



BNK CAPITAL MARKETS LTD.

**TWENTYFIFTH ANNUAL REPORT
2010-2011**



www.bnkcapital.com

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*

AUDITORS

M/s. R. Bhattacharya & Associates
Chartered Accountants
 7B, Panchanantala Road
 Kolkata - 70029.

BANKERS

HDFC Bank Ltd.
 Standard Chartered Bank

REGISTERED OFFICE

Mayfair Towers
 2 Palm Avenue
 Kolkata - 700019, India.

REGISTRAR & SHARE TRANSFER AGENTS

CB Management Services (P) Limited
 P-22, Bondel Road, Kolkata - 700019

AGM on SATURDAY, 30th JULY, 2011

**MAYFAIR TOWERS, GROUND FLOOR
 2 PALM AVENUE, KOLKATA - 700019**

**AT
 11.30 AM**

CONTENTS

Notice	1
Director's Report	1
Report on Corporate Governance	2
Management Discussion & Analysis Report	5
Auditors Report	6
Balance Sheet	8
Profit & Loss Account	9
Schedules	10
Cash Flow Statement	16
BNK Commodities Pvt. Ltd.	
Director's Report	18
Auditors Report	18
Balance Sheet	20
Profit & Loss Account	20
Schedules	21
Cash Flow Statement	22
BNK Capital Markets Ltd. (Consolidated)	
Auditors Report	23
Balance Sheet	24
Profit & Loss Account	24
Schedules	25
Cash Flow Statement	27

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Company will be held on, Saturday, the 30th July 2011 at Mayfair Towers, Ground floor, 2, Palm Avenue, Kolkata 700 019 at 11.30 A.M to transact the following business:

As Ordinary Business

- To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011, along with the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
- To approve payment of dividend
- To elect the Directors in place of those retiring by rotation.
- To appoint Auditors and to fix their remuneration.

Registered Office:

Mayfair Tower
2, Palm Avenue
Kolkata: 700 019, India.
Dated: 28th May 2011

By order of the Board

Ajit Khandelwal
Managing Director

Notes:

- 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.
- The Register of members and Share Transfer Books of the Company will remain closed on 8th June 2011.
- Members are requested to:
 - Notify immediately any change in their address to the Company.
 - Bring their copy of the Annual Report to the Meeting.
 - 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.
- 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.
- 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.
- 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.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present before you the 25th Annual Report together with Audited Accounts for the year ending 31st March 2011.

Operation and Future Prospects

This year's overview has to be studied with caution. The Global melt down and recession backed by the continuing crude price hike gave a significant hit to the Indian economy last year. The GDP growth rate has fallen down to 7.40% in 2010. The Indian economy was resilient to the impact of the recession in the western world. With the government giving support to the industry through its stimulus packages, the economy came back to its high growth trajectory of 8.7%, however, this was short-lived and we had started facing, food and then non food inflation. The RBI had to intervene and is still trying to fight it. To add to this, was Middle East political crises, which lead to crude shooting up, resulting in increased subsidy bill for the country. The effect of all this had resulted in increasing interest rate and so it had started affecting all interest rate sensitives and infra projects. Quite a number of projects have been put on hold or delayed. Indian Economy is facing a typical problem of having to manage between high inflation and fast economic growth. We are hoping on good monsoon and the cooling down of the crude price. It may take couple of quarters to again start moving on the growth trajectory.

The office premises of the Company at 13, India Exchange Place, Kolkata-700001 collapsed on 3/2/2011 leaving no assets, records, etc. recoverable.

Financial Results

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

	Year Ended 31st March '11 (Rs. In '000s)	Year Ended 31st March '10 (Rs. In '000s)
Income from operations	4520	4627
Capital Gain on Shares	15422	1543
Advisory & Consultancy Services	3233	2480
Interest	18525	15226
Dividend	15344	14418
Total Expenditure	17105	13131
c. Staff Cost	7171	4250
d. Other Expenditure	9934	8881
Interest & Finance Charges	3855	2291
Earnings after Interest but before Depreciation & Tax	36084	22872
Depreciation	882	490
Profit Before Tax	35202	22382
Provision for Tax (Current Tax)	3958	2167
Provision for Tax (Deferred Tax)	(64)	17
Profit After Tax	31308	20197
Balance Brought Forward	46510	41672
Profit available for Appropriation	77818	61869
Dividend	8000	8000
Provision for Tax on Dividend	1329	1360
Transfer to reserves	11500	6000
Balance carried to Balance Sheet	56989	46510

Your Directors recommend payment of Dividend of Re. 1/- per equity share of Rs. 10/- each for the year ended 31st March 2011.

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, currency 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.

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. Brahmachari, 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 judgments and estimates that are reasonable and prudent so as to

give a true and fair view of the state of affairs of the Company at the end of the financial year;

- iii) That they 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;
- iv) 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\$ 10000 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.

Place: Kolkata
 Dated: 28th May 2011

For and on behalf of the Board
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 2010-11 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 2011 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	06
Mr. R. S. Khandelwal	Vice-Chairman & Non-Executive	09
Mr. P. Chakravarti	Non-Executive & Independent	12
Mr. P. Brahmachari	Non-Executive & Independent	02
Mr. S. Khandelwal	Non-Executive	07
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	04	04
Mr. R. S. Khandelwal	Member	04	04
Mr. P. Brahmachari	Member	04	02

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	0	0
Dr. N. K. Sengupta	Member	0	0
Mr. P. Brahmachari	Member	0	0

4. Remuneration to Directors

Director	Designation	Remuneration paid during 2011 (All figures in Rupees)		
		Sitting fees	Salary & Perks	Total
Dr. N. K. Sengupta	Chairman	15000	--	15000
Mr. R. S. Khandelwal	Vice-Chairman	23000	--	23000
Mr. P. Chakravarti	Director	23000	--	23000
Mr. P. Brahmachari	Director	15000	--	15000
Mr. S. Khandelwal	Director	25000	--	25000
Mr. A. Khandelwal	Managing Director	--	915000	915000

5. Shareholders / Investors+ Grievance & Transfer Committee

The Company has "SHAREHOLDERS / INVESTORS 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	05	01
Mr. S. Khandelwal	Member	05	05
Mr. A. Khandelwal	Member	05	05

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 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.

Sr. No	Date of Board Meeting	Place
1	28th May 2010	Kolkata
2	27th July 2010	Kolkata
3	2nd September 2010	Kolkata
4	29th October 2010	Kolkata
5	29th January 2011	Kolkata

Directors	No. of Meetings		Attended Last AGM
	Held	Attended	
Dr. N. K. Sengupta	05	05	Yes
Mr. R. S. Khandelwal	05	05	Yes
Mr. P. Chakravarti	05	05	Yes
Mr. P. Brahmachari	05	03	No
Mr. S. Khandelwal	05	05	Yes
Mr. A. Khandelwal	05	05	Yes

7. Management Discussions and Analysis Report

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

8. Directors' Membership / Chairmanship in Committees

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

Director	No. of Committees in which	
	Member	Chairman
Dr. N. K. Sengupta	04	-
Mr. R. S. Khandelwal	02	02
Mr. P. Chakravarti	08	01
Mr. P. Brahmachari	01	01
Mr. S. Khandelwal	01	-
Mr. A. Khandelwal	09	01

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

9. Disclosure Regarding Directors' Appointment and Re-Appointment

A brief resume, expertise in specific functional areas, directorships / membership of committees held in other companies in respect of Directors retiring by rotation / being appointed at the ensuing Annual General Meeting is as under:

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	Businessman	Professional
List of outside Directorships held Excluding Alternate Directorship and of Private Companies	Adorn Investments Ltd. Asian Securities Exchange Pvt Ltd. BNK Commodities Pvt Ltd. BNK Securities Pvt. Ltd. Jivak Ayurveda Pvt. Ltd. Multiple Infra Pvt. Ltd. Patrex Vyapar Pvt Ltd. Stylefile Events Ltd.	Nezane Strips 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 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. Codes for Prevention Of Insider Trading

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

12. Other Disclosures

I. Details of Annual General Meetings

A. Location and time of last 3 (three) AGMs

Year	Location	Date	Time
2007-2008	Mayfair Tower Gr. floor, 2 Palm Avenue Kolkata 700 019	6th Sep, 2008	11.00 AM
2008-2009	Mayfair Tower Gr. floor, 2 Palm Avenue Kolkata 700 019	2nd Sep, 2009	11.30 AM
2009-2010	Mayfair Tower Gr. floor, 2 Palm Avenue Kolkata 700 019	27th July, 2010	11.30 AM

B. Whether special resolution was 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)
Corporate website	www.bnkcapiatal.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	30th July 2011 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 2011.

Financial Results for Quarter ended June 30, 2010.	27th July'10
Financial Results for Quarter ended September 30, 2010.	29th October'10
Financial Results for Quarter ended December 31, 2010.	29th January'11
Audited Financial Results for Year ended March 31, 2011..	28th May'11

3. Date of Book Closure

8th June 2011

4. Dividend Payment Date

Dividend @ Rs.1 per Equity Share of Rs.10 each if approved at the forth Company 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 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, rta@cbmsl.com

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	2010-2011		2009-2010	
	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	NIL	NIL	NIL	NIL
TOTAL	NIL	NIL	NIL	NIL

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

10. Distribution of Shareholding as on 31st March 2011.

SEE TABLE NO. 1

11. Categories of Shareholding as on 31st March 2011.

SEE TABLE NO. 2

12. Dematerialization of shares & liquidity

Over 92.08 % of equity shares have been dematerialized as on 31.03.2011. 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 not raised any fresh capital.

15. Investors Correspondence

Registered Office :- Mayfair Tower, 2 Palm Avenue, Kolkata 700019.

Tel: (033) 22810560 / 61. Fax: (033) 22800457.

E-mail: corporate@bnkcapital.com ; compliance@bnkcapital.com

Registrar and Share Transfer Agents :- C. B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata: 700 019.

Tel No.: (033) 22806692 / 6693. Fax No.: (033) 22470263.

E-mail : cbmsl1@cal2.vsnl.net.in ; rta@cbmsl.com

16. Per Share Data

Particulars	2010-11	2009-10
EPS (Rs.)	3.91	2.52
EPS Growth (%)	55%	-38.53%
Book Value per share (Rs.)	45.46	43.01
Share price as on 31st March 2011	41.65	42.90(BSE)

17. Market Price (High & Low) at BSE during each month of the financial year 2009-10

Month	High (Rs.)	Low (Rs.)
April 2010	54.50	40.00
May 2010	54.00	35.00
June 2010	49.00	35.50
July 2010	50.45	36.00
August 2010	50.80	35.50
September 2010	61.90	45.00
October 2010	52.00	43.55
November 2010	56.25	38.20
December 2010	47.00	34.50
January 2011	48.90	37.05
February 2011	44.85	31.00
March 2011	43.20	33.05

Table 1

Share held	2010 - 2011				2009 - 10			
	No. of share holders	% of share holders	Share amount	% of share amount	No. of share holders	% of share holders	Share amount	% of share amount
1-5000	2120	85.28	382937	4.79%	2551	97.03	914625	11.43
5001-10000	139	5.59	113632	1.42%	26	0.99	180307	2.25
10001-20000	88	3.54	138518	1.71%	16	0.61	225025	2.81
20001-30000	41	1.65	101606	1.27%	6	0.23	146734	1.83
30001-40000	10	0.40	36097	0.45%	5	0.19	185329	2.32
40001-50000	15	0.60	72072	0.90%	1	0.04	50000	0.63
50001-100000	20	0.81	152386	1.91%	20	0.34	736421	9.21
100001 & above	53	2.13	7002752	87.53%	15	0.57	5561559	69.52
Total	2486	100.00	8000000	100.00	2629	100.00	8000000	100.00

Table 2

	Category	2010 - 2011		2009 - 2010	
		No. of share held	% of share holding	No. of share held	% of share holding
01.	Promoter Company	1171225	14.64	1171225	14.64
02.	Director	2740102	34.25	2599500	32.49
03.	Directors Relative	53500	0.67	53500	0.67
04.	Mutual Fund	25000	0.31	25000	0.31
05.	F.I.I.	NIL	NIL	NIL	NIL
06.	Financial Institution	NIL	NIL	NIL	NIL
07.	N.R.I	26052	0.33	26800	0.34
08.	Other Bodies Corp.	2442434	30.53	2548815	31.86
09.	Bank	NIL	NIL	NIL	NIL
10.	Resident Individual	1532599	19.16	1561456	19.52
11.	Clearing Members	9088	0.11	13704	0.17
	TOTAL	8000000	100.00	8000000	100.00

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Overview

This year's overview has to be studied with caution. The Global melt down and recession backed by the continuing Crude price hike gave a significant hit to the Indian economy last year. The GDP growth rate has fallen down to 7.40% in 2010. The Indian economy displayed little impact of the recession in the Western Economy. With the government giving support to the industry through its stimulus packages, the economy came back to its high growth trajectory of 8.7%. However, this was short-lived and we had started facing food and then non food inflation. The RBI had to intervene and is still trying to fight it, to add to this, was Middle East political crises which lead to crude shooting up, leading to increased subsidy bill for the country. The effect of all this had resulted in increasing interest rate and so it had started affecting all interest sensitive and infra projects. Quite a number of projects have been put on hold or delayed. Indian Economy is facing a typical problem of having manage between high inflation and fast economic growth. We are hoping on good monsoon and the cooling down of the crude price. It may take couple of quarters to again start moving on the growth trajectory. It is expected that the GDP shall grow @ 8% to 8.5% this year. We may see more IPO's, FPO's from private sector and PSU's.

The Global economic situation will keep the capital markets turbulent and volatile.

Opportunities and Threats

The economy is looking up for the timely and good monsoon this time. This, together with proper stock supply management will help in controlling inflation. With the resolution of political crisis in the Middle East in near future, we should see crude cooling down. This will help in bringing down the energy bill and will also help in controlling cost inflation. It is expected that the GDP will grow @ 8% to 8.5% this year. We should see again moving on the fast growth trajectory by the end of third quarter.

The key threats include the change/slowdown in implementation of the policies of the Government. Indecisiveness of the Govt. because of political pressures, changes in tax structure, failure to contain actual inflation within a reasonable range, high inflation rate, increasing interest rates, governing rules of SEBI and RBI etc., 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 and disinvestments in Equity Shares, trading and dealings in G Secs, Corporate Bonds and other debts instruments. The Company's Debt Desks in Mumbai has started to cater large corporate clients, Banks & Institutions, Provident Funds, Trusts etc.

Financial Performance

	Year Ended 31st March 2011 (Rs. In '000s)	Year Ended 31st March 2010 (Rs. In '000s)
Total Income	57044	38294
Operating Expenses	17105	13131
Operating Profit	39939	25163
Interest & Finance Charges	3855	2291
Depreciation	882	490
Profit Before Tax	35202	22382
Provision for Tax (Current tax)	3958	2167
Provision for Tax (Deferred tax)	(64)	17
Profit After Tax	31308	20197
Balance Brought Forward	46510	41672
Profit available for Appropriation	77818	61869

Comment on current year's performance:

Revenue	Total Revenue of the Company has increased in comparison to Previous year because of some disinvestments resulting in Capital gains and higher interest earnings.
Operating Expenses	Operating expense has increased compare to last year because of setting up of new offices. However your directors have tried to keep it to minimum levels.
Operating Profit	Profit on account of sale of investment, dividend, interest has increased in comparison to last year.
Interest Expense	Interest Expenses has been higher as compared to last year.
Depreciation	Depreciation has increased during the year.
Net Profit	Net profit has shown an increase 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.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of BNK Capital Markets Ltd.

We have examined the compliance of conditions of corporate governance by BNK Capital Markets Ltd., for the year ended on 31st March 2011, 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
(Registration No. 307124E)
Chartered Accountants

R. Bhattacharya
Proprietor

Membership No. 12394

Kolkata

Dated 28.05.11

AUDITOR'S REPORT

TO THE MEMBERS OF BNK CAPITAL MARKETS LTD.

1. We have audited the attached Balance Sheet of BNK CAPITAL MARKETS LTD. (the Company) as at 31st March 2011 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These 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.
3. 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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. 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;
 - c. 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;
- d. 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;
- e. On the basis of the written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
- f. In our opinion, and to the best of our knowledge and according to the explanations given to us, the said accounts comply with 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, 2011;
 - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended as on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended as on that date.

For **R. BHATTACHARYA & ASSOCIATES**
CHARTERED ACCOUNTANTS
(Registration No-307124E)
(R. BHATTACHARYA)
Proprietor
Membership No. 12394

Kolkata

May, 28, 2011

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 2011, 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.
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 the 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 which commensurate with the size of the company and the nature of its business with regard to purchases of securities, fixed assets and 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 to 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 payable for a period of more than six month from the date they became payable.
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.
19. During the year under audit, the Company has not created any security or charge in respect of debentures issued.
20. The Company has not raised any monies by way of public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For R. BHATTACHARYA & ASSOCIATES
CHARTERED ACCOUNTANTS
(Registration No-307124E)
(R. BHATTACHARYA)

Proprietor

Membership No. 12394

Kolkata
May, 28, 2011