



BNK CAPITAL MARKETS LTD.
TWENTYSEVENTH ANNUAL REPORT
2012-2013



www.bnkcapiat.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*

AGM on 31st August 2013
MAYFAIR TOWERS, Ground floor,
2, Palm Avenue,
Kolkata – 700 019 at 11.30 a.m.

AUDITORS

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

BANKERS

HDFC Bank Ltd.
Standard Chartered Bank

REGISTERED OFFICE

Mayfair Towers
2, Palm Avenue
Kolkata - 700 019, India

REGISTRAR & SHARE TRANSFER AGENTS

CB Management Services (P) Limited
P-22, Bondel Road, Kolkata-700 019

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NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Saturday, the 31st August 2013 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 Statement of Profit & Loss for the year ended 31st March, 2013, along with the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
2. To approve payment of dividend.
3. To elect the Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration.

As Special Business

5. To consider and if thought fit pass the following resolution with or without modification as an ordinary resolution:
"Resolved that pursuant to the applicable provisions of the Company's Act 1956 and schedules thereto (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 1.4.2013 for a period of 3 years on the terms and conditions including remuneration mentioned in the annexed here to in the explanatory statement"

Registered Office :

Mayfair Tower
2, Palm Avenue
Kolkata - 700 019, India.
Dated : 28th May 2013

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 24th August 2013 to 31st August 2013 (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 term of appointment of Mr Ajit Khandelwal expired on 31.3.2013. The Board of Directors on the recommendation of the remuneration committee of the Board have reappointed him as the Managing Director of the Company for a further period of 3 years on the terms and conditions mentioned below. The appointment is subject to approval of the share holders.

| | | |
|-----------------|-------|---|
| Salary : | Basic | In the range of ` 100000/- , ` 125000/- , ` 150000/- |
| | Bonus | One month salary |
| | Leave | One month leave for 11 months of service or pay in lieu thereof entitlement |

● Perquisite :

| | |
|--------------------------------|--|
| ● Accommodation : | The Company shall provide furnished accommodation. Alternatively Mr. Khandelwal will be entitled for house rent allowance, which shall not exceed ` 30000/- Per Month. He shall also be entitled for reimbursement of expenses for electricity, Maintenance, and repairs, furnishing etc. on actual basis. |
| ● LTC : | For self and family once during the year to any place In India or abroad. |
| ● Medical Reimbursement : | Restricted to one Month, salary in a year or three month salary in a block of three years for self and family. |
| ● Club Fees | Not More than two clubs including admission fee. |
| ● Personal accident insurance: | Premium not exceeding ` 15000/- Per annum. |
| ● 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. |
| 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. |

The resolution is proposed in the forthcoming Annual General Meeting for your consideration. Apart from Mr Khandelwal, Mr. R S Khandelwal and Mr Sanjeev Khandelwal, being relatives, may be deemed interested in the resolution.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present before you the 27th Annual Report together with Audited Accounts for the year ending 31st March, 2013.

Operation and Future Prospects

Prolonged economic crisis, particularly in the Euro zone, crude price hike, high import of crude & Gold, weakening of Rupee, high current account deficit had lead to a further fall in the GDP growth rate of the countries from 6.2% to 5% in 2013. This along with high inflation, high interest rate has resulted in the slowdown of the economy. This has resulted in the averseness to Industrial growth. Further the inability of the Govt. to pursue reforms and implement its policies because of its political compulsions, scams and issues of corruptions, inactiveness of Govt. machineries have brought the business confidence levels to its lowest. We have biggest ever current account deficit. With the indications of good monsoon and the cooling down of the crude and commodity prices, lowering of inflation & interest rates, if coupled with a strong Govt action on policy implementation may take few of quarters to again start moving on the growth trajectory. Both the capital markets and the interest rate markets are expected to remain volatile in near future.

Financial Results

The financial performance of the Company, for the year ended 31st March 2013 is summarized below:

| | Year Ended 31st March 2013 (` In Lacs) | Year Ended 31st March 2012 (` In Lacs) |
|---|--|--|
| Profit before Depreciation and Amortisation | | |
| Expenses, Finance Costs and Tax Expenses | 368.37 | 354.81 |
| Less: Finance Costs | 57.49 | 28.18 |
| Depreciation and Amortisation Expences | 8.25 | 9.14 |
| Profit before Tax | 302.63 | 317.49 |
| Less: Current Tax | 35.84 | 34.05 |
| Deferred Tax | (0.48) | (0.48) |
| Profit for the year | 267.27 | 283.92 |
| Add: Balance in Profit & Loss Account | 654.05 | 569.89 |
| | 921.33 | 853.81 |
| Less: Appropriation | | |
| Transferred to Statutory Reserve | 53.45 | 56.78 |
| Transferred to General Reserve | 50.00 | 50.00 |
| Proposed Dividend on Equity Shares | 50.00 | 80.00 |
| Tax on Dividend | 8.11 | 12.98 |
| Closing Balance | 759.77 | 654.05 |

Your Directors recommend payment of a modest Dividend of Rs. 0.50 per equity share of Rs. 10/- each for the year ended 31st March 2013.

Subsidiary Company & Investments

BNK Commodities Pvt Ltd., a subsidiary of your company is a member of MCX, NCDEX and NSEL Commodity Exchanges. Your Company along with its subsidiaries and its Associate Companies is offering complete financial solutions including trading in securities, commodities and their derivatives, currency derivatives, Depository services & Category I Merchant Bankers.

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. Prabir Chakroborty 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.

The term of appointment of Mr. Ajit Khandelwal as Managing Director of the Company expired on 31.03.2013. The Board of Directors re-appointing Mr. Ajit Khandelwal as Managing Director of the company for a period of 3years with effect from 1.04.2013. Necessary resolution for his re-appointment is being proposed in the forth coming Annual General Meeting 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\$ 2000 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

Dr. N.K.Sengupta

Dated : 28th May 2013

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 2012-13 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 2013 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 | 04 |
| Mr.R.S.Khandelwal | Vice-Chairman & Non-Executive | 08 |
| Mr.P.Chakravarti | Non-Executive & Independent | 10 |
| Mr.P.Brahmachari | Non-Executive & Independent | 01 |
| Mr.S.Khandelwal | Non-Executive | 08 |
| Mr.A.Khandelwal | Managing Director | 12 |

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 | 03 |

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. N. K. Sengupta | Member | 1 | 1 |
| Mr. P. Brahmachari | Member | 1 | 1 |

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

4. Remuneration to Directors

| Director | Designation | Remuneration paid during 2013 (All figures in `) Sitting fees Salary & Perks Total | | |
|-------------------|-------------------|--|---------|---------|
| Dr.N.K.Sengupta | Chairman | 17000 | -- | 17000 |
| Mr.R.S.Khandelwal | Vice-Chairman | 25000 | -- | 25000 |
| Mr.P.Chakravarti | Director | 23000 | -- | 23000 |
| Mr.P.Brahmachari | Director | 22500 | -- | 22500 |
| Mr.S.Khandelwal | Director | 21000 | -- | 21000 |
| Mr.A.Khandelwal | Managing Director | -- | 1424090 | 1424090 |

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 shareholders issue including share transfer, transmission, issue of duplicate certificates and redressing of shareholders 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 | 06 | 05 |
| Mr.S.Khandelwal | Member | 06 | 06 |
| Mr.A.Khandelwal | Member | 06 | 06 |

M/S.CB 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.

| Date of Board Meeting | Place |
|-----------------------|---------|
| 1 28th May 2012 | Kolkata |
| 2 28th July 2012 | Kolkata |
| 3 25th Aug 2012 | Kolkata |
| 4 30th October 2012 | Kolkata |
| 5 31st January 2013 | Kolkata |

| Directors | No. of Meetings | | |
|---------------------|-----------------|----------|-------------------|
| | Held | Attended | Attended Last AGM |
| Dr. N.K. Sengupta | 05 | 05 | Yes |
| Mr. R.S. Khandelwal | 05 | 05 | Yes |
| Mr. P. Chakravarti | 05 | 05 | Yes |
| Mr. P. Brahmachari | 05 | 04 | Yes |
| 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. 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 | -- | 03 |
| Mr.R.S.Khandelwal | 02 | 01 |
| Mr.P.Chakravarti | 08 | -- |
| Mr.P.Brahmachari | 01 | -- |
| Mr.S.Khandelwal | 01 | -- |
| Mr.A.Khandelwal | 04 | -- |

(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 | Businessman | Businessman |
| List of outside Directorships held | 1. Baghmari Tea Company Ltd 2. NICCO Financial Services Ltd. 3. Reliance Jute Meals (International) Ltd 4. Vidula Consultancy Services Ltd. 5. NICCO Corporation Ltd 6. Jayshree Chemicals Ltd. 7. Sri Girija Prasanna Cotton Mills Ltd 8. Mangalam Timber Products Ltd. | 1. Bharat Fritz Werner Limited 2. Ellenbarrie Industrial Gases Ltd 3. Kothari Phytochemicals & Industries Limited 4. Nucent Estate Limited 5. Patrex Vyapar 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. for dealing in shares, securities, Currency their derivatives and commodities where the Promoter Directors are interested. The Company has entered into an understanding with In Media Computer Services LLP (a firm Co-owned by the Promoters) to bid and participated in UID projects. 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 insider trading in shares of Company by its employees.

12. Other Disclosures

i. Details Of Annual General Meeting

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

| Year | Location | Date | Time |
|-----------|--|-----------------|------------|
| 2009-2010 | Mayfair Tower, Ground floor, 2, Palm Avenue Kolkata – 700 019. | 27th July, 2010 | 11.30 AM |
| 2010-2011 | Mayfair Tower Ground floor, 2, Palm Avenue, Kolkata - 700 019. | 30th July, 2011 | 11.30 A.M |
| 2011-2012 | Mayfair Tower, Ground floor, 2, Palm Avenue Kolkata – 700 019. | 25th Aug. 2012 | 12.00 Noon |

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
Quarterly results, published in

No
Published in specified newspapers
Business Standard(English)
Duronto Bharta (Bengali)
www.bnkcapital.com

Corporate website

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. Shareholders Information

1. Annual General Meeting

| | |
|-----------------|---|
| * Date and Time | : 31st August 2013 at 11.30 A.M |
| * Venue | : Mayfair Tower, Ground Floor, 2, Palm Avenue Kolkata - 700 019 |

2. Financial Calender

For the Financial Year ended 31st March 2013.

| | |
|--|--------------------|
| Financial Results for Quarter ended June 30, 2012. | 28th July, 2012 |
| Financial Results for Quarter ended September 30, 2012. | 30th October, 2012 |
| Financial Results for Quarter ended December 31, 2012. | 31st January, 2013 |
| Audited Financial Results for Year ended March 31, 2013. | 28th May 2013 |

3. Date of Book Closure

24th August 2013 to
31st August 2013
(Both days inclusive)

4. Dividend Payment Date

Dividend @ `0.50 per Equity Share of `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) 3058-0562

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 2012-13 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: cbmsl 1 @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. In case of routine matters a process of circular resolutions adopted. 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 | 2012-2013 | | 2011-2012 | |
|---|-----------|----------|-----------|----------|
| | Received | Cleared | Received | Cleared |
| Relating to Transfer, Transmission etc., Dividend, Interest, Redemption etc., Change of Address, Demat – Remat and Others | | | | |
| Received from SEBI, Stock Exchanges and Other Statutory Authorities | 1 | 1 | 2 | 2 |
| Total | 1 | 1 | 2 | 2 |

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

10. Distribution of Shareholding as on 31st March 2013. (See table No. 1)

11. Categories of Shareholding as on 31st March 2013. (See table No. 2)

12. Dematerialization of shares & liquidity

Over 94.90 % of equity shares have been dematerialized as on 31.03.2013. 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 : 700 019, Tel : (033) 2281 – 0560 / 61, Fax : (033) 30580562, 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) 22806692 / 6693, Fax No.: (033) 22470263, E-mail : cbmsl1@cal2.vsnl.net.in, rta@cbmsl.com
16. **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**
The due date on which unclaimed dividends lying in the unpaid dividend accounts of the Company would be credited to the IEPF, are stated in the table below. Investors are requested to claim their dividends before these dates.

| Financial Year | Date of Declaration | 30days expire from the date of declaration | Transfer to unpaid dividend "unpaid/unclaimed dividend account" | 7 Years expire from the date of transfer to unpaid/unclaimed dividend account | Amount lying unpaid / unclaimed as on 31st March 2013 |
|----------------|---------------------|--|---|---|---|
| 2005-06 | 23-09-2006 | 22-10-2006 | 23-10-2006 | 22-10-2013 | 1,37,444.51 |
| 2006-07 | 28-09-2007 | 27-10-2007 | 28-10-2007 | 27-10-2014 | 1,32,847.00 |
| 2007-08 | 06-09-2008 | 05-10-2008 | 06-10-2008 | 05-10-2015 | 1,38,608.18 |
| 2008-09 | 02-09-2009 | 01-10-2009 | 02-10-2009 | 01-10-2016 | 1,27,744.00 |
| 2009-10 | 27-07-2010 | 26-08-2010 | 27-08-2010 | 26-08-2017 | 1,16,493.00 |
| 2010-11 | 30-07-2011 | 29-08-2011 | 30-08-2011 | 29-08-2018 | 1,10,740.00 |
| 2011-12 | 25-08-2012 | 24-09-2012 | 25-09-2012 | 24-09-2019 | 1,27,251.20 |

In terms of the shares issued by the Company in physical form, the certificates of which are lying unclaimed, the Company intends to issue reminders to their holders. These Shares will be transferred into one folio in the name of "Unclaimed Suspense Account" in due course.

| 17. Per Share data | 2012-2013 | 2011-2012 |
|-----------------------------------|-----------|-----------|
| EPS (₹) | 2.67 | 2.97 |
| EPS Growth (%) | -10% | -24% |
| Book Value per share (₹) | 40.61 | 38.52 |
| Share price as on 31st March 2013 | 18.90 | 20.00 |

| 18. Market Price (High & Low) at BSE during each month of the Financial Year 12-13 | September 2012 | 23.70 | 18.65 |
|--|----------------|-------|-------|
| Month | October 2012 | 23.90 | 19.80 |
| April 2012 | November 2012 | 21.45 | 19.15 |
| May 2012 | December 2012 | 21.25 | 19.00 |
| June 2012 | January 2013 | 21.80 | 18.60 |
| July 2012 | February 2013 | 19.75 | 18.00 |
| August 2012 | March 2013 | 23.05 | 17.05 |

Table 1

| Share held | No. of share holders | 2012-2013 | | 2011-2012 | | Share amount | % of share amount |
|----------------|----------------------|--------------------|--------------|--------------------|--------------|--------------|-------------------|
| | | % of share holders | Share amount | % of share holders | Share amount | | |
| 1 - 5000 | 1972 | 80.69 | 380041 | 3.80 | 2050 | 80.74 | 3.94% |
| 5001-10000 | 210 | 8.59 | 148524 | 1.48 | 209 | 8.23 | 1.46% |
| 10001-20000 | 92 | 3.76 | 131663 | 1.32 | 109 | 4.29 | 1.58% |
| 20001-30000 | 42 | 1.72 | 105540 | 1.06 | 43 | 1.69 | 1.07% |
| 30001-40000 | 32 | 1.31 | 105410 | 1.05 | 33 | 1.30 | 1.08% |
| 40001-50000 | 10 | 0.41 | 46319 | 0.46 | 7 | 0.28 | 0.33% |
| 50001-100000 | 30 | 1.23 | 219670 | 2.20 | 29 | 1.14 | 2.06% |
| 100001 & above | 56 | 2.29 | 8862833 | 88.63 | 59 | 2.33 | 88.48% |
| Total | 2444 | 100 | 10000000 | 100 | 2539 | 100.00 | 100.00 |

Table 2

| Category | 2012-2013 | | 2011-2012 | |
|---------------------------|-------------------|--------------------|-------------------|--------------------|
| | No. of share held | % of share holding | No. of share held | % of share holding |
| 01. Promoter Company | 1871881 | 18.72 | 1871881 | 18.72 |
| 02. Director | 3358251 | 33.58 | 3358251 | 33.58 |
| 03. Directors Relative | 66875 | 0.67 | 66875 | 0.67 |
| 04. Mutual Fund | 31250 | 0.31 | 31250 | 0.31 |
| 05. F.I.I. | NIL | NIL | NIL | NIL |
| 06. Financial Institution | NIL | NIL | NIL | NIL |
| 07. N.R.I | 30586 | 0.31 | 33061 | 0.33 |
| 08. Other Bodies Corp. | 2743543 | 27.44 | 2628876 | 26.29 |
| 09. Bank | NIL | NIL | NIL | NIL |
| 10. Resident Individual | 1897314 | 18.97 | 2008341 | 20.08 |
| 11. Clearing Members | 300 | 0 | 1465 | 0.02 |
| TOTAL | 10000000 | 100.00 | 10000000 | 100.00 |

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 2013, 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
Firm Registration No. 307124E
Kolkata CA. R. BHATTACHARYA
28th May 2013 Proprietor
Membership No. 12394

Management Discussion & Analysis Report

Overview :

Prolonged economic crisis, particularly in the Euro zone, crude price hike, high import of crude & Gold, weakening of Rupee, high current account deficit had lead to a further fall in the GDP growth rate of the countries from 6.2% to 5% in 2013. This along with high inflation, high interest rate has resulted in the slowdown of the economy. This has resulted in the averseness to Industrial growth. Further the inability of the Govt. to pursue reforms and implement its policies because of its political compulsions, scams and issues of corruptions, inactiveness of Govt. machineries have brought the business confidence levels to its lowest. We have biggest ever current account deficit..

Opportunities and Threats

With the indications of good monsoon and the cooling down of the crude and commodity prices, lowering of inflation & interest rates, if coupled with a strong Govt action on policy implementation may take few of quarters to again start moving on the growth trajectory. Both the capital markets and the interest rate markets are expected to remain volatile in near future

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, weakening of rupee and record current account deficit, because of high oil and gold imports ,governing rules of SEBI and RBI etc., crises in Eurozone, which may affect the capital and debt 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.

FINANCIAL PERFORMANCE

| | Year Ended 31st March 2013 (` In Lacs) | Year Ended 31st March 2012 (` In Lacs) |
|--|--|--|
| Profit before Depreciation and Amortisation Expenses, Finance Costs and Tax Expenses | 368.37 | 354.81 |
| Less: Finance Costs | 57.49 | 28.18 |
| Depreciation and Amortisation Expences | 8.25 | 9.14 |
| Profit before Tax | 302.63 | 317.49 |

| | | |
|---------------------------------------|---------------|---------------|
| Less: Current Tax | 35.84 | 34.05 |
| Deferred Tax | (0.48) | (0.48) |
| Profit for the year | 267.27 | 283.92 |
| Add: Balance in Profit & Loss Account | 654.05 | 569.89 |
| | 921.33 | 853.81 |
| Less: Appropriation | | |
| Transferred to Statutory Reserve | 53.45 | 56.78 |
| Transferred to General Reserve | 50.00 | 50.00 |
| Proposed Dividend on Equity Shares | 50.00 | 80.00 |
| Tax on Dividend | 8.11 | 12.98 |
| Closing Balance | 759.77 | 854.05 |

Comment on current year's performance:

Revenue : Total Revenue of the Company has decreased in comparison to previous year because of volatile capital markets, volatile interest rate regime.

Operating Expenses : Operating expense has decreased compare to previous year because of various measures adopted by the management to keep costs at 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 reduced 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BNK CAPITAL MARKETS LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of BNK Capital Markets Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of 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 Statement of Profit and Loss, 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 statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For R. BHATTACHARYA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 307124E

CA. R. BHATTACHARYA
Proprietor
Membership No. - 012394

Kolkata
28th May, 2013.

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date:

- (1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) According to the information and explanations given to us, the Fixed Assets of the Company have been physically verified by the management during the year, and no material discrepancies were noticed on such verification as confirmed by the management.
- (c) In our opinion, 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 reasonable 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 with the book records.
- (3) In respect of the loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - (a) As per the information and records made available, the Company has granted unsecured loans to six companies listed in the register maintained under section 301 of the Act. The maximum amount involved during the period and the balances of said loans were aggregating to Rs.731.17 lacs and Rs.291.51 lacs respectively.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
 - (c) In respect of aforesaid loan granted, the amounts of principal as well as interest have been repaid regularly.
 - (d) In respect of the said loans and interest thereon, there are no overdue amounts.
 - (e) 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. Accordingly sub clauses (f) and (g) of clause 4(iii) of the said order are not applicable to the company.
- (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, the transactions made in pursuance of contracts or arrangements that need to be entered into the register required to be maintained under section 301 of the Companies Act, 1956 have been so entered.
- (6) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- (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 Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and other material statutory dues as applicable to the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable. © The disputed Income Tax aggregating Rs.332.90 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

| Sr. No | Nature of the Dues which the amount relates | Amount (₹ in Lacs) | Period | to Forum where dispute is pending |
|--------|---|--------------------|-----------|-----------------------------------|
| 1 | Income Tax | 43.49 | 2004-2005 | ITAT |
| 2 | Income Tax | 241.13 | 2006-2007 | ITAT |
| 3 | Income Tax | 38.11 | 2008-2009 | ITAT |
| 4 | Income Tax | 10.17 | 2010-2011 | CIT-XII(A) |
| (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 was noticed or reported during the year. | | | |

For R. BHATTACHARYA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 307124E

Kolkata
28th May, 2013.

CA. R. BHATTACHARYA
Proprietor
Membership No. - 12394

BALANCE SHEET AS AT 31ST MARCH, 2013.

| Particulars | Note No | | As at 31.03.2013 ` (lacs) | As at 31.03.2012 ` (lacs) |
|-----------------------------------|---------|----------|---------------------------------|---------------------------------|
| I. EQUITY AND LIABILITIES | | | | |
| (1) Shareholders' Funds | | | | |
| (a) Share Capital | 2 | 1,000.00 | 1,000.00 | |
| (b) Reserves and Surplus | 3 | 3,060.81 | 4,060.81 | 3,851.64 |
| (2) Current Liabilities | | | | |
| (a) Short-Term Borrowings | 4(a) | 2,642.04 | 2,587.13 | |
| (b) Trade Payables | 4(b) | - | 4.11 | |
| (c) Other Current Liabilities | 4(c) | 1.73 | 2.76 | |
| (d) Short-Term Provisions | 4(d) | 245.43 | 2,889.19 | 2,838.46 |
| Total | | | 6,950.00 | 6,690.10 |
| II. ASSETS | | | | |
| (1) Non-Current Assets | | | | |
| (a) Fixed Assets | | | | |
| Tangible Assets | 5(a) | 28.31 | 28.31 | 31.10 |
| (b) Non-Current Investments | 5(b) | 3,459.15 | 3,325.98 | |
| (c) Long Term Loans and Advances | 5(c) | 12.58 | 18.13 | |
| (d) Deferred Tax Assets (Net) | 5(d) | 1.40 | 3,473.13 | 3,345.03 |
| (2) Current Assets | | | | |
| (a) Current Investments | 6(a) | - | 25.96 | |
| (b) Inventories | | 12.55 | 262.55 | |
| (c) Trade Receivables | 6(b) | 12.06 | 1.55 | |
| (d) Cash and Cash Equivalents | 6(c) | 568.90 | 537.97 | |
| (e) Short-Term Loans and Advances | 6(d) | 2,514.28 | 2,203.71 | |
| (f) Other Current Assets | 6(e) | 340.77 | 3,448.56 | 3,313.97 |
| Total | | | 6,950.00 | 6,690.10 |

R.BHATTACHARYA & ASSOCIATES

Chartered Accountants

Firm Registration No. 307124E

CA. R. Bhattacharya

Proprietor

Membership No.12394

7B Panchanantala Road

Kolkata- 700029

Kolkata, May 28th, 2013.

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