



BNK CAPITAL MARKETS LTD.



**TWENTYTH ANNUAL REPORT
2005-06**

BNK CAPITAL MARKETS LTD.



BOARD OF DIRECTORS

Dr. N. K. Sengupta, *Chairman*
 Mr. R. S. Khandelwal, *Vice-Chairman*
 Mr. P. Brahmachari
 Mr. P. Chakravarti
 Mr. S. Khandelwal
 Mr. Aji: Khandelwal, *Managing Director*

AGM on 23rd September, 2006
MAYFAIR TOWERS, Ground floor,
2, Palm Avenue,
Kolkata - 700 019 at 12.45 P.M

AUDITORS

M/s R. Bhattacharya & Associates
Chartered Accountants
 7, Panchanantala Road
 Kolkata-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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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Company will be held on Saturday, the 23rd September, 2006 at Mayfair Towers, Ground floor, 2 Palm Avenue, Kolkata - 700 019 at 12.45 P.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, 2006, along with the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
2. To approve payment of dividend
3. To elect the Directors in place of those retiring by rotation
4. To appoint Auditors and to fix their remuneration.

As Special Business

5. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"Resolved that, in suppression of the earlier resolution passed in the 10th Annual General Meeting of the Company held on 10th August 1996, authority be and is hereby accorded to the Board of Directors of the Company pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, or any other applicable section of the same and all other enabling provisions if any, or any amendment or modifications thereof and subject to such approvals as may be required, to borrow monies for the purposes of the business of the Company from time to time, at their discretion together with monies to be borrowed / already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) either from the Company's bankers and or any one or more persons or financial institutions or mutual funds or bodies corporate whether by way of cash credit, advances, loans including foreign currency loans, or bill discounting, issue of debentures, bonds, or otherwise and whether secured or unsecured by mortgage, charge, hypothecation, lien or pledge of the companies assets and properties, whether movable or immovable, or stock-in-trade and work-in-progress of the company in excess of the aggregate of paid-up-capital and free reserves of the company that is to say, reserves not set apart for any specific purpose on such terms and conditions as may be considered by the Board of Directors provided that the total amount so borrowed and outstanding at any time shall not exceed a sum of rupees 100 crores (Rupees hundred crores only)."

6. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"Resolved that, in suppression of the earlier resolution passed in the 10th Annual General Meeting of the Company held on 10th August 1996, consent, pursuant to the provisions of section 293(1)(a) of the Companies Act 1956, and all other enabling provisions, if any, or any amendment or modification thereof, to the Board of Directors be and is hereby accorded to mortgage, charge and /or hypothecate, in addition to the existing mortgage, charges, hypothecation and other encumbrances, if any created by the company, in such form and on such terms and conditions and at such time or times as the Board may deem fit, the present and future properties and assets whether movable or immovable belonging or to belong to the company including the whole or substantially the whole of the undertakings of the company in favour of any financial institutions, banks, mutual funds, bodies corporate, or any other party(ies), or person(s), for securing any loan or facilities granted or to be granted by or any obligation incurred or to be incurred towards such financial institutions, banks, mutual funds, bodies corporate, or any other parties or persons as the case may be together with the interest thereon at agreed rates, compound interest, additional interest, liquidated damages, commitment charges, cost, charges, expenses and any fee for monies payable in connection herewith."

"Resolved further that the Board be and is hereby authorised to finalise with any or all concerned parties aforesaid and to do all such acts, deeds and things including execution or any documents as may be necessary or expedient for giving effect to this resolution."

Registered Office :

Mayfair Tower
2, Palm Avenue
Kolkata - 700 019, India
Dated : 27th June 2006

By order of the Board

Ajit Khandelwal
Managing Director

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 15th September to 23rd September, 2006 (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 at least 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 18th September to 23rd September 2006 between 11.00a.m. to 1.00p.m.
5. The Equity Shares of the Company are now traded on the Stock Exchange only in dematerialized form. It is in the interest of the Shareholders to get their physical share certificates demated
6. Dividend, if approved in the Annual General Meeting shall be paid /credited to the Bank A/c of the share holder's as on book closing within the stipulated time.

Explanatory Statements pursuant to Section 173(2) of the Companies Act 1956:

ITEM No. 5 & 6 :

Section 293(1)(d) of the Companies Act, 1956, requires the Board of Directors to obtain Members approval to borrow monies in excess of the aggregate of the paid up capital of the company and its free reserves, that is to say reserves not set apart for any specific purpose excluding temporary loans obtained from the Company's bankers in the ordinary course of business.

In view of the proposed expansion program and estimated increase in the Company's operations and in order to finance the on-going business activities and to meet the long-term working capital requirements, the Board considers it necessary to increase the borrowing powers to Rs. 100 crores (Rupees hundred crores only). Hence, the Board of Directors recommended a resolution as set out in the Notice for your consideration and approval.

Section 293(1)(a) of the Companies Act, 1956, provides amongst others that the Board of Directors of the Public Company shall not, without the consent of the Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the company

The Company, for the purpose of its business, has obtained or obtains loan, and/or other facilities from financial institution/banks/mutual funds/ bodies corporate or other parties or persons which may have to be secured by mortgages and/or charges on the movable and/or immovable properties may be deemed to be disposal of the whole or substantially the whole of the undertaking(s) of the Company within the meaning of Section 293(1)(a) of the Companies act, 1956, the Board considers it necessary for the members to pass a resolution to this effect



BNK CAPITAL MARKETS LTD.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present before you the 20th Annual Report together with Audited Accounts for the year ending 31st March, 2006.

Operation and Future Prospects

During the period under review, the Indian economy performed quite impressively emerging as one of the fastest growing economies in the world. The economic reforms launched by the country more than a decade ago and continued on the whole by all succeeding governments have had profound influence on the economy showing positive signs of growth, which reflected in a vibrant capital market. Clearly Indian economy has developed a momentum of its own and can grow on its own independent of day to day dispensation of policy by government. Also after withstanding the initial hiccups of globalisation it has learnt to take full advantage of globalisation. Our GDP, Industrial production, Exports and Services sector have all been registering impressive growth rates. Agriculture is also expected to follow suit since this years monsoon after its initial uncertainty it is expected to be near normal. The overall business environment during the year remained healthy. Your Directors are taking steps to utilize resources of the Company in a more productive manner.

Financial Results

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

	Year Ended 31st March 2006 (Rs. in '000s)	Year Ended 31st March 2005 (Rs. in '000s)
Income from Capital market operation	80566	22078
Other Income	137	421
Total Expenditure (a+b)	8186	1766
a. Staff Cost	533	368
b. Other Expenditure	7653	1398
Interest & Finance Charges	13591	17652
Earnings after Interest but before Depreciation & Tax	58927	3080
Depreciation	268	297
Profit Before Tax	58659	2783
Provision for Tax (Current Tax)	1777	297
Provision for Tax (Deferred Tax)	(13)	(8)
Profit After Tax	56895	2494
Balance Brought Forward	13365	11371
Profit available for Appropriation	70260	13865
Dividend	5000	Nil
Provision for Tax on Dividend	673	Nil
Transfer to special reserve	40000	500
Balance carried to Balance Sheet	24587	13365

Your Directors recommend payment of Dividend @ Rs. 1 per share for the year ended 31st March, 2006.

Investments, Diversifications & Subsidiary Company

The BPO operation of BNK-e-Solutions Pvt. Ltd. has increased to over 300 seats and the company has added further 200 seats in the Current year.

BNK COMDEX Pvt. Ltd. A member of NCDEX (National Commodities and Derivatives Exchange of India) and MCX (Multi Commodity Exchange of India) has started operation in a small way. Your Company has Co promoted and invested in BNK Comdex D M C C, a Company registered in U A E which has acquired membership of Dubai Gold and Commodities Exchange. Directors are hopeful of a great opportunity in commodity trading and broking. The concept of Universal Brokers is picking up like in other advanced Countries your Company along with its subsidiaries and associate companies is fully geared up

to offer one stop services to its clients for all the financial solutions including trading in securities, commodities and their derivatives and futures.

The Company proposes to create a Financial Supermarket by offering all the financial services under one roof at various cities in India and abroad and also a financial portal offering all the services online

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 Mr. N. K. Sengupta and Shri. Sanjeev Khandelwal, Directors of the Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting, and being eligible offer themselves for reappointment.

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 re-affirm 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 Annexure to this report.

Directors' Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 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 departure,
- That they have selected such accounting policies and applied them consistently and made judgements 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 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;
- That they have 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 earning during the year under report. There is no employee of the Company as covered under Section 217(2A) of the Companies Act, 1956, for which a separate disclosure is Required

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation for the co-operation received from Central Govt., State Govt., Bankers 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

Dr. N. K. Sengupta
Chairman

Place : Kolkata

Dated : 27th June, 2006.

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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 2005-06 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 2005 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 Directorships held
Dr N K Sengupta	Chairman, Non-Executive & Independent	6
Mr R S Khandelwal	Vice-Chairman & Non-Executive	7
Mr P Chakravarti	Non-Executive & Independent	13
Mr P Brahmachari	Non-Executive & Independent	1
Mr S Khandelwal	Non-Executive	5
Mr A Khandelwal	Managing Director	7

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 comprised of three members, all members including the Chairman of the Committee are non-executive and independent. The Statutory Auditor, Managing Director of the Company are permanent invitees to all Audit Committee meetings. Mr. R.N. Mishra is the Secretary to the Audit Committee.

The Composition of the Audit Committee and the details of meeting held by it 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	3

3. Remuneration Committee

The Board of Directors of the Company at their meeting held on 30.5.2002 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 and the details of meeting held by it is as follow :-

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

Mr. R. N. Mishra Secretary is the Secretary to the Remuneration Committee.

4. Remuneration to Directors

Director	Designation	Remuneration paid during 2006		
		Sitting fees	Salary & Perks	Total
Dr N K Sengupta	Chairman	15000	---	15000
Mr R S Khandelwal	Vice-Chairman	22000	---	22000
Mr P Chakravarti	Director	22000	---	22000
Mr P Brahmachari	Director	26000	---	26000
Mr S Khandelwal	Director	27000	---	27000
Mr A Khandelwal	Managing Director	---	126000	126000

5. Shareholders/Investors Grievance & Transfer Committee

The Company has "SHAREHOLDERS / INVESTORS GRIEVANCE & TRANSFER COMMITTEE" under the chairmanship of a non-executives / 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	6	6
Mr P Chakravarti	Member	6	6
Mr A Khandelwal	Member	6	6

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 compliance officer. Thereafter, the proposals are placed before the Shareholders / Investors Grievances & Transfer Committee for approval. To expedite the process of transfer sometimes cases of routine nature of transfers of shares are approved by the members of the committee by circulation which are then ratified in their next meeting. 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.

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	City
1. 22nd April 2005	Kolkata
2. 13th June 2005	Kolkata
3. 28th July 2005	Kolkata
4. 24th September 2005	Kolkata
5. 28th October 2005	Kolkata
6. 22nd January 2006	Kolkata

Directors	No. of Meetings		
	Held	Attended	Attended Last AGM
Dr N K Sengupta	6	5	Yes
Mr R S Khandelwal	6	6	Yes
Mr P Chakravarti	6	6	Yes
Mr P Brahmachari	6	4	No
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



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Directors' Report, Management Discussion and Analysis Report forms part of the Annual Report to the shareholders as per specification of SEBI.

8. Director's 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	2	1

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

9. Disclosure regarding Director's 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:

Name of Director	Mr. 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	I.A.S.	Buisnessman
List of outside Directorships held	1. Organon (India) Ltd.	Nil
Excluding Alternate Directorship and of Private Companies	2. Credit Analysis & Research Ltd. 3. Invoia Hotel/Choice Hospitality India Ltd. 4. Nagarjuna Agro Chem. Ltd. 5. Sarchi Securities Ltd.	

10. Material Contracts/Transactions Concerning Director's Interest

The Company had not entered into any 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 Meeting

a. Location and time, where last three AGMs held

Year	Location	Date	Time
2002-2003	Infinity Towers, 4th Floor, A3, Block- GP, Sector-V, Saltlake, Kolkata - 700 091.	27th Sep, 2003	11.00 AM
2003-2004	Infinity Towers, 4th Floor, A3, Block- GP, Sector-V, Saltlake, Kolkata - 700 091.	8th Sep, 2004	4.00 PM
2004-2005	Mayfair Tower, Ground floor, 2 Palm Avenue, Kolkata - 700 019.	24th Sep. 2005	11.00 AM

b. Whether special resolution were put through postal ballot last year? NO

c. 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	Asain Age (English) Danik Lipi (Bengali)
Any website, where displayed	None at present but likely to Be commission
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

1. Annual General Meeting

* Date and Time	23th September, 2006 at 12.45 P.M
* Venue	Mayfair Towers, Ground Floor 2, Palm Avenue, Kolkata - 700 019

2. Financial Calendar

For the Financial Year ended 31st March 2006.

* Financial Reporting for the Quarter ending 30th June, 2005	28th July, 2005
* Financial Reporting for the Quarter ending 30th September 2005	28th October, 2005
* Financial Reporting for the Quarter ending 31st December, 2005.	22st January, 2006
* Financial Reporting for the Quarter ending 31st March, 2006.	27th June, 2006

3. Date of Book Closure 15th September, 2006 to 23rd September 2006 (Both days inclusive)

4. Dividend Payment Date

Dividend @ Re. 1 per Equity Share of Rs. 10 each if approved at the AGM shall be paid/credited to the bank a/c of the share holders as on the date of book closure of the Company within the stipulated time.

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 Stock Exchange, Mumbai
Phiroze Jeejeebhoy Tower, Dalal, Street, Mumbai 400 023
The Calcutta Stock Exchange Association Ltd.
7. Lyons Range, Kolkata-700 001.

The Company has paid the Listing Fees for the year 2005 - 2006 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

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of Independent Directors 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

	2005-2006		2004-2005	
Nature of Complaints	Received	Cleared	Received	Cleared
Relating to Transfer, Transmission etc., Dividend, Interest, Redemption etc., Change of Address, Demat - Remat and Others	Nil	Nil	Nil	Nil
Received from SEBI, Stock Exchanges and Other Statutory Authorities	3	3	Nil	Nil
Total	Nil	Nil	Nil	Nil

The Company endeavors to settle all shareholder complaints in the minimum

10. Distribution of Shareholding as on 31st March 2006.

(See table No. 1)

11. Categories of Shareholding as on 31st March 2006.

(See table No. 2)

12. Dematerialization of shares & liquidity

Over 34.04% of equity shares have been dematerialized as on 31.03.2006

Trading in equity shares of your Company on BSE and CSE 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 :

N.A

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

	2005-2006	2004-2005
15. Per Share		
EPS (Rs.)	11.38	0.50
EPS Growth (%)	2276 %	-34 %
Book Value per share (Rs.)	30.37	20.15
Share price as on 31st March 2006	24.58	

High & Low during the period April 2005 to March 2006

	High	Low
	27.18(BSE)	4.12(BSE)

Table 1

Share held	No. of share holders	2005-2006		% of share amount	No. of share holders	2004-2005		% of share amount
		% of share holders	Share amount			% of share holders	Share amount	
1 - 500	2152	84.13	500791	10.02	2566	86.34	6048040	12.10
501 - 1000	175	6.84	146642	2.93	178	5.99	1472690	2.95
1001 - 2000	89	3.48	141558	2.83	96	3.23	1473040	2.95
2001 - 3000	39	1.53	104057	2.08	43	1.45	146010	2.29
3001 - 4000	18	0.70	68485	1.37	11	0.37	416750	0.83
4001 - 5000	12	0.47	58650	1.17	15	0.50	707190	1.41
5001 - 10000	20	0.78	164523	3.39	17	0.57	1111910	2.22
10001 & Above	53	2.07	3815294	76.31	46	1.55	37624370	75.25
TOTAL	2558	100	50000000	100	3326	100	50000000	100

Table 2

Category	2005-2006		% of share holding	2004-2005		% of share holding
	No. of share held			No. of share held		
01 Promoter Company	531700		10.64	531700		10.64
02 Director	1324600		26.51	1324600		26.51
03 Directors Relative	653500		13.07	653500		13.07
04 Mutual Fund	-		-	-		-
05 F.I.I.	-		-	-		-
06 Financial Institution	-		-	-		-
07 N.R.I.	23014		0.46	25814		0.52
08 Other Bodies Corp	592085		11.84	848932		16.46
09 Bank	-		-	-		-
10 Resident Individual	1792053		35.82	1615454		32.28
11 Clearing Members	83048		1.66	-		-
TOTAL	50000000		100	50000000		100

AUDITOR'S CERTIFICATE

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, 2006, 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.

For R Bhattacharya & Associates

Chartered Accountants

R BHATTACHARYA

Kolkata

June 27, 2006

Proprietor

Membership No. F 012394



BNK CAPITAL MARKETS LTD.

Management Discussion & Analysis Report

01. OVERVIEW : The Capital markets showed improvement during the period under review. The Stock Markets and the investments sentiments has improved substantially. The performance of the Company has been improved this year in comparison to last year.. 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 liberalization and industrial growth we forecast improvement in Capital Market. The scope of Investment will increase in coming years.

The key threats include the change/slowdown in policies of Government for Disinvestments because of political pressures, changes in Tax structure, Governing rules of SEBI and RBI etc., which may effect the capital market substantially.

03. BUSINESS SEGMENT ANALYSIS : During the period under review the Company performed only in Capital Market segment. However the company has promoted along with others & Invested in BNK Comdex, DMCC a company formed in UAE who has acquired membership of Dubai Gold and Commodity Exchange. Your Directors are expecting a very good response from Commodity market in years to come.

4. FINANCIAL PERFORMANCE

	Year Ended 31st March 2006 (Rs. In '000s)	Year Ended 31st March 2005 (Rs. In '000s)
Total Income	80704	22499
Operating Expenses	8186	1766
Operating Profit	72518	20733
Interest & Finance Charges	13591	17652
Depreciation	268	297
Profit Before Tax	58659	2783

AUDITORS' REPORT TO THE MEMBERS OF BNK CAPITAL MARKETS LTD.

- We have audited the attached Balance Sheet of BNK CAPITAL MARKETS LTD.(the Company) as at 31st March 2006 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date both 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 misstatements. 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 Companies (Auditor's Report) Order, (CARO) 2003, issued by the Central Government of India in terms of sub-section 4(A) of section 227 of the Companies Act, 1956, we enclose as Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

Provision for Tax (Current tax)	1777	297
Provision for Tax (Deferred tax)	(13)	(8)
Profit After Tax	56895	2494
Balance Brought Forward	13365	11371
Profit available for Appropriation	70260	13865

Comment on current year's performance:

Revenue : Revenue of the Company has been increased in comparison to previous year mainly due to higher dividends received and Profit on sale of investments.

Operating Expenses : Your Directors have tried to reduce the operating expenses as compared to previous year. However there is an increase reflected in it because a sum of Rs.5.43 lacs has been provided as a Bad Debts.

Operating Profit : Operating profit has increased in comparison to last year mainly due to increase in dividends received in the year and profit on sale of investments

Net Interest Expenses : Interest Expenses has been decreased during the year.

Depreciation : Depreciation has decreased due to addition of assets during the year.

Net Profit : Net profit has shown a increase during the period under review.

05. HUMAN RESOURCES : The Company's human resource strategy, which is in line with the group 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 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.

- Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- The Balance Sheet, The Profit and Loss Account and The Cash Flow Statement dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- On the basis of the written representations received from the Directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- 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 the Companies Act, 1956, in the manner so required and also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India: