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BNK CAPITAL MARKETS LTD.



SIXTEENTH ANNUAL REPORT
2001-02

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BANK CAPITAL MARKETS LTD.

BOARD OF DIRECTORS

Dr. N. K. Sengupta, (M.P.), *Chairman*

Mr. R. S. Khandelwal, *Vice-Chairman*

Mr. P. Brahmachari

Mr. P. Chakravarti

Mr. S. Khandelwal

Mr. Ajit Khandelwal, *Managing Director*

AUDITORS

M/s R. Bhattacharya & Associates

Chartered Accountants

7, Panchanantala Road

Calcutta - 700 029.

AGM on 14th Sept. 2002

'Infinity' Towers, 4th Floor,

A3, Block-GP, Sector-V, Salt Lake City

Kolkata - 700 091 at 11.30 a.m.

BANKERS

American Express Bank Ltd.

HDFC Bank Ltd.

Oriental Bank of Commerce

REGISTERED OFFICE

Mayfair Towers

2, Palm Avenue

Kolkata - 700 019, India.

REGISTRAR & SHARE TRANSFER AGENTS

CB Management Services Limited

P-22, Bondel Road, Kolkata - 700 019.

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NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Company will be held on Saturday, 14th September 2002, at 'Infinity' Towers, 4th Floor, A3, Block-GP, Sector-V, Salt Lake City, Kolkata - 700 091, at 11.30 a.m. to transact the following business :

As Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2002, alongwith the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
2. To elect the Directors in place of those retiring by rotation.
3. To appoint Auditors and to fix their remuneration.

Registered Office :

Mayfair Tower
2, Palm Avenue
Kolkata - 700 019, India.

By order of the Board

Ajit Khandelwal
Managing Director

Dated : 26th June 2002

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member of the Company. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 9th September to 14th September, 2002 (both days inclusive).
3. Members are requested to :
 - a) Notify immediately any change in their address to the Company.
 - b) Bring their copy of the Annual Report to the Meeting.
 - c) Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company atleast 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
4. A copy of the Memorandum and Articles of Association and other relevant documents are available for inspection at the Registered Office of the Company on any working day from 1st September to 13th September 2002 between 11.00 a.m. to 1.00 p.m.
5. The Equity Shares of the Company are now traded on the stock exchanges only in dematerialised form. It is in the interest of the share holders to get their physical certificates dematted.

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BNK CAPITAL MARKETS LTD.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present before you the 16th Annual Report together with Audited Accounts for the year ending 31st March, 2002.

Financial Results

During the year under review, your Company's performance was as under :

	Year Ended 31/3/2002 (Rs. in '000s)	Year Ended 31/3/2001 (Rs. in '000s)
Total Income	32643	127554
Income from Operations	29613	124761
Income from Other Sources	3030	2793
Gross Profit	4415	11978
Interest & Finance Charges	26250	113081
Depreciation	262	228
Profit Before Tax	4153	11750
Provision for Tax / MAT	329	591
Profit After Tax	3824	11159
Balance Brought Forward	4667	3,508
Profit available for Appropriation	8491	14667
Profit & Loss Account	8491	4667

Your Directors do not recommend any Dividend for the year-ended 31.3.2002, due to conserve resources of the Company business.

Operations and Future Prospects

During the period under review, economic sentiments remained dull. The industrial growth was negative. This was reflected on the capital markets which remained weak. Stock market and investment sentiments were bad.

However your Directors are taking steps and changing the mix of business to utilise resources of the Company in a more productive manner.

Investments, Diversifications & Subsidiary Company

BNKe. Solutions Pvt. Ltd., a subsidiary of the company has setup an international Call Center at Infinity Tower, Salt Lake, Kolkata. The company has commenced commercial operation in March 2002. The Financial Statements etc. are attached in this Annual Report.

Fixed Deposits

The Company has not raised any Fixed Deposits during the year.

Directors

Shri R.S.Khandelwal and Shri P. Brahmachari, Directors of the Company, being the oldest in office, retire by rotation at the

conclusion of the forthcoming Annual General Meeting, and being eligible offer themselves for re-appointment. Necessary resolutions are proposed for their re-appointment.

Auditors

M/s. R. Bhattacharya & Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for Appointment.

Corporate Governance

Your Company is in the process of implementation of the recommendations of SEBI Committee on Corporate Governance. The Board has set up various committees which has started functioning as recommended.

Directors' Responsibility Statement :

Your Directors confirm:

- That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That they had selected such accounting policies and applied them consistently and made judgments and estimates that are 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;
- That they had 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;
- That they had prepared the Annual Accounts on a going concern basis.

Statutory Information

The provision relating to conservation of energy and technology absorption does not apply to the Company. The Company has no foreign exchange earnings during the year under report. There is no employee of the Company as covered u/s 217(2A) of the Companies Act, 1956, for which a separate disclosure is required.

Acknowledgements

Your Directors take this opportunity to express their grateful appreciation for the cooperation received from Central Govt., State Govt., Banks as well as the Shareholders during the year under review. Your Directors also wish to place on record their appreciation of the devoted and dedicated service rendered by all the employees of the company.

For and on behalf of the Board

Place : Kolkata
Date : 26th June 2002

R.S. Khandelwal
Vice-Chairman

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AUDITORS' REPORT

TO THE MEMBERS OF BNK CAPITAL MARKETS LTD.

We have audited the attached Balance Sheet of Messrs BNK CAPITAL MARKETS LTD. as at 31st March 2002 and the Profit & Loss Account of the Company for the year ended on that date which are in agreement with the books of account.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we have considered appropriate and according to the information and explanations given to us, we report that :

- I. The Company is maintaining proper records showing full particulars including quantitative details and situation of its Fixed Assets. The Fixed Assets of the Company have been physically verified by the Management and no material discrepancies between the book records and the physical verification were noticed.
- II. The Fixed Assets of the Company have not been revalued during the year.
- III. The Company has not taken any loans, secured or unsecured, during the year under audit from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from companies under the same management as defined under section (1B) of section 370 of the Companies Act, 1956.
- IV. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and /or to the companies under the same management as defined under Sub Sec. (1B) of section 370 of the Companies Act, 1956.
- V. In our opinion, internal control procedure for the business of the company during the year under review are adequate and commensurate with the size and nature of its business.
- VI. The Company has not accepted any deposits from the public during the year under audit within the meaning of provision of section 58A of the Companies Act, 1956, and rules made thereunder.
- VII. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise duty which have remained outstanding as at 31st March, 2002 for the period of more than six month from the date they became payable.
- VIII. According to the information and explanations given to us, in our opinion no personal expenses of Employees or Directors have been charged to Revenue Account other than those payable under contractual obligations or in accordance with generally accepted accounting principles.
- IX. The company has not purchased during the year any assets from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- X. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its Business.
- XI. As informed to us, the provision of ESI and Provident Fund are not applicable to the Company.
- XII. According to the information and explanations given to us, expenses have been charged to revenue account other than those payable under contractual obligation or in accordance with the generally accepted business practice.
- XIII. The Company is not a sick industrial Company within the meaning of clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- XIV. The Company has maintained proper records of the transactions and contracts in respect of dealings or trading in shares, securities, debentures and other investments and entries have been kept by the Company in its own name.
- XV. According to information and explanations given to us, the provision of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society, are not applicable to the Company.
- XVI. Other provisions of the aforesaid order do not appear to be applicable for the year under audit.

FURTHER TO, AND IN TERMS OF THE ABOVE, WE ALSO REPORT THAT:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of accounts, as required by the Companies Act, 1956, have been kept by the Company so far as appears from our examination of the Books.
- c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the Books of Account.
- d) In our opinion, the Balance sheet and the Profit & Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, in so far as they apply to the Company.
- e) On the basis of the written representations received from the directors of the Company, and taken on Record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2002 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956, and
- f) In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit & Loss Account give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2002, and
 - (ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For R.BHATTACHARYA & ASSOCIATES
Chartered Accountants

Place : Kolkata
Date : 30th May, 2002

R. BHATTACHARYA
Proprietor

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BNK CAPITAL MARKETS LTD

BALANCE SHEET AT 31ST MARCH, 2002

	Schedule	Current Year (Rs. in 000s)	Previous Year (Rs. in 000s)
I. SOURCES OF FUNDS			
1. Shareholder's Fund			
a) Share Capital	1	50000	50000
b) Reserves & Surplus	2	45291	41467
		<u>95291</u>	<u>91467</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	3		
a) Gross Block		2617	2533
b) Less : Depreciation		1628	1793
c) Net Block		<u>989</u>	<u>740</u>
2. Investments	4	<u>61335</u>	<u>36335</u>
3. Current Assets, Loans & Advances	5		
a) Stock-in-trade		94699	207413
b) Sundry Debtors		2601	3431
c) Cash and Bank Balances		-166139	-181252
d) Loan and Advances		367772	120003
e) Other Current Assets		232	232
		<u>299165</u>	<u>149827</u>
Less : Current Liabilities & Provisions	6		
a) Current Liabilities		263634	93466
b) Provisions		3095	2766
Net Current Assets		<u>32436</u>	<u>53595</u>
4. Miscellaneous Expenditure (to the extent not written off or adjusted)		531	797
		<u>95291</u>	<u>91467</u>
NOTES TO THE ACCOUNTS	8		
STATEMENT OF ACCOUNTING POLICY	9		

The Schedules referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our Report of even date.

R.BHATTACHARYA & ASSOCIATES
Chartered Accountants

R. Bhattacharya
Proprietor

ON BEHALF OF THE BOARD

R.S. Khandelwal
Vice-Chairman
A. Khandelwal
Managing Director

P. Brahmachari
P. Chakravarti
S. Khandelwal
Directors

Kolkata, May 30 2002

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule	Current Year (Rs. in 000s)	Previous Year (Rs. in 000s)
A. INCOME			
Net Sales / Capital Market Operations		300936	675680
Share Dividend		3645	10281
Debenture Interest (TDS Nil, Last Yr. 4)		2	24
Interest (TDS 820, Last Yr. 16115)		44668	71267
Other Income		3030	2793
TOTAL		352281	760045
B. EXPENDITURE			
Increase /decrease in stock		112714	-60674
Net Purchase		206924	693165
Establishment		365	344
Administration & Other Expenses	7	1320	1885
Interest		26250	113081
Depreciation		262	228
Loss on Sale of Car (long term loss)		27	—
Amortisation & Misc. Expenditure		266	266
TOTAL		348128	748295
Profit Before Taxation		4153	11750
Provision for Taxation		329	552
Profit After Taxation		3824	11198
Balance of Profit Brought Forward for Previous year		4667	3508
		8491	14706
C. APPROPRIATIONS			
Transfer to General Reserve		0	10000
Balance carried to Balance Sheet		8491	4667
TOTAL		8491	14667
NOTES TO THE ACCOUNTS	8		
STATEMENT OF ACCOUNTING POLICY	9		

The Schedules referred to above form an integral part of the Profit and Loss Account. This is the Profit & Loss Account referred to in our report of even date.

R.BHATTACHARYA & ASSOCIATES
Chartered Accountants

R. Bhattacharya
Proprietor

ON BEHALF OF THE BOARD

R.S. Khandelwal
Vice-Chairman
A. Khandelwal
Managing Director

P. Brahmachari
P. Chakravarti
S. Khandelwal
Directors

Kolkata, May 30 2002