



BNK CAPITAL MARKETS LTD.



SEVENTEENTH ANNUAL REPORT
2002-03

BNK 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*

AGM on 27th Sept. 2003
'Infinity' Towers, 4th Floor,
A3, Block-GP, Sector-V, Salt Lake City
Kolkata - 700 091 at 11.00 a.m.

AUDITORS

M/s R. Bhattacharya & Associates

Chartered Accountants

7, Panchanantala Road

Calcutta - 700 029.

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 (P) Limited

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

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BNK CAPITAL MARKETS LTD.**NOTICE**

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Saturday, 27th September, 2003 at 'Infinity' Towers', 4th Floor, A3, Block-GP, Sector-V, Salt Lake City, Kolkata - 700 091, at 11.00 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 2003, 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 : 19th July 2003

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 22nd September to 27th September, 2003 (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 22nd September to 26th September 2003 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.

BNK CAPITAL MARKETS LTD.**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present before you the 17th Annual Report together with Audited Accounts for the year ending 31st March, 2003.

Financial Results

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

	Year Ended 31/3/2003 (Rs. in '000s)	Year Ended 31/3/2002 (Rs. in '000s)
Net Sales / Income from Operations	79640	352281
Total Expenditure	41639	321616
a. (Increase) / Decrease in Stock	2486	112714
b. Purchases	32239	206924
c. Staff cost	333	365
d. Other Expenditure	6581	1613
Interest & Finance Charges	37267	25250
Earnings after Interest but before Depreciation & Tax	734	4415
Depreciation	238	262
Profit Before Tax	496	4153
Provision for Tax / MAT	182	329
Profit After Tax	314	3824
Balance Brought Forward	8491	4667
Short provision of earlier years	778	—
Profit available for Appropriation	8027	8491
Balance carried to Balance Sheet	8027	8491

Your Directors do not recommend any Dividend for the year-ended 31.3.2003, 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 slow. This was reflected on the capital markets which remained weak. Stock market and investment sentiments were bad. The economy has shown signs of recovery in the first quarter of the current fiscal year. The capital market has also responded to this positive sign. 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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Dr. N.K. Sengupta and Shri S.Khandelwal, Directors of the Company, retire by rotation

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

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 Directors reaffirm their commitment to the Corporate Governance standards prescribed by Securities and Exchange Board of India (SEBI) codified as clause 49 of the Listing Agreement with Stock Exchanges, Corporate Governance and Management Discussion and Analysis Report as well as Corporate Governance compliance certificate by Auditor are set out in separate Annexures to this report.

Directors' Responsibility Statement :

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm :

- i) That in the preparation of 'he Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- ii) 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;
- iii) 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;
- iv) 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 co-operation 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 : 19th July 2003

Dr. N.K. Sengupta
Chairman

BNK CAPITAL MARKETS LTD.



REPORT ON CORPORATE GOVERNANCE

The Company has put in place the SEBI guidelines pertaining to Corporate Governance effective from Financial year 2002-2003. The report on Corporate Governance for the year 2003 is as under:

Corporate Governance - Philosophy

The basic objective of the Corporate Governance policies adopted by your Company is to focus on good Corporate Governance - which is the pivotal driver of sustainable corporate growth and long term value creation for the shareholders, other stakeholders and society at large.

1. Board of Directors

As on 31st March 2003 Board of the Company comprised of Six directors of which Five are Non-executive including the non-executive Chairman. Fifty percent of the directors are independent directors. The independent directors have no professional and / or business relationship with the Company. They are eminent professionals, drawn from amongst persons with experience in business, finance, law and corporate management. The composition of the board during the year is tabulated below:

Director	Executive/Non-Executive/ Independent	Other Director- ships held
Dr.N.K.Sengupta	Chairman & Non-Executive	10
Mr.R.S.Khandelwal	Vice-Chairman & Non-Executive	6
Mr.P.Chakravarti	Non-Executive	12
Mr.P.Brahmachari	Non-Executive	4
Mr.S.Khandelwal	Non-Executive	3
Mr.A.Khandelwal	Managing Director	9

2. Audit Committee

The Company has an Audit Committee at the Board level functioning since 30th May, 2002. The Committee, inter alia, provides reassurance to the Board on the existence of an effective internal control system. It also oversees financial disclosures compliance with all relevant statutes, safeguarding of assets and adequacy of provisions for all liabilities and generally accepted accounting principles by the Company.

The Committee carries out the role as laid down in sub paragraph D of paragraph II of clause 49 of the Listing Agreement with Stock Exchanges.

The Audit Committee comprises of three members, all members including the Chairman of the Committee are non-executive and two out of them are independent. The Statutory Auditor and Managing Director of the Company are permanent invitees to all Audit Committee meetings. Sri R.N. Mishra, Accounts Executive is the Secretary to the Audit Committee.

The Composition of the Audit Committee and the details of meeting held by it during the Financial Year under review are as follows:

Director	Position	Meeting held	Meeting Attended
Mr.P.Chakravarti	Chairman	4	4
Mr.R.S.Khandelwal	Member	4	4
Mr.P.Brahmachari	Member	4	4

3. Shareholders/Investors Grievance & Transfer Committee

The Company has "Shareholders / Investors Grievance & Transfer Committee" under the chairmanship of a non-executive / independent director to specifically look into shareholder issue including share transfer, transmission, issue of duplicate certificates and redressing of shareholder complaints like non receipt of balance sheet, declared dividend etc.

Details of the composition of Shareholders/Investors Grievance & Transfer Committee are as follows:

Director	Position	Meeting held	Meeting Attended
Mr.P.Brahmachari	Chairman	3	3
Mr.P.Chakravarti	Member	3	2
Mr.A.Khandelwal	Member	3	3

M/S.C.B. Management Services (P) Ltd., the Company's Registrar and Share Transfer Agent among others, expedites the process of transfer of shares under supervision of Company Secretary. Thereafter, the proposals are placed before the Shareholders / Investors Grievances & Transfer Committee for approval. Mr. R.N.Mishra is the Compliance Officer of the Company and is also the Secretary to the committee.

Details of complaints received, number of shares transferred as well as average time taken for transfers are highlighted in the "Shareholder Information" section of the Annual Report separately.

4. Remuneration Committee

The Board of Directors of the Company at their meeting held on 30.05.2002 constituted a Remuneration Committee of Directors mainly for the purposes of recommending the Company's policy on Remuneration Package for Managing / Executive Directors, reviewing the structure, design and implementation of remuneration policy in respect of key management personnel and approving reviewing and evaluating Employees' Stock Option Plan.

The composition of the Remuneration Committee is as follow :

1. Mr. R.S. Khandelwal : Chairman
2. Mr. P. Brahmachari : Member
3. Mr. P. Chakravarti : Member

Shri R.N.Mishra, Accountant Executive is the Secretary to the Remuneration Committee.

During the year no meeting of the Remuneration Committee was held.

5. Remuneration to Directors

Remuneration paid during 2003
(All figures in Rupees)

Director	Designation	Sitting fees	Salary & Perks	Total
Dr.N.K.Sengupta	Chairman	2000	—	2000
Mr.R.S.Khandelwal	Vice-Chairman	10000	—	10000
Mr.P.Chakravarti	Director	12000	—	12000
Mr.P.Brahmachari	Director	13000	—	13000
Mr.S.Khandelwal	Director	6000	—	6000
Mr.A.Khandelwal	Managing Director	—	420000	420000

6. Number of Board Meetings and Board Procedures

Your Company's Board met 6 (Six) times during the year and details of the meeting are high lighted below. Agenda papers along with explanatory statements were circulated to the Directors well in advance of the meeting. The senior management of your Company were invited to participate in matters of interest, importance and relevance. The Board has access to any information within your Company and every effort is made to ensure that the information is adequate and appropriate to enable the Board to take considered decisions on issues.

Your Company has placed all relevant information before the Board as per Annexure I of Clause 49 of the Listing Agreement.

Date of Board Meeting

Date of Board Meeting	City
1. The 30th May 2002	Kolkata
2. The 26th June 2002	Kolkata
3. The 27th July 2002	Kolkata
4. The 14th September 2002	Kolkata
5. The 30th October 2002	Kolkata
6. The 30th January 2003	Kolkata

Directors	Held	Attended	Attended Last AGM
Dr.N.K.Sengupta	6	2	Yes
Mr.R.S.Khandelwal	6	6	Yes
Mr.P.Chakravarti	6	6	Yes
Mr.P.Brahmachari	6	6	Yes
Mr.S.Khandelwal	6	6	Yes
Mr.A.Khandelwal	6	6	Yes

7. Management Discussions and Analysis Report

As a part of the disclosure related to Management, in addition to the Directors' Report, Management Discussion and Analysis Report forms part of the Annual Report to the shareholders as per specification of SEBI.

8. Directors' Membership / Chairmanship in Committees

No Director is a member of more than 10 committees or Chairman of more than 5 committees across all companies in which he is a Director. The details are as under:

Director	No. of Committees in which	
	Member	Chairman
Dr.N.K.Sengupta	2	—
Mr.R.S.Khandelwal	1	—
Mr.P.Chakravarti	1	1
Mr.P.Brahmachari	1	1
Mr.S.Khandelwal	—	—
Mr.A.Khandelwal	1	—

BNK CAPITAL MARKETS LTD.



(The above includes committee positions in BNK Capital Markets Limited)

9. Disclosure regarding Directors' Appointment and Re-appointment

A brief resume, expertise in specific functional areas, directorships / membership of committees held in other companies in respect of Directors retiring by rotation / being appointed at the ensuing Annual General Meeting is as under :
Details of Directors seeking re-appointment in Annual General Meeting fixed on 27th September, 2003.

Name of Director	Dr. N.K. Sengupta	Mr. Sanjeev Khandelwal
Date of Birth	23rd September 1934	15th November 1960
Date of appointment	21st November, 1995	27th June 1995
Experience in specific functional areas	MP, Director General, International Institute of Management	Businessman
Qualifications	I.A.S.	B.Com (Hons.)
List of outside Directorships held	1. Care Ltd.	
Excluding Alternate Directorship and of Private Companies	2. Leela Hotels Ltd. 3. Enternite Everest Ltd. 4. Inova Securities Ltd. 5. Infar India Ltd. 6. Search Chemical Ltd. 7. Nagarjuna Agro Chem Ltd. 8. Shrachi Securities Ltd.	

Chairman/Member of the Committee of the Board of Director of the Company
Chairman/Member of the Committee of the Board of Director of other

Nil Nil

Nil

a. Audit Committee Member : Enternite Everest Ltd. Nil
Member : Infar India Ltd.

b. Investor Grievances Committee Nil Nil

c. Remuneration Committee Nil Nil

10. Material Contracts/Transactions Concerning Director's Interest

The Company had not entered into arrangement with any body other than with BNK Securities Private Limited, dealing in shares and securities where the Promoter Directors are interested. The disclosure to this effect was made at the relevant meeting of the Board of Directors. There was no arrangement of material nature other than stated above that may have a potential conflict with interest of your Company. Your Company is also a promoter of the said BNK Securities Pvt. Ltd.

11. Code for Prevention of insider Trading

In accordance with the Securities & Exchange Board of India (Prohibition of Inside Trading) Regulation, 1992, as amended in February, 2002, the Board of Director of the Company has formulated the code of conduct for prevention of inside trading in shares of Company by its employees.

12. Other Disclosures

i. Details of Annual General Meetings

ia. Location and time, where last three AGMs held

Year	Location	Date	Time
1999-2000	Jhajharia Committee Room, Merchant Chambers, 15B, Old court House St. Kolkata - 700 001.	15th July, 2000	10.30 am
2000-2001	Infinity Towers, 4th Floor, A3, Block- GP, Sector-V, Saltlake, Kolkata-700 091.	25th Aug. 2001	11.00 am
20001-2002	Infinity Towers, 4th Floor, A3, Block- GP, Sector-V, Saltlake, Kolkata-700 091.	14th Sep, 2002	11.30 am

ib. Whether special resolution were put through postal ballot last year? No

ic. Are votes proposed to be conducted through postal ballot this year? No

ii. Means of Communication

• Half year report / highlights sent to each Household of shareholders No. Published in specified newspapers

- Quarterly results, which newspapers normally published in Asian Age (English)
Danik Lipi (Bengali)
- Any website, where displayed None at present but likely to be commissioned soon.

- Whether it also displays official news Realize N.A.
- Whether MD&A is a part of Annual Report Yes
- Whether shareholder information section forms part of Annual Report Yes

iii. Shareholder Information

- Annual General Meeting
 - Date and Time : 27th September, 2003 at 11.00 a.m.
 - Venue : Infinity Towers, 4th Floor, A3, Block-GP, Sector-V, Salt Lake, Kolkata-700 91.

2. Financial Calender

For the Financial Year ended 31st March 2003.

- Financial Reporting for the Quarter ending 30th June, 2002. : 27th July, 2002.
 - Financial Reporting for the Quarter ending 30th September, 2002. : 30th October, 2002.
 - Financial Reporting for the Quarter ending 31st December, 2002. : 30th January, 2003.
 - Financial Reporting for the Quarter ending 31st March, 2003. : 29th May, 2003.
3. Date of Book Closure : 22nd-27th Sept., '03 (Both days inclusive)

4. Dividend Payment Date Not applicable since no dividend has been recommended.

5. Registered Office

Mayfair Tower, 2 Palm Avenue, Kolkata: 700 019
Tel: (033) 2281 - 0560 / 61, Fax : (033) 2280-0457

6. Listing Details (Equity Share)

The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata-700 001.

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Tower, Dalal, Street, Mumbai 400 023.
The Company has paid the Listing Fees for the year 2002-2003 to all the Stock Exchanges.

7. Registrar & Transfer Agent

C B Management Services (P) Ltd
P-22, Bondel Road, Kolkata: 700 019
Tel No.: (033) 2280-6692 / 6693, Fax No.: (033) 2247-0263
E-mail : cbmsl1 @cal2.vsnl.net.in

8. Share Transfer System

A Committee of Directors (Shareholders / Investors Grievance & Transfer Committee) has been constituted to approve the transfer and transmission of shares, issue of duplicate share certificates and allied matters. To ensure transfer of shares in physical form within 15 days of receipt, a sub-committee has been constituted comprising of Chairman and Managing Director. Share Certificates in physical form are dispatched within prescribed time after complying with the requirement of SEBI guidelines on transfer cum dematerialization of shares.

9. Investor Services

Complaints received during the year

Nature of Complaints	2002-2003		2001-2002	
	Received	Cleared	Received	Cleared
Relating to Transfer, Transmission etc., Dividend, Interest, Redemption etc., Change of Address, Demat-Remat & Others	Nil	Nil	Nil	Nil
Received from SEBI, Stock Exchanges and Other Statutory Authorities	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil

BNK CAPITAL MARKETS LTD.



The Company endeavours to settle all shareholder complaints in the minimum possible time.

10. **Distribution of Shareholding as on 31st March 2003.** (See Table No. 1)

11. **Categories of Shareholding as on 31st March 2003.** (See Table No. 2)

12. **Dematerialization of shares & liquidity**

Over 11.42 % of equity shares have been dematerialized as on 31.03.2003.

Trading in equity shares of your Company on CSEA and BSE is permitted only in dematerialized mode w.e.f. 25th November, 2000 as per notification issued by SEBI.

To facilitate the investors in having easy access to Demat system, the Company has signed agreements with both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

13. **Details on use of public fund obtained in the last three years**

: NIL

14. **Investors Correspondence**

Address for correspondence :

Registered Office :

Mayfair Tower, 2 Palm Avenue, Kolkata: 700 019

Tel.: (033) 2281 - 0560 / 61, Fax: (033) 2280- 0457

Or

C B Management Services (P) Ltd

P-22, Bondel Road, Kolkata: 700 019

Tel No.: (033) 2280-6692 / 6693, Fax No.: (033) 2247-0263

e-mail : cbmsl1 @cal2.vsnl.net.in

15. **Per Share Data**

	2002-2003	2001-2002
EPS (Rs.)	0.06	0.76
EPS Growth (%)	-92%	-66%
Book Value per share (Rs.)	18.91	18.95
Shareprice as on 31st March 2003	3.40 (CSE)	

Auditor's Certificate on Corporate Governance

To The Members of BNK Capital Markets Ltd.

We have examined the compliance of conditions of corporate governance by BNK Capital Markets Ltd., for the year ended on 31st March, 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

As per representation received from the Registrars of the Company, we state that as per records maintained by the Shareholders/Investors Grievance Committee, no investor grievance is remaining unattended/ pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

R. Bhattacharya & Associates
Chartered Accountants

R. Bhattacharya
Proprietor

Kolkata
July 19, 2003

Table 1

Share held	No. of share holders	% of share holders	2002 - 2003		No. of share holders	% of share holders	2001 - 2002	
			Share amount	% of share amount			Share amount	% of share amount
1 - 500	2915	87.65	6888990	13.78	2945	87.80	6993000	13.99
501 - 1000	177	5.32	1468010	2.94	173	5.16	1449000	2.90
1001 - 2000	100	3.01	1579000	3.16	104	3.10	1650000	3.30
2001 - 3000	42	1.26	1143000	2.29	41	1.22	1110000	2.22
3001 - 4000	13	0.39	476000	0.95	13	0.39	477000	0.95
4001 - 5000	17	0.51	815000	1.63	17	0.51	815000	1.63
5001 - 10000	18	0.54	1211000	2.42	18	0.54	1213000	2.43
10001 & Above	44	1.32	36419000	72.83	43	1.28	36293000	72.58
TOTAL	3326	100	50000000	100	3354	100	50000000	100

Table 1

Category	No. of share holders	2002 - 2003		No. of share holders	2001 - 2002	
		No. of share held	% of share holding		No. of share held	% of share holding
01. Promoter Company	2	531700	10.64	2	531700	10.64
02. Director	3	1325600	26.51	3	1325600	26.51
03. Directors Relative	8	653500	13.07	8	653500	13.07
04. Mutual Fund	—	—	—	—	—	—
05. F.I.I.	—	—	—	—	—	—
06. Financial Institution	—	—	—	—	—	—
07. N.R.I.	24	28600	0.57	24	28600	0.57
08. Other Bodies Corporate	69	574400	11.49	55	563600	11.27
09. Bank	—	—	—	—	—	—
10. Resident Individual	3193	1886200	37.72	3235	1897000	37.94
11. Clearing Members	—	—	—	—	—	—
Total	3326	5000000	100	3354	5000000	100

BNK CAPITAL MARKETS LTD.**Management Discussion & Analysis Report****01. Overview**

The Capital markets remained dull during the period under review. The Stock Markets and the investments sentiments were bad. The weak performance of the Company was due to the ill market condition. Your Directors expect improvement in Industrial growth and capital investment levels in coming year which will have a positive impact on the Capital Market.

02. Opportunities and Threats

With increasing privatisation and industrial growth we forecast improvement in Capital Market. The scope of Investment will increase in coming years.

The key threats include the change in policies of Government for Investments, changes in Tax structure, Governing rules of SEBI and RBI etc., which effect the capital market.

03. Business Segment Analysis

During the period under review the Company performed only in Capital Market segment. However in coming year Directors are taking steps and trying to change the mix of business to utilize resources of the Company in a better way.

04. Financial Performance

	Year Ended 31st March 2003 (Rs. In '000s)	Year Ended 31st March 2002 (Rs. In '000s)
Total Income	79640	352281
Operating Expenses	41639	321616
Operating Profit	38001	30665
Interest & Finance Charges	37267	26250
Depreciation	238	262
Profit Before Tax	496	4153
Provision for Tax / MAT	182	329
Profit After Tax	314	3824
Balance Brought Forward	8491	4667
Short provision of earlier years	778	—
Profit available for Appropriation	8027	8491

Comment on current year's performance:

Revenue	:	Revenue of the Company has been decreased in comparison to previous year due to dull market condition and due to decrease in interest rates.
Operating Expenses	:	Your Directors have tried to reduce the operating expenses as compared to previous year.
Operating Profit	:	Operating profit decreased in comparison to last year due to decrease in value of stock in trade and also due to decrease in sales volume and interest rates.
Net Interest Expenses	:	Interest Expenses has been increased because the Company has to hold the stock in trade due to fall in price of all securities.
Depreciation	:	Depreciation has been reducing gradually as per normal trends.
Net Profit	:	Net profit decreased due to decrease in sales and increase in interest expenses.
Sales	:	Sales has been decreased due to fall in prices of shares of almost all companies.
Purchases	:	Purchase has been reduced because of weak capital markets.

05. Human Resources

The Company's human resource strategy, revolves around the development of the individual.

06. Internal Controls

The Company has a proper and adequate system of internal controls befitting its size to ensure that all its assets are safeguarded and protected against loss from authorized and protected against loss from unauthorized use and disposal and that all transactions are authorized and reported correctly.

The internal controls are supplemented by internal audits, reviewed by Management and Audit Committee of Board of Directors. The internal control ensures that appropriate financial records are available for preparing financial statements and other data for showing a true and fair picture of the state of affairs of the Company.

BNK CAPITAL MARKETS LTD.



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 2003 and the Profit & Loss Account and Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we 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 law have been kept by the Company so far as appears from our examination of these Books.
- c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the Books of Account.
- d) In our opinion, the Balance sheet, Profit & Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of the section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from the directors, as on 31st March 2003 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2003.
 - (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date. And
 - (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Annexure referred to in paragraph 3 of our report of even date

- 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 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, 2003 for the period of more than six month from the date they became payable.
- VIII. On the basis of our examination of the books of accounts, and according to the information and explanations given to us, no personal expenses of Employees or Director so have been charged to Revenue account other than those payable under contractual obligations or in accordance with generally accepted accounting principles.
- IX. In our opinion and according to the information and explanations given to us, no goods and materials, aggregating during the year to Rs.50,000/- or more in respect of each party, were purchased and no goods, materials and services, aggregating during the year to Rs.50,000/- or more in respect of each party were sold, in pursuance of contracts or arrangements entered 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 explained 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 obligations or in accordance with 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 abovesaid order do not appear to be applicable for the year under audit.

For R.BHATTACHARYA & ASSOCIATES
Chartered Accountants

R. BHATTACHARYA

Proprietor

Place : Kolkata

Date : 29th May, 2003

Membership Number : F12394

BNK CAPITAL MARKETS LTD.**BALANCE SHEET AS AT 31ST MARCH, 2003**

	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	44827	45291
		<u>94827</u>	<u>95291</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	3		
a) Gross Block		2662	2617
b) Less : Depreciation		1866	1628
c) Net Block		<u>796</u>	<u>989</u>
2. Investments	4	<u>61247</u>	<u>61335</u>
3. Current Assets, Loans & Advances	5		
a) Stock-in-trade		92213	94699
b) Sundry Debtors		45	2601
c) Cash and Bank Balances		(59579)	(166139)
d) Loan and Advances		98694	367772
e) Other Current Assets		19449	232
		<u>150822</u>	<u>299165</u>
Less : Current Liabilities & Provisions	6		
a) Current Liabilities		117201	263634
b) Provisions		1102	3095
Net Current Assets		<u>32519</u>	<u>32436</u>
4. Miscellaneous Expenditure (to the extent not written off or adjusted)		265	531
		<u>94827</u>	<u>95291</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

Kolkata, May 29, 2003

ON BEHALF OF THE BOARD

Dr. N.K. Sengupta
Chairman

A. Khandelwal
Managing Director

R.S. Khandelwal
Vice-Chairman

P. Brahmachari
P. Chakravarti
S. Khandelwal
Directors