 to NSE and BSE, where the shares of the Company will continue to be listed.

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 convey their appreciation to all employees for their individual and collective contribution towards outstanding performance of the Company. Able and hard working employees are the most valuable assets of the Company. In order to further sharpen the skills and abilities of the employees, your Company regularly sponsor 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 our success.

B) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|------------------|
| a) Conservation of Energy, Technology absorption | : Not Applicable |
| b) Foreign Exchange Outgo | : Rs. 5,590.35 |
| c) Foreign Exchange Earning | : Nil |

ACKNOWLEDGMENTS

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

For and on behalf of the Board

Place : New Delhi
Date : 31st August, 2005

(BRIJ RATTAN BAGRI)
Chairman



Research - A Passion

Part to Directors' report

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The year 2004-2005 has seen outstanding growth in the Indian Securities Markets with the indices, market capitalization, etc. making enormous gains, visible in the Sensex touching 6600. With the momentum of growth gaining extremely high levels, the markets and related figures stood poised at the year end at making entry, with a spurt, into areas existing only in the realm of conjectures and surmises till then. The perception stands corroborated by all the major indices touching never seen levels and specifically the Sensex standing on the verge of breaching the '8000 mark', putting even a regressive tragedy like Tsunami behind successfully.

The reforms of the Equity and Derivative Markets, started majorly a few years ago, continued unabated this year too. This resulted in further development and maturity of the Stock Markets, taking them closer to their goal of being at par with or even beating the best in the world in all ways. Absorbing the ripples of Tsunami, the 17th May fiasco and the Mumbai Monsoon debacle off late, with ease is a conspicuous sign of maturity of the markets.

In the all pervading buoyant economic environment, the Primary Market too considerably pepped up, with the number of issues during 2004-05 getting doubled as compared to the previous year. It also underwent major reforms during the year under review, inter alia, aimed at simplifying the procedural nitty gritty. Interestingly, the book building process gained acceptance during the year.

Diverse participation is a major source of strength of the securities markets. The number of mega investors belonging to diverse categories, viz. FIs, FIIs, Mutual Funds, High Networth Investors, increased considerably during the year. An increase in the interest of the Foreign Institutional Investors (FIIs) in the Indian Stock Markets was conspicuous from the ballooning of their portfolios. Their share increased to 5.8 % of the total market turnover, which is a record in the history of FII investments in India. The total investment during the year amounted to approx. Rs.45, 767 Crore / US \$ 9.95 billion, its highest ever in a single year after they were allowed to invest in Indian markets since 1993; and surpassing, by a huge margin, the early record of approx. USD 7.59 billion, set in 2003.

Review of Operations & Performance of the company

During the year under review, the Company has generally performed in tune with the markets, though a few events / changes, discussed hereinbelow, have had such adverse impacts that they almost nullified the good work done by the company, making the year a forgettable one, result-wise.

Along with a number of colorful achievements in 2004-05, the market also saw some gray days. The unexpected defeat of the Vajpayee Government and fears of Left parties being in a dictating position so much so as to derail the economic reforms, sent shivers down the spine of the investors and sparked panic selling. These fears led to an overall fall of the Sensex from a high of 6249.60 on January 9th to a multi-year low of 4247.50 on May 17th, which was also marked by an intra-day fall of 800 points. However, the sentiment improved after passing of time gradually.

This fiasco had a tremendous negative impact on the company's performance in the year 2004-05, which is visible in the loss figures appearing in the Balance Sheet for the year under review. The effect of the same though became milder in the second half of the year.

Another temporary dampener for the stock markets and more so for the Company's performance was the Securities Transaction Tax (STT) on all transactions in securities, introduced by the Government of India through the Union Budget for 2004-05. As your Company is in the business of trading in securities, specifically in the nature of jobbing and arbitrage, where volumes are extremely high and the margins are extremely low, the cost of operations of the Company increased considerably, consequently eating into its profits for some time thereafter till the market could make adjustments in that regard.

Apart from the above, a payment of Rs. 3.93 Crore on account of the long pending SEBI turnover fees incurred by the company in the distant past, though the dispute related to which was settled in the year under review, also played a major role in diminishing its profits in the year under review.



Research - A Passion

Your Company primarily carries out jobbing and arbitrage activities which requires skilled and highly enthusiastic traders to deal in securities market. During the year under review, the company also faced problems of attrition among existing trained terminal operators, and non-availability of efficient operators in the market, which together affected the performance of the Company to a considerable extent.

As a consequence of the factors explained above, the company incurred a loss of Rs. 873 Lakh during the year under review.

Opportunities and Threats

The major threats to the business of the Company are unforeseen and adverse developments on the political and economic front, not only in the national context but also in the global context. Occurrence of natural calamities also remains a concern for the business of the Company, as all these factors play a pivotal role in shaping investor sentiments. The opportunities beckon in the form of sustained economic growth, a positive outlook of India in the eyes of FII's spurred by the sustained economic growth and tremendous potential for growth in all walks of economy and life of the inhabitants of the nation, particularly the rural India. The growth can only be a chain reaction encompassing all sectors and any growth has to be reflected in the stock market, where we are a participant.

Future Plans

The year under review has overall been a good year for the Indian stock market and has helped build a platform from where the market could only get catapulted to dizzying heights. In such a positive scenario, where there lie opportunities galore, your company has chartered extensive plans to gain maximum mileage and create maximum value for the shareholders.

The Company intends to increase the strength of its Trading Operators from 250 to 450 over the next 2 – 3 years, which would be utilized for executing and fructifying the ambitious plans of the Company.

The Company plans to increase its primary and long standing business activity of 'jobbing & arbitrage' by increasing the average daily turnover to Rs. 1000 Crores in 2006 and Rs. 2000 Crores in 2007. The Company also plans to enhance the 'System Trading', its automated trading platform, which exploits jobbing and arbitrage activities at a much faster pace and draws margins therefrom to the maximum and the average daily turnover whereof would be in the region of Rs. 500 Crores.

The Company also plans to further consolidate its 'Research Division' working on a 's p v t + P = Money' approach for creating value for the Company and its clients through activities like private equity stakes and value investing, by spreading operations to locations like Mumbai, Bangalore, Hyderabad and Chennai, from its present operations at Delhi during the year under review.

The 'Client Division', of the equities wing, which has matured its systems and procedures to be ready for catering to any number of clients and which has started seeing action recently, has been meticulously planned for by your company to take on flying colors. Your Company plans to cater to clients from the categories like FIIs, FIs, Mutual Funds, Banks, HNIs, initially from important locations like Delhi, Mumbai, Kolkata, Bangalore, Hyderabad and Chennai.

Your Company has also applied for membership to Dubai Gold & Commodities Exchange (DGCX), through its wholly owned subsidiary BLB Global Business Ltd, upon obtaining which, both online and off-line trading facilities offering international trading in Gold, Silver, Crude Oil, etc. shall be launched for clients in India, which will be a good value addition to the services we provide to our clients.

In the wake of the maturing of online trading technologies and its implementation in the Indian context, your Company is pleased to revive its plans of providing an online portal, 'www.blblimited.com', to its clients for trading in equities and commodities and facilitating research in those segments.

The great industrial pioneer and icon, Late JRD Tata, once said, "when one gets success, he should give back to the society". How right he was. Agreeing with the truth of his statement, your company has been in some ways contributing to the society and now plans to open an Institute of Financial Markets, namely 'BLB Institute of Financial Markets', dedicated to create professionals and investors through simplifying education and offering various other products related to education

on financial markets and placements. To facilitate the same through online means, your company plans to soon open a portal website under the domain www.bifm.com.

Through all these initiative, your company hopes to come into profits during current year and continue to grow in terms of topline and bottom line.

Human Resources

Your Company understands that a skilled and a dedicated manpower base is the best resource a Company can have, as it is that which in effect enhances the worth and performance of a company. The management feels that it is critical to build and sustain employee motivation.

Thus your Company puts in a lot of its resources in enhancing motivation and providing training to its employees with a view to increase the competence and performance of the employees, particularly the personnel engaged in trading, who directly contribute to the profitability of the company so that they may become more competent to execute their jobs and contribute to the profitability of the company. This also makes them more committed towards the Company. Moreover, the shift towards transparent and well-designed objectivity-driven appraisals and performance-linked remuneration started in the preceding year has been amalgamated fully and its fine tuning is done on a regular basis to keep it adapted to any change in circumstances. The culture of high performance work ethics is built around this system.

In order to tap various opportunities in the market coming in the way and to tap the various opportunities in the market that the near future holds in store for the Company, your Company, during under review, has increased its terminal capacity significantly for which manpower strength had to be enhanced by adding 28 more people, taking the total headcount as on 31/03/2005 to 435.

Internal Control Systems

Your Company has an adequate system of internal control and procedures, commensurate with the size of operations, to meet the following objectives: -

- Efficient use and safeguarding of resources.
- Compliances with statutes, policies and procedures.
- Transactions being accurately recorded and promptly reported.

These get reviewed from time to time to make them fool-proof. The internal control system lays down policies, authorization and approval procedures. The Company has an Internal Audit Department which carries out audit of the various areas of company's operations. The Audit Committee reviews the reports and recommendations of the Internal Audit Department and monitors the implementation and recommendations made by it.

Cautionary Note

Statements made in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking statements within the applicable laws. However, these are subject to certain risks and uncertainties occasioned by factors beyond the control of the Management, including the conditions of the stock markets, changes in the policies of the Government and various other factors.



CORPORATE GOVERNANCE REPORT

(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 value 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. 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.

Company's policies on the Corporate Governance and the compliance of the conditions on specific areas wherever applicable for the year ended 31st March, 2005 are given hereunder:

2. Board of Directors

♦ Composition and size of the Board

As on March 31, 2005, the Company's Board of Directors comprised of 5 Directors out of which four are Non Executive Directors. The Board meetings of the Company are presided over by a Non Executive Chairman and more than one third of the Directors of the Company are Independent Directors.

♦ Board meetings held during the year

During the year 2004-2005, twelve Board meetings were held on the following dates: -

- | | |
|--|--------------------------|
| (1) 30th April, 2004 | (7) 21st September 2004 |
| (2) 31st May, 2004 | (8) 1st October, 2004 |
| (3) 22nd June, 2004 | (9) 29th October, 2004 |
| (4) 30th June, 2004 | (10) 30th November, 2004 |
| (5) 31st July, 2004 | (11) 31st January, 2005 |
| (6) 31st August, 2002 adjourned on 1st September, 2004 | (12) 31st March, 2005 |

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

Name of the Director	Category of Directorship	No. of Board Meetings attended	Whether last AGM attended	No. of outside Directorship held as on 31/03/2005		No. of Committee positions held in other public companies as on 31/03/2005	
				Public	Private	Chairman	Member
Sh. Brij Rattan Bagri	Promoter & Non Executive Director	12	No	Nil	1	Nil	Nil
Sh. Pavan Kumar Vijay	Independent and Non Executive Director	Nil	No	Nil	3	Nil	Nil
Sh. Vikram Rathi	Executive Director	12	Yes	Nil	2	Nil	Nil
Sh. Satish Sharma	Independent and Non Executive Director	12	Yes	Nil	1	Nil	Nil
Sh. Keshav Chand Jain	Independent and Non Executive Director	12	No	Nil	Nil	Nil	Nil
Dr. S. C. Gupta*	Independent and Non Executive Director	Nil	No	Nil	1	Nil	Nil

* Dr. S. C. Gupta was appointed as Director of the Company by the Board in their meeting held on 30/08/2004 subject to approval of Stock Exchanges, where the Company is a member, but resigned as on 01st October 2004 due to non-receipt of such approvals.

Brief resume of Sh. Vikram Rathi, Executive Director proposed to be reappointed for the same post for another five years and of Sh. Satish Sharma, Director who is retiring by rotation, and being eligible, seeking reappointment, is given in the notice of the ensuing Annual General Meeting.



Research - A Passion

The intervening period between two meetings was well within the maximum time gap of four months prescribed under clause 49 of the Listing Agreement. Date of Board Meetings is fixed in advance and Agenda papers are generally circulated seven working days prior to the meeting.

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

3. AUDIT COMMITTEE

♦ Composition

The Committee comprises only members among the Directors of the Company and was reconstituted on 30th April, 2004 due to resignation of Sh. Naveen Mathur from the Directorship of the Company. Present strength of the Committee is as follow:

1. Sh. Satish Sharma (Chairman)
2. Sh. Keshav Chand Jain
3. Sh. Brij Rattan Bagri (w.e.f 30.04.2004)

All the members of the Audit Committee are Non Executive Directors and two of them are Independent. They possess sound knowledge of Accounts, Audit, and Finance etc. Sh. Satish Sharma, an Independent Non- Executive Director, is the Chairman of the Audit Committee. The 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 the provisions of Section 292A of the Companies Act, 1956. These broadly include reviewing Internal Control Systems, Financial Reporting Systems, ensuring compliance with regulatory guidelines, reviewing Quarterly/ Annual Financial Results and Financial Statements, interaction with Statutory and Internal Auditors, etc.

♦ Role and Powers of Audit Committee

The Audit Committee derives its powers and assumes its role according to the instructions provided to it by Board, coverage as emphasised in Clause 49 of the Listing Agreement.

♦ Meetings and attendance

The Audit Committee during the year 2004-2005 had five meetings, which were held on 30th April, 2004, 31st July, 2004, 31st August, 2004, 29th October, 2004 and 31st January, 2005. The attendance of each Committee member was as under:

Name	No. of meetings attended
Sh. Satish Sharma	5
Sh. Keshav Chand Jain	5
Sh. Brij Rattan Bagri	4

4. REMUNERATION COMMITTEE

The remuneration of only Executive Director is considered and decided by Remuneration Committee of the Company on the basis of the Company's performance in the Industry, responsibilities shouldered, performance, track record and the role played by the Executive Director. The Committee also determines the Company's policy on specific remuneration package including pension rights and any compensation payments, etc. to Executive Director.

♦ Composition

The Company constituted its Remuneration Committee on 9th March, 2002 pursuant to Clause 49 of the Listing Agreement. The Committee was reconstituted on 30th April 2004. As on 31st March, 2005 the committee comprises of the following Directors:

1. Sh. Satish Sharma
2. Sh. Keshav Chand Jain
3. Sh. Brij Rattan Bagri (w.e.f 30.04.2004)

Two members of the Committee are Independent Directors. Sh. Satish Sharma, an Independent Non Executive Director, acts as the Chairman of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.



Research - A Passion

◆ Details of Remuneration paid to Directors

Details of Remuneration of the Executive Director for the year ended March 31, 2005 is as follows:

Name of the Director	Relationship with other Directors	Salary and Allowances (Rs.)	Perquisite and other benefits (Rs.)	Total (Rs.)
Sh. Vikram Rathi	None	8,33,318	59,086	8,92,404

In the above table, Salary and Allowances include Basic Salary, House Rent Allowance, Conveyance Allowance, Uniform Allowance, and Performance Allowance, Leave encashment, and advance for Uniform. Perquisites and Other Benefits include Academic/Professional Allowance and Provident Fund.

The Directors on the Board, except the Executive Director, do not get any remuneration.

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

◆ Composition

The Company has an Investors' Grievance Committee under the nomenclature "Shareholders'/ Investors' Grievance-cum-Share Transfer Committee." The Committee looks after the redressal of Shareholders and Investors Grievances and approves transfer/transmission, sub-division, consolidation and rematerialisation / dematerialization of shares, issue of duplicate share certificates, etc. The Committee re-constituted on 30.04.2004. The Composition of the Committee as on 31st March 2005 is as under: -

1. Sh. Satish Sharma
2. Sh. Vikram Rathi
3. Sh. Pavan Kumar Vijay
4. Sh. Keshav Chand Jain (w.e.f 30th April 2004)

Sh. Satish Sharma, an Independent Non-Executive Director, acts as the Chairman of the Committee. The Company Secretary of the Company acts as the Compliance Officer of the Committee.

◆ Terms of reference

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

◆ Meetings and attendance

During the year, 17 meetings of the Committee were held on the following dates:

- | | |
|-----------------------|-------------------------|
| 1. 1st April, 2004 | 10. 30th October, 2004 |
| 2. 30th April, 2004 | 11. 08th November, 2004 |
| 3. 15th May, 2004 | 12. 15th December, 2004 |
| 4. 16th June, 2004 | 13. 31st December, 2004 |
| 5. 30th June, 2004 | 14. 31st January, 2005 |
| 6. 15th July, 2004 | 15. 15th February, 2005 |
| 7. 30th July, 2004 | 16. 28th February, 2005 |
| 8. 31st August, 2004 | 17. 29th March, 2005 |
| 9. 15th October, 2004 | |

The following table shows the details of attendance of members of the committee in its meetings:

Name	No. of meetings attended
Sh. Satish Sharma	17
Sh. Vikram Rathi	17
Sh. Keshav Chand Jain	16

◆ Shareholders Queries / Complaint

The Company did not receive any shareholders complaint during the year.