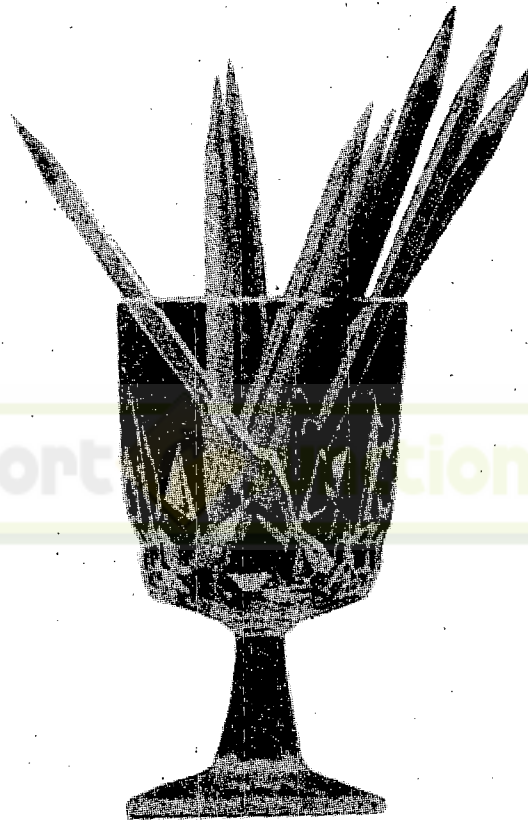




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BNK CAPITAL MARKETS LTD.

**TWENTYSECOND ANNUAL REPORT
2007-08**

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. Ajit Khandelwal, *Managing Director*

AGM on 6th September, 2008
MAYFAIR TOWERS, Ground floor,
2, Palm Avenue,
Kolkata – 700 019 at 11.00 A.M.

AUDITORS

M/s R. Bhattacharya & Associates
Chartered Accountants
 7, Panchanantala Road
 Kolkata-700 029

BANKERS

HDFC Bank Ltd.
 American Express 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 22nd Annual General Meeting of the Company will be held on Saturday, the 6th September, 2008 at Mayfair Towers, Ground floor, 2, Palm Avenue, Kolkata - 700 019 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, 2008, 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.

Registered Office :
Mayfair Tower
2, Palm Avenue
Kolkata - 700 019, India.
Dated : 21st June 2008

By order of the Board

Ajit Khandelwal
Managing Director

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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 29th August to 6th September, 2008 (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 29th August to 6th September, 2008 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 to share holders as on the date of book closure for the purpose within the stipulated time.



BNK CAPITAL MARKETS LTD.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present before you the 22nd Annual Report together with Audited Accounts for the year ending 31st March, 2008.

Operation and Future Prospects

Unlike last year, this year overview has to be studied with caution. The Capital markets after showing spectacular improvement during the first nine months of the financial year, showed a major downturn in the last quarter. Largely on account of the abnormal rise in crude oil prices in the international market, a downturn in the U.S economy & certain amount of political uncertainties that has affected in the recent days.

Indian economy is no longer insulated from the major economy of the world. In January 2008, Sub-Prime effect in U.S and some European Countries resulted in huge financial losses to banks & other financial institution. Inflationary pressures on commodity prices accelerated by last week because of rising oil prices by government and shortage of essential commodities including food grains have taken their toll in India. The inflation rate has now reached 13-year record high of 11.05%. Significant disinvestments by FIIs from January 2008 onwards also impacted this stock market crash, but there is no reason for pessimism in the long run, according to all estimates the growth momentum in Indian economy will likely to continue around 8%, the recent by estimated by CMIE also support this. The agriculture sector after 2-3 years of stagnation has recorded significant improvement. The FCI completed their procurement target in matter of days. Also there is steady progress in our export front. If only the government can control the inflationary pressure that is building up and if there is change in international oil price situation; for which there is a sign of resistance in the consuming countries. The market should improve by September-October. Also the outlook for Indian monsoon looks good.

Financial Results

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

	Year Ended 31st March 2008 (Rs. in '000s)	Year Ended 31st March 2007 (Rs. in '000s)
Income from Capital market operation	36765	33469
Other Income	1140	39
Total Expenditure	4325	5186
c. Staff Cost	1077	787
d. Other Expenditure	3248	4399
Interest & Finance Charges	10686	10439
Earnings after Interest but before Depreciation & Tax	22894	17883
Depreciation	405	243
Profit Before Tax	22489	17640
Provision for Tax (Current Tax)	1955	1223
Provision for Tax (Deferred Tax)	(7)	27
Profit After Tax	20541	16390
Balance Brought Forward	19346	24587
Profit available for Appropriation	39887	40977
Dividend	5000	5000
Provision for Tax on Dividend	850	850
Transfer to reserves	4500	15781
Balance carried to Balance Sheet	29537	19346

Your Directors recommend payment of Dividend of Re. 1/- per equity share of Rs. 10/- each for the year ended 31st March 2008.

Investments, Diversifications & Subsidiary Company

The BPO operation of BNK Solutions Pvt. Ltd. is running at a capacity of over 550 seats and employing around 1000 people. BNK Commodities Pvt. Ltd. a member of NCDEX (National Commodities and Derivatives Exchange of India) & MCX (Multi Commodity Exchange of India) has started operations. BNK Comdex DMCC a

company registered in UAE is a member of DGCX (Dubai Gold & Commodities Exchange). The company along with its subsidiaries and its associate companies is fully geared up to offer complete financial solutions including trading in securities, commodities and their derivatives.

The company's a financial portal www.bnkcapital.com aims to offers all its services online. As part of its retail expansion strategy, the Company has set up offices for offering integrated financial services in Rajasthan. The Company plans to take up this strategy vigorously by expanding its similar operations in various cities of India and abroad.

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. R S Khandelwal and Mr. P. Bharmachari, 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 for re-appointment of Directors are proposed in the AGM for your approval.

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 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 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. The Company has incurred expenses in foreign exchange to a tune of US\$ 1000 during the year. 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 and guidance received from the Regulators Central & State Govts., Bankers as well as the Shareholders during the year. Your Directors also wish to place on record their appreciation for 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 : 21th June, 2008.

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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 2007-08 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 2008 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	8
Mr.P.Chakravarti	Non-Executive & Independent	11
Mr.P.Brahmachari	Non-Executive & Independent	2
Mr.S.Khandelwal	Non-Executive	7
Mr.A.Khandelwal	Managing Director	13

2. Audit Committee

The Company has an Audit Committee at the Board level functioning since May 30, 2002. The Committee, interalia, 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 and 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	4

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 follows:

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

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

4. Remuneration to Directors

Director	Designation	Remuneration paid during 2008		
		(All figures in Rupees)		
		Sitting fees	Salary & Perks	Total
Dr.N.K.Sengupta	Chairman	12000	—	12000
Mr.R.S.Khandelwal	Vice-Chairman	23000	—	23000
Mr.P.Chakravarti	Director	23000	—	23000
Mr.P.Brahmachari	Director	26000	—	26000
Mr.S.Khandelwal	Director	27000	—	27000
Mr.A.Khandelwal	Managing Director	—	600000	600000

5. Shareholders/Investors Grievance & Transfer Committee

The Company has "SHAREHOLDERS / INVESTERS 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	3
Mr.S.Khandelwal	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 the members of the committee approve cases of routine nature of transfers of shares by circulation, which are subsequently ratified.

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 5 (five) 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 was 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. 21st April 2007	Kolkata
2. 22nd June 2007	Kolkata
3. 28th July 2007	Kolkata
4. 26th October 2007	Kolkata
5. 24th January 2008	Kolkata

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



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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	1
Mr.P.Chakravarti	2	1
Mr.P.Brahmachari	1	1
Mr.S.Khandelwal	1	-
Mr.A.Khandelwal	4	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.R.S.Khandelwal	Mr.P.Brahmachari
Date of Birth	2nd February, 1927	1st March, 1935
Date of appointment	1st December, 1987	20th October, 1993
Experience in specific functional areas	Buisnessman	Professional
List of outside Directorships held	1. Adorn Investments Ltd. 2. Stylefile Events Ltd.	1. Nezone Strips Ltd.
Excluding Alternate Directorship and Private Companies		

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 and BNK Commodities Pvt. Ltd., dealing in shares, securities and commodities 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. & BNK Commodities 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
2004-2005	Mayfair Tower, Ground floor, 2, Palm Avenue Kolkata - 700 019.	24th Sep. 2005	11.00 AM
2005-2006	Mayfair Tower, Ground floor, 2, Palm Avenue Kolkata - 700 019.	23rd Sep. 2006	12.45 PM
2006-2007	Mayfair Tower, Ground floor, 2, Palm Avenue Kolkata - 700 019.	28th Sep. 2007	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 Household of each shareholders	No.
Quarterly results, published in	Published in specified newspapers Financial Express, (English) Danik Lipi (Bengali) www.bnkcapital.com
Corporate website	N.A
Any Official new release published in newspapers	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: 6th September, 2008 at 11.00 A.M.
- * Venue: Mayfair Towers, Ground Floor, 2, Palm Avenue, Kolkata - 700 019.

2. Financial Calendar**For the Financial Year ended 31st March 2008.**

- * Financial Results for the Quarter ending 30th June, 2007: 28th July, 2007.
- * Financial Results for the Quarter ending 30th September, 2007: 26th October, 2007.
- * Financial Results for the Quarter ending 31st December, 2007: 24th January, 2008.
- * Audited Financial Results for the Year ending 31st March, 2008: 21st June, 2008.

3. Date of Book Closure: 29th August, 2008; to 6th September 2008. (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 2007 - 2008 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 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.