

## NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Company will be held on Tuesday, the 27th July 2010 at Mayfair Towers, Ground floor, 2, Palm Avenue, Kolkata - 700 019 at 11.30 A.M to transact the following business:

### As Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2010, 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:

To consider and if thought fit pass the following resolution with or without modification as an ordinary resolution:

#### To Re-Appoint Shri Ajit Khandelwal as Managing Director

5. "Resolved that pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof) for the time being in force, consent be and is hereby accorded for re-appointment of Mr. Ajit Khandelwal as Managing Director of the Company with effect from 1.4.2010 for a period of 3 years on the following terms and conditions.
  1. Salary:
    - a. Basic: In the range of Rs 75000/- 87500/- 100000/per month, b. Bonus: One month salary
    - c. Leave Entitlement: One month leave for 11 months of service or pay in lieu thereof
  2. Perquisites:
    - a. Accommodation: The Company shall provide unfurnished accommodation. Alternatively Mr. Ajit Khandelwal will be entitled for house rent allowance, which shall not exceed Rs. 30000/ Per Month .He shall also be entitled for reimbursement of expenses for electricity, maintenance and repairs, furnishing etc. on actual basis.
    - b. LTC: For self and family once during the year to any place In India or abroad.
    - c. Medical Reimbursement: Restricted to one Month salary in a year or three month salary in a block of three years for self and family.
    - d. Club Fees: Not More than two clubs including admission fee.
    - e. Personal accident Insurance: Premium not exceeding Rs. 15000/- Per annum.
    - f. Car and Telephone: Company shall provide a car with driver for his use and Telephone facilities at his Residence. However personal long distance calls shall be recovered. Use of Car for personal use shall be recovered as per the Income Tax Rules.
    - g. Others: Mr Khandelwal will be reimbursed all the expenses incurred for business of the Company. However he shall not be entitled for the sitting fee for attending the meetings of the Board or committee thereof.

### Registered Office :

Mayfair Tower  
2, Palm Avenue  
Kolkata - 700 019, India.  
Dated : 28th May 2010

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 21st July 2010 to 27th July 2010 (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 between 11.00a.m. to 1.00 p.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 the shareholders as on the date of the book closure for the purpose, within the stipulated time.

### Explanatory statement pursuant to Section 173(2) of the Companies Act 1956. For item No 5.

The Board of Director in the meeting held on 30th January 2010 reappointed Mr. Ajit Khandelwal as Managing Director of the company for a period of three years commencing from 1st April 2010 on the terms and conditions mentioned in the above notice, within the purview of schedule xiii, subject to approval of the same by the shareholders.

Mr. R.S. Khandelwal, Mr. Ajit Khandelwal and Mr. Sanjeev Khandelwal being related to each other are deemed to be interested in the re-appointment of Mr. Ajit Khandelwal.

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present before you the 24th Annual Report together with Audited Accounts For the year ending 31st March 2010.

### Operation and Future Prospects

This year's overview has to be studied with caution. The Global melt down and rescission has given a significant hit to the Indian economy last year. The GDP growth rate has fallen down to 7.40% in 2010. The Indian economy is no longer insulated from the major economies of the world. Because of economic meltdown, The Government had to announce multiple stimulus packages for different industries which has given positive results. RBI had also played a very proactive roll in inflation and liquidity management. This has resulted in increase in fiscal deficit but it has helped trouble some industries like automobile, cement, steel etc. to wither out global impact. The economy is looking up towards growth and is expected to recover by the end of this financial year. Improvement in advance tax numbers is an indicative factor for the recovery. The monsoon is expected to be normal and in time which will also help in maintaining growth in agriculture sector. In spite of adverse situation in most European economies and other leading world economy, India is the fastest growing economy after China and will outperform the rest of the world. It is expected that the GDP shall grow @ 8% to 8.5% this year.

In spite of the fact that the Govt. has taken adequate measures to support the inclusive growth of the economy, inflation management, specially food inflation still remains a major issue for the Govt. However the Government is confident that it shall succeed in controlling food inflation by the end of the financial year 2010-2011. This along with other positive economic indicators the investment sentiments remains positive and we are seeing inflow of investments in the Capital Market. The market is expected to perform relatively better in coming times. However the Global economic situation will keep the capital markets turbulent and volatile.

### Financial Results

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

	Year Ended 31st March 2010 (Rs. In '000s)	Year Ended 31st March 2009 (Rs. In '000s)
Income from operations	4627	713
Capital Gain( Shares& Mutual Fund)	1543	19213
Advisory & Consultancy Services	2480	320
Interest	15226	4957
Other Income	14418	19435
Total Expenditure	13131	6923
a. Staff Cost	4250	2851
b. Other Expenditure	8881	4072
Interest & Finance Charges	2291	9709
Earnings after Interest but before Depreciation & Tax	22872	28006
Depreciation	490	357
Profit Before Tax	22382	27649
Provision for Tax (Current Tax)	2167	2256
Provision for Tax (Deferred Tax)	17	5
Profit After Tax	20197	25388
Balance Brought Forward	41672	29537
Profit available for Appropriation	61869	54925
Dividend	8000	6200
Provision for Tax on Dividend	1360	1054
Transfer to reserves	6000	6000
Balance carried to Balance Sheet	46510	41672
Your Directors recommend payment of Dividend of Re. 1/- per equity share of Rs. 10/- each for the year ended 31st March 2010.		

### Subsidiary Company & Investments

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. Depository services & Category I Merchant Bankers.

The company's a financial portal www.bnkcapital.com is offering various online services. The Company at its offices at various places in the Country is offering integrated financial services. The Company has set up a debt desk and has started concentrating on the debt market which has a big potential in time to come.

### Fixed Deposits

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

### Fresh Issue of Capital

During the year under review, 1800000 warrants which were allotted to the Promoters as per the guidelines issued by SEBI. was converted into 1800000 Equity shares of Rs10/ each at the rate of Rs 46.00 per share .

### Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr P Chakraborty and Mr. Ajit Khandelwal, Directors of the Company retire by rotation at the conclusion of the forthcoming Annual General Meeting, and being eligible offer themselves for reappointment. Mr Ajit Khandelwal was reappointed as Managing Director of the Company w.e.f. 1st April 2010 for a period of three years as per the terms mentioned in the notice and explanatory statement. His appointment needs approval of the share holders. Necessary resolutions for re-appointment of Directors and Managing Director 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 .AED793 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

Place : Kolkata  
Dated : 28th May 2010

**Dr. N.K.Sengupta**  
Chairman

## 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 2009-10 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 and society at large.

### 1. Board of Directors

As on 31st March 2010 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	12
Mr.P.Brahmachari	Non-Executive & Independent	2
Mr.S.Khandelwal	Non-Executive	6
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, 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. 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 are as follow:

Director	Position	Meeting held	Meeting Attended
Mr.R.S.Khandelwal	Chairman	1	1
Mr.P.Brahmachari	Member	1	1
Mr. P. Chakravarti	Member	1	1

Mr. R. N. Mishra is the Secretary to the Remuneration Committee. Mr P Chakravarti resigned from the committee on 30th January 2010 for personal reasons and the Board has appointed Dr N K Sengupta in his place.

### 4. Remuneration to Directors

Director	Designation	Remuneration paid during 2010		
		(All figures in Rupees)		
		Sitting fees	Salary & Perks	Total
Dr.N.K.Sengupta	Chairman	15000	--	15000
Mr.R.S.Khandelwal	Vice-Chairman	28000	--	28000
Mr.P.Chakravarti	Director	28000	--	28000
Mr.P.Brahmachari	Director	32000	--	32000
Mr.S.Khandelwal	Director	30000	--	30000
Mr.A.Khandelwal	Managing Director	--	735000	735000

### 5. Shareholders/Investors Grievance & Transfer Committee

The Company has "SHAREHOLDERS / INVESTERS GRIEVANCE & TRANSFER COMMITTEE" under the Chairmanship of a Non- Executive and 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	2
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, 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 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 23rd June 2009	Kolkata
2 22nd July 2009	Kolkata
3 2nd September 2009	Kolkata
4 28th October 2009	Kolkata
5 30th January 2010	Kolkata
6 29th March 2010	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	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. 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	02	-
Mr.R.S.Khandelwal	03	-
Mr.P.Chakravarti	02	01
Mr.P.Brahmachari	01	01
Mr.S.Khandelwal	01	-
Mr.A.Khandelwal	07	01

(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. Prabir Chkravarti	Mr. Ajit Khandelwal
Date of Birth	13th April 1934	10th November 1957
Date of appointment	28th August 1993	17th April 1986
Experience in specific functional areas	Buisnessman	Buisnessman
List of outside Directorships held	1. Baghmari Tea Company Ltd 2. Bhoruka Aluminium Ltd 3. Nicco Financial Services Ltd 4. Reliance Jute Mills ( International ) Ltd 5. Vidula Consultancy Services Ltd 6. Nicco Corporation Ltd 7. Jayshree Chemicals Limited 8. Shree Girija Prasanna Cotton Mills Ltd 9. Mangalam Timber Products Ltd	1. The Calcutta Stock Exchange Association Ltd 2. Kothari Phytochemicals & Industries Ltd 3. Ellenbarrie Industrial Gases Limited 4. Nucent Estate Limited 5. Bharat Fritz Werner Limited 6. Rakesh Textiles 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
2006-2007	MayfairTower, Ground floor, 2, Palm Avenue Kolkata – 700 019.	28th Sep. 2007	11.00 AM
2007-2008	MayfairTower, Ground floor, 2, Palm Avenue Kolkata – 700 019.	6th Sep. 2008	11.00 AM
2008-2009	Mayfair Tower Ground floor, 2,Palm Avenue, Kolkata - 700 019.	2nd Sep, 2009	11.30 A.M

- b. Whether special resolution were put through postal ballot last year? YES
- 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	www.bnkcapital.com
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 : 27th July 2010 at 11.30 A.M
- \* Venue : Mayfair Towers, Ground Floor,  
2, Palm Avenue Kolkata - 700 019

### 2. Financial Calender

#### For the Financial Year ended 31st March 2010.

Financial Results for Quarter ended June 30, 2009.	: 22nd July, 2009
Financial Results for Quarter ended September 30, 2009.	: 28th October, 2009
Financial Results for Quarter ended December 31, 2009.	: 30th January ,2010
Audited Financial Results for Year ended March 31, 2010.	: 28th May 2010

3. Date of Book Closure : 21st July 2010 to  
27th July 2010  
(Both days inclusive)

### 4. Dividend Payment Date

Dividend @ Rs.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 2010-11 to both 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 3 Directors and Independent Director as its Chairman. 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	2009-2010		2008-2009	
	Received	Cleared	Received	Cleared
Relating to Transfer, Transmission etc., Dividend, Interest, Redemption etc., Change of Address, Demat – Remat and Others	Nil	Nil	1	1
Received from SEBI, Stock Exchanges and Other Statutory Authorities	Nil	Nil	1	1
<b>Total</b>			<b>2</b>	<b>2</b>

The Company endeavors to settle all shareholder complaints in the minimum Possible time.

## 10. Distribution of Shareholding as on 31st March 2010. (See table No. 1)

## 11. Categories of Shareholding as on 31st March 2010. (See table No. 2)

## 12. Dematerialization of shares & liquidity

Over 91.32 % of equity shares have been dematerialized as on 31.03.2010..

Trading in equity shares of your Company on Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE) is permitted only in dematerialized mode w.e.f. November 25, 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. Fresh Issue of Capital

During the year under review, your Company has allotted 1800000 Equity Shares of Rs 10/- each at a premium of Rs 36/- per equity share against warrants allotted in earlier year to the Promoters as per the guidelines issued by SEBI. By this process the Company has raised a further sum of Rs 7,45,20,000 crores for long term corporate requirements

## 15. Investors Correspondence

Address for correspondence :-

### Registered Office

Mayfair Tower, 2 Palm Avenue, Kolkata : 700 019

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

E-mail : corporate@bnkcapi.com, compliance@bnkcapi.com

OR

### Registrar & Share Transfer Agents

**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

16. Per Share data	2009-2010	2008-2009
EPS (Rs.)	2.52	4.10
EPS Growth (%)	-38.53%	-0.25%*
Book Value per share (Rs.)	43.01	41.73
Share price as on 31st March 2010	42.90	12.76(BSE)

\* The Share Capital of the Company increased by 1200000 Equity Shares during the year.

Market Price(High & Low)at BSE during each month of the Financial Year 09-10

Month	High (Rs.)	Low (Rs.)
April 2009	26.65	18.80
May 2009	31.20	20.20
June 2009	37.80	27.60
July 2009	34.50	25.50
August 2009	36.65	27.45
September 2009	49.00	35.00
October 2009	47.00	36.90
November 2009	42.50	33.55
December 2009	48.20	34.60
January 2010	54.10	36.55
February 2010	50.10	35.05
March 2010	45.00	36.60

**Table 1**

Share held	No. of share holders	2009-2010		% of share amount	No. of share holders	2008-2009		% of share amount
		% of share holders	Share amount			% of share holders	Share amount	
1-5000	2551	97.03	914625	11.43%	2433	85.82	4606170	7.43
5001-10000	26	0.99	180307	2.25%	169	5.96	1371290	2.21
10001-20000	16	0.61	225025	2.81%	81	2.86	1311340	2.12
20001-30000	6	0.23	146734	1.83%	48	1.69	1203600	1.94
30001-40000	5	0.19	185329	2.32%	20	0.70	731760	1.18
40001-50000	1	0.04	50000	0.63%	11	0.39	522070	0.84
50001-100000	9	0.34	736421	9.21%	26	0.92	1893520	3.05
100001 & above	15	0.57	5561559	69.52%	47	1.66	50360250	81.23
<b>Total</b>	<b>2629</b>	<b>100.00</b>	<b>8000000</b>	<b>100.00</b>	<b>2835</b>	<b>100.00</b>	<b>62000000</b>	<b>100.00</b>

**Table 2**

Category	2009-2010		% of share holding	No. of share held	2008-2009		% of share holding	No. of share held
	No. of share holders	% of share holders			No. of share holders	% of share holders		
01. Promoter Company	1171225	14.64			683925	11.03		
02. Director	2599500	32.49			1931000	31.15		
03. Directors Relative	53500	0.67			53500	0.87		
04. Mutual Fund	25000	0.31			25000	0.40		
05. F.I.I.	NIL	NIL			NIL	NIL		
06. Financial Institution	NIL	NIL			NIL	NIL		
07. N.R.I	26800	0.34			26994	0.43		
08. Other Bodies Corp.	2548815	31.86			1870961	30.17		
09. Bank	NIL	NIL			NIL	NIL		
10. Resident Individual	1561456	19.52			1599843	25.09		
11. Clearing Members	13704	0.17			8777	0.14		
<b>TOTAL</b>	<b>8000000</b>	<b>100.00</b>			<b>6200000</b>	<b>100.00</b>		

## 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 2010, 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

Kolkata  
28th May 2010

R. BHATTACHARYA  
Proprietor

Membership No. F 012394

## Management Discussion & Analysis Report

**Overview :** This year's overview has to be studied with caution. The Global melt down and recession has given a significant hit to the Indian economy last year. The GDP growth rate has fallen down to 7.1 % in 2009. The Indian economy is no longer insulated from the major economies of the world.

Because of economic meltdown, The Government had to announce multiple stimulus packages for different industries which has given positive results. RBI had also played a very proactive roll in inflation and liquidity management. This has resulted in increase in fiscal deficit but it has helped troublesome industries like automobile, cement, steel etc. to wither out global impact. The economy is looking up towards growth and is expected to recover by the end of this financial year. Improvement in advance tax numbers is an indicative factor for the recovery. The monsoon is expected to be normal and in time which will also help in maintaining growth in agriculture sector. In spite of adverse situation in most European economies and other leading world economy, India is the fastest growing economy after China and will outperform the rest of the world. It is expected that the GDP shall grow @ 8% to 8.5% this year. Govt. had been successful to mop up 6700 Cr. By way of 3G Spectrum auction. This will help govt. to control deficit and limit its borrowing. Further the govt may not have to rush for disinvestment and can do so at the opportune time. We may see more IPO's , FPO's from private sector than PSU's.

In spite of the fact that the Govt. has taken adequate measures to support the inclusive growth of the economy, inflation management, specially food inflation still remains a major issue for the Govt. How ever the Government is confident that it shall succeed in controlling food inflation by the end of the financial year 2010-2011. This along with other positive economic indicators the investment sentiments remains positive and we are seeing inflow of investments in the Capital Market. The market is expected to perform relatively better in coming times .However the Global economic situation will keep the capital markets turbulent and volatile.

**Opportunities and Threats :** The economy is looking up towards growth and is expected to recover by the end of this financial year. Improvement in advance tax numbers is an indicative factor for the recovery. The monsoon is expected to be normal and in time which will also help in maintaining growth in agriculture sector. In spite of adverse situation in most European economies and other leading world economy, India is the fastest growing economy after China and will outperform the rest of the world. It is expected that the GDP shall grow @ 8% to 8.5% this year. This positive indicator suggests investment sentiments have changed and we are seeing inflow of investments in the Capital Market. . The scope of Investment will increase in coming years.

The key threats include the change/slowdown in policies the Government policies. U- turn on subsidies and indecisiveness of the Govt. because of political pressures, changes in tax structure, failure to contain actual inflation within a reasonable range, High Inflation rate, governing rules of SEBI and RBI etc., which may affect the capital market substantially. As our Economy is coupled with global Economy any extraordinary delay in their recovery, adverse situation in most European economies and other leading world economy, may have a negative impact which may affect the capital market substantially

**Business Segment Analysis :** During the period under review the Company's activities were mainly restricted to Capital Market and related fields . However the company has made investments / trading and dealings in G Secs, Corporate Bonds and other debts instruments. The Company has set up Debt Desks in Mumbai and New Delhi with an intention to cater large corporate clients, Banks & Institutions, Provident Funds, Trusts etc. It has employed very senior professionals having experience of over a decade in this field. The Debt desks have been running since October 2009 and the result are to reflect in times to come.

### FINANCIAL PERFORMANCE

	Year Ended 31st March 2010 (Rs. In '000s)	Year Ended 31st March 2009 (Rs. In '000s)
Total Income	38294	44638
Operating Expenses	13131	6923
Operating Profit	25163	37715
Interest & Finance Charges	2291	9709
Depreciation	490	357
Profit Before Tax	22382	27649
Provision for Tax (Current tax)	2167	2256
Provision for Tax (Deferred tax)	17	5
Profit After Tax	20197	25388
Balance Brought Forward	41672	29537
Profit available for Appropriation	61869	54925

### Comment on current year's performance:

**Revenue :** Total Revenue of the Company has decreased in comparison to Previous year as the Company generally remained invested and has not disinvested during the year.

**Operating Expenses :** Operating expense has increased compare to last year because of setting up of new offices at Mumbai and New Delhi mainly to deal in debt instruments. How ever your directors have tried to keep it to minimum levels.

**Operating Profit :** Profit on account of sale of investment and dividend has decreased in comparison to last year.

**Interest Expense :** Interest Expenses has been lower as compared to last year.

**Depreciation :** Depreciation has increased during the year.

**Net Profit :** Net profit has shown an decrease during the period under review.

**HUMAN RESOURCES :** The Company's human resource strategy, which is in line with the group strategy, revolves around the development of the individual.

**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.

## 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 2010 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, (The Order) 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.

- 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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:

- (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
- (ii) In the case of the Profit and 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 of the Company for the year ended on that date.

For R. BHATTACHARYA & ASSOCIATES  
CHARTERED ACCOUNTANTS

(R. BHATTACHARYA)

Kolkata  
28th May, 2010. Membership No. - 012394

## ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in Paragraph 3 of the Auditors' Report of Even Date to the Members of BNK Capital Markets Ltd. on the financial statement for the year ended 31st March 2010, we report that:

- (1) (a) The Company is maintaining proper records showing full particulars including quantitative details and Situation of fixed assets.  
(b) According to the information and explanations given to us The Fixed Assets of the Company are physically verified by the management according to a phased programme, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, and no material discrepancies were noticed on such verification as confirmed by the management.  
(c) The Company has not disposed off any substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (2) (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical Verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and according to information and explanations given to us, the Company has maintained. Proper records of its inventories and no material discrepancies were noticed on physical verification as Compared to the book records.
- (3) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clauses (b), (c) and (d) of clause 4(iii) of said order are not applicable to the company.  
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of securities, fixed assets and with regard to the sale of securities and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- (5) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register required to be maintained under section 301 of the Companies Act, 1956
- (6) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act. 1956 and the rules framed there under.
- (7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business. for the purchases of shares/securities, equipment and other assets and for sale of shares/securities.

- (8) In our opinion, the provisions of section 209 (1) (d) of the Companies Act, 1956 for the maintenance of cost records are not applicable to the company.
- (9) (a) According to the information and explanations given to us and the records of the Company examined by us, in Our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities.  
(b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess which have not been deposited on account of any dispute except the deposit of Rs. 13,00,000/- against the demand on Income Tax for the Assessment Year 2006-07 pending appeal in I. T Tribunal.
- (10) The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (11) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder as at the balance sheet date.
- (12) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) The provisions of any special statute applicable to chit fund/nidhi/ mutual benefit fund/societies are not applicable to the company.
- (14) In our opinion and according to the information and explanations given to us, proper records have been maintained for the transactions and contracts in respect of inventories or dealing in shares, securities, debentures and other investments and timely entries have been made therein and also the shares, securities, debentures and other investments have been held by the company in its own name except to the extent of the exemption, if any, granted u/s 49 of the Companies Act, 1956.
- (15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (16) The Company did not have any term loans outstanding during the year.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (18) According to the information and explanations given to us, no preferential shares have been allotted by the company to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 save and except the allotment of 1800000 Equity Shares against conversion of 1800000 Share Warrants issued in earlier year.
- (19) During the year under audit, the Company has not created any security or charge in respect of debentures issued.
- (20) The Company has raised monies by way of converting of 18,00,000 shares warrants into equity shares of Rs.10/-each fully paid up with a premium of Rs.36/- per equity share. ( Reference 18 above)
- (21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For R. BHATTACHARYA & ASSOCIATES  
CHARTERED ACCOUNTANTS

(R. BHATTACHARYA)

Kolkata  
28th May, 2010.

Proprietor  
Membership No. - 012394

**BALANCE SHEET AS AT 31ST MARCH, 2010.**

	Schedule	Current Year (Rs.in 000s)	Previous Year (Rs.in 000s)
<b>I. SOURCES OF FUNDS</b>			
1 Shareholder's Fund			
a) Share Capital	1	80000	62000
b) Share Warrents	1A	0	8280
c) Reserves & Surplus	2	264091	188453
2 Loan Funds			
Unsecured Loan	3	152016	165000
3 Deferred Tax Liabilities		20	3
		<u>496127</u>	<u>423736</u>
<b>II. APPLICATION OF FUNDS</b>			
1 Fixed Assets	4		
a) Gross Block		5971	4279
b) Less: Depreciation		2806	3075
c) Net Block		<u>3166</u>	<u>1204</u>
2 Investments	5	<u>247914</u>	<u>171896</u>
3 Current Assets, Loans & Advances	6		
a) Inventories		1396	0
b) Sundry Debtors		5	520
c) Cash and Bank Balances		27926	69613
d) Loan and Advances		303397	264659
		<u>332724</u>	<u>334792</u>
Less: Current Liabilities & Provisions	7		
a) Current Liabilities		70532	71230
b) Provisions		17145	12925
Net Current Assets		<u>245047</u>	<u>250637</u>
		<u>496127</u>	<u>423733</u>

**ACCOUNTING POLICIES & NOTES ON ACCOUNTS 10**

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

**R.BHATTACHARYA & ASSOCIATES**

Chartered Accountants

**R.Bhattacharya**

Proprietor

**ON BEHALF OF THE BOARD**

**Dr. N. K. Sengupta**  
Chairman

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

**A. Khandelwal**  
Managing Director

**P. Chakravarti**  
Director

**S. Khandelwal**  
Director

Kolkata, May 28th, 2010.