

26th
Annual Report
2010 - 2011



NCL
Research & Financial Services Ltd.

NCL Research & Financial Services Ltd.

BOARD OF DIRECTORS

Vijay J. Poddar	Chairman & Managing Director
Manish Baid	Whole time Director
L. N. Sharma	Independent Director
Goutam Bose	Independent Director

COMPLIANCE OFFICER

Pradeep N. Dhanuka

AUDITORS

Mukesh Choudhary & Associates
Chartered Accountants
Commerce House
2-A, Ganesh Chandra Avenue
Kolkata - 700 013

BANKERS

Punjab National Bank
IndusInd Bank Ltd.

REGISTERED OFFICE

19, Krishna Colony,
Mahanagar, Lucknow - 226 006

CORPORATE OFFICE

Bhagyodaya Building, 3rd Floor
79, N. M. Road, Fort, Mumbai - 400 023

REGISTRAR & SHARE TRANSFER AGENT

ABS Consultants Pvt. Ltd.
99, Stephen House, 6th Floor
4, B.B.D. Bag (East), Kolkata-700 001

ANNUAL GENERAL MEETING

Date : 21st September, 2011
Time : 10.30 A.M.
Venue : 19, Krishna Colony
Mahanagar, Lucknow - 226 006



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Members are requested to bring their copy of Annual Report at the time of Meeting

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the members of **NCL RESEARCH AND FINANCIAL SERVICES LIMITED** will be held on Wednesday, the 21st day of September, 2011 at 10.30 A.M. at 19, Krishna Colony, Mahanagar, Lucknow-226006 (Uttar Pradesh) to transact the following business as :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March 2011.
2. To appoint Director in place of Mr. Manish Baid, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

Notes :

1. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 15th September 2011 to 21st September 2011 (both days inclusive).
3. Members are requested to intimate change in their address immediately to M/s ABS Consultants Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their office at 99, Stephen House, 6th Floor, 4, B.B.D. Bag (East), Kolkata-700 001
4. The identity/signature of Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the relevant identity card issued by the Depository Participant to the Annual General Meeting.
5. Members holding shares in physical form in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to M/s ABS Consultants Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above.
6. Pursuant to SEBI Circular, the Shareholders holding shares in physical form are requested to submit self attested copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.
7. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form (form 2B) to M/s ABS Consultants Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above or to the Compliance Officer at the Registered Office of the Company.

8. Members are requested to bring copies of Annual Report to the Annual General Meeting.
9. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
10. Members are requested to quote Folio Number/Client ID & DP ID in their correspondence.
11. Members are requested to send their queries in regard to the accounts at-least 10 days in advance to the Registered Office of the Company.
12. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Listing Fees for the financial year 2010-2011 have been paid to Bombay Stock Exchange Ltd.

Lucknow, June 30, 2011

By order of the Board
For **NCL RESEARCH & FINANCIAL SERVICES LTD.**

Registered Office :
19, Krishna Colony
Mahanagar, Lucknow - 226 006
Uttar Pradesh

Vijay J. Poddar
Chairman

DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

To the Members

Your Directors have pleasure in presenting the 26th Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2011.

(Rs. in Lacs)

Financial Results	Year Ended 31.03.2011	Year Ended 31.03.2010
Revenue / Sales	328.92	324.47
Profit before Tax & Extraordinary Items	20.63	9.16
Less : Provision for Taxation	6.38	3.13
Profit after Tax	14.25	6.03
Add : Profit brought forward from Previous Year	15.99	9.97
Balance carried forward	30.24	16.01

DIVIDEND

In view of inadequate profit, looking to the slow down in economy as well as in order to meet financial requirement to implement its future plans, your Directors do not propose any dividend for the year under review.

INDUSTRY STRUCTURE AND DEVELOPMENT

Textile Industries

The global economy kicked off a sputtering growth in FY 2010-11 with developed economies showing faint signs of revival. The main engine of global growth, the United States, moved into a recovery mode with employment coming off highs and retails sales growing month on month, albeit slightly, and consumer confidence improving. This growth was accompanied by a huge surge in world commodity prices, with the Continuous Commodity Index (CCI) surging more than 42% during the year.

This also gave rise to supply side inflation and fast growing economies in Asia bore and brunt. Their economies had barely recovered from the financial crises of FY 2008-09 and raising rates at this juncture would have meant putting a spanner in the way of growth. Most Asian economies therefore held off raising interest rates till the second half of the year and then a series of quick rate hikes followed, more particularly in China and India, who have clearly indicated that they don't mind sacrificing growth at the altar of inflation control. As a result, the earnings growth is expected to be hit in the current fiscal. Further, the QE2 will come to an end in June 2011 and the Fed has no plans of a QE3 as of now. In anticipation, the commodities have already come off their lifetime highs.

Investment Activities

The global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualize strong economic growth in the advanced economies in 2010 and to a large extent in 2011. The implications of this, for India's strategy to return to the 9.0 per cent growth trajectory, are that public policy must promote business confidence and facilitate increased investment.

Apart from above, high current account deficit, particularly in the context of weakening capital inflows, was also a cause of concern, which has hitherto managed to compensate the rising trade deficit. The current account deficit was a manifestation of strong domestic demand and global weakness. This pressure has abated somewhat during the past few months, with rise in exports and slowing (non-oil) imports. However, a strong rebound in India's exports over the past couple of months has considerably reduced the pressure, but India's overall balance of payments remains weaker than expected, putting pressure on the Rupee.

OPPORTUNITIES & THREATS

Global Market is large and rapidly changing—from a mix of legacy client server to web / package-based services. Market openings are emerging across I.T. services, software products, I.T. enabled services and E-businesses, and creating a number of new opportunities for Indian companies. The corporate, government and consumer sector of the Indian domestic market offers a huge opportunity to software and services companies.

The Fundamental drives of India's medium term growth prospects remain intact. However, global developments, in conjunction with Indian Policy responses to the concerns noted above, are likely to make 2011-12 a challenging year.

Global economic and financial conditions can be expected to remain adverse for some time, particularly in the aftermath of Japan's natural disaster. Once the current financial year and commodity volatility subsides, deeper structural factors are likely to slow down economic growth, particularly in developed economics. Fiscal consolidation in Europe and an excess supply overhang in the US will probably moderate growth in the second half, together with increasing expectations of policy rate rise to quell rising inflation.

In India, inflationary pressure are likely to persist and hence result in a further, though moderate, monetary policy tightening the impact of which will be increasingly visible, through rising borrowing costs, in fiscal 2012. Increasing savings, high interest rates, an expected lower rise in currency driven by lower food prices, are likely to help deposits to grow stronger in fiscal 2012. However, in light of inflationary pressures and rising interest rates, there is a likelihood that the credit growth momentum might slow in 2011-12.

The present global economic scenario throws up opportunities for fundamentally strong companies such as your Company. The inherent strength, in the form of strong domain expertise, powerful brand positioning and strength and resilience of the brands, fully integrated state-of-the-art production facilities, cutting edge technology and unparalleled product innovation capabilities combined with the deep retail market penetration, growth potential of the Tier 3, 4 and 5 Towns; provide a highly potent platform to seize opportunities in the form of newer markets, new segments of customers, new channels of distribution etc.

On the other hand, value buying by consumers, sharp increase in raw material prices, continued weakness in developed geographies, prospect of higher domestic inflation, fiscal tightening, proposed imposition of mandatory levy on branded garments and interest rates are some of the challenges facing the textile industry at large.

The Company is also in a business of Investment in shares and securities. Investment business activities need lot of experience, skills and passion as well as timely exit decision. Gain from Investment business lies on the investment decision and wise person with timely and accurate decision can perform better than a person investment without vision.

On the other hand changes in regulatory frameworks, slowing down of capital market, increase in inflation and decrease in earning of common consumer can lead to the loss in investment business.

OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE

The Company is doing the business of Trading of Textile Goods and investments activities in capital market as well as providing temporary funding out of its surplus fund to its Clients. Although the situation has improved in comparison to previous financial year; but is not up to the level of industry expectation. There was a little increase in demand of textile products but was limited due to higher inflation rate as well as higher interest rate as well as significant drop in the per capita income of common man. Drop in the income of common man has affected the business of entire textile industry and the same was for the Company also. Due to the lack of consistence demand, the turnover of Company has not increased to the level the Company expected and thus the profit of Company is also below expectation but higher than previous financial year.

During the year Sales of textile products has been decreased marginally and was of Rs. 303.11 Lac in comparison to last years' figure of Rs. 309.47 Lac however other income consisting of Income from Investment activities as well as temporary funding has been increased 72% and is of Rs. 25.80 Lac in comparison to last year's figure of Rs. 15.00 Lac. Overall PAT has been increased 136.00% or to Rs. 14.25 Lac.

The Global situation is improving and demand is increasing slowly and the same about Indian textile market and software market and looking to that the Company is hopeful to do better, both in term of turnover and profit in current financial year 2010-11.

BUSINESS SEGMENT

Your Company offers its services to customers through industry practices in Textile, by way of trading of textiles products. Apart from this, out of its surplus fund, the Company is also doing investing activities in Shares & Securities as well as deploying its surplus fund in money market.

RISK & CONCERNS

The objective of risk management is to balance the trade-off between risk and returns and ensure optimum risk adjusted return on capital. It entails the identification, measurement and management of risks across the various businesses of the Company. Risk is managed through a framework of policies and principles approved by the Board of Directors and supported by an Independent risk function that ensures that the Company operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, through quantitative or qualitative examination of the embedded risks. The Company continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Company had developed internal systems for assessing capital requirements keeping in view the business objectives.

The Company has identified following main risks for its business, which needs to be addressed at this point of time :-

1. Credit Risk
2. Market Risk
3. Liquidity Risk
4. Operational Risk

The Company has framed the appropriate business policies to tackle the challenges of above risks and is continually reviewing and modifying these policies in order to face the challenges and come out with the help of Company's business policies.

OVERVIEW

We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, imparting training to the workforce on the continued basis, process improvements and improved customer services to mitigate the growing cost pressure.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

NCL has developed adequate Internal Control Systems in place to ensure a smooth functioning of its business. The Control System provides a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ICS and their adequacy are frequently reviewed and improved and are documented.

HUMAN RESOURCES

The Company recognizes that its success is deeply embedded in the success of its human capital. During 2011-12, the Company continued to strengthen its HR processes in line with its objective of creating an inspired workforce. The employee engagement initiatives included placing greater emphasis on learning and development, launching leadership development programme, introducing internal communication, providing opportunities to staff to seek inspirational roles through internal job postings, streamlining the Performance Management System, making the compensation structure more competitive and streamlining the performance-link rewards and incentives.

The Company believes that learning is an ongoing process. Towards this end, the Company has built a training infrastructure which seeks to upgrade skill levels across grades and functions through a combination of in-house and external programme.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

NCL's biggest assets are their employees. We are continuously working on innovative initiatives to attract, train, retain and motivate our employees. Our endeavors are driven by a strong set of values imbedded in us and policies that we abide by. Our constant goal, and indeed our biggest strength, is a healthy, happy and prosperous work environment for all our employees. Currently staff strength of the Company is 12 Employees including senior & junior category staff and workers.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act 1956 and the rules there under.

MANAGEMENT

There is no Change in Management of the Company during the year under review.

DIRECTORS

During the year, Mr. Giriraj Kishore Agarwal has resigned from the Board w.e.f. 15th July 2010. The Board places on record their appreciations of the invaluable contributions made him to the Company.

In accordance with the requirements of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Mr. Manish Baid, who retires by rotation, are eligible for reappointments.

None other Directors are interested in re-appointments of Mr. Manish Baid.

Further, none of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act 1956.

AUDITORS

Auditors M/s. Mukesh Choudhary & Associates, Chartered Accountants, Kolkata holds the office until the conclusion of ensuing Annual General Meeting. Your Company has received certificate from the Auditors under section 224(1B) of the Companies Act, 1956 to the effect that their reappointment if made, will be within the limit prescribed.

The shareholders are requested to appoint the Auditors and fix their remuneration.

COMMENTS ON AUDITOR'S REPORT:

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE

Your Company follows the principles of the effective corporate governance practices. The Clause 49 of Listing Agreement deals with the Corporate Governance requirements which every publicly listed Company has taken steps to comply with the requirements of the revised Clause 49 of the Listing Agreement with the Stock Exchange.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's Auditors on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

STATUTORY INFORMATION

PARTICULARS OF EMPLOYEES

People are the backbone of our operations. It is a matter of great satisfaction for our Company that our employees have been very supportive of the Company's plan. By far the employee's relations have been cordial through out the year.

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particular of employees) amendments rules, 1988 is reported to be NIL.

PARTICULARS UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956

The Company is engaged in the business of trading in Textile Goods as well as Investment in Shares & Securities, hence the information regarding conservation of energy, Technology Absorption, Adoption and innovation, the information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is reported to be NIL.

The Company has not earned or used foreign exchange earnings/outgoings during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the annuals accounts, for the year ended 31st March 2011, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;
2. The Directors had adopted 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 and of the profit of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE

The Company is committed to good Corporate Governance. The Company respects the rights of its Shareholders to inform on the performance of the Company and its endeavor to maximize the long-term value to the Shareholders of the Company. As per Clause 49 of the listing Agreement of the Stock Exchange, a report on Corporate Governance is set out separately, which forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) is commitment of the Company to improve the quality of the workforce and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stake holders and Society.

APPRECIATION

The Board of Directors wishes to convey their appreciation to all the Company's employees for their performance and continued support. The Directors would also like to thank all the Shareholders, Consultants, Customers, Vendors, Bankers, Service Providers, and Governmental and Statutory Authorities for their continued support.

Lucknow, June 30, 2011

By order of the Board
For **NCL RESEARCH & FINANCIAL SERVICES LTD.**

Registered Office :
19, Krishna Colony
Mahanagar, Lucknow - 226 006
Uttar Pradesh

Vijay J. Poddar
Chairman

ANNEXURE TO THE DIRECTOR'S REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Compliance with the requirements of Corporate Governance is set out below :-

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Compliance with the requirements of Corporate Governance is set out below :-

1. To enhance the long term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques and compliance with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as lenders, creditors, customers, suppliers and employees.
2. To identify and recognize the Board of Directors and the Management of the Company as the principal instruments through which good corporate governance principles are articulated and implemented. Further, to identify and recognize accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.
3. NCL Research and Financial Services Ltd. (NCL) has during its way towards growth, adopted the NCL Code of Conduct and NCL Prevention of Insider Trading Program. The Company has in place an Information Security Policy that ensures proper utilization of the IT Resources.

BOARD OF DIRECTORS

Composition of Directors

The Constitution of Board of Directors of the Company is governed by the Company's Act 1956 and the Clause 49 of listing agreement. The Company's Board comprises a combination of executives and non-executive Directors. The Board presently consists of 3 Directors and its mix provides a combination of professionalism, knowledge and experience required in the line of Business of the Company. The Board is responsible to manage business of the Company. The functions, responsibilities, role and accountability of the Board are well defined.

The Board of Directors met 5 times on 31st May, 15th July, 13th August and 8th December in year 2010 and on 15th February in the year 2011 during the financial year 2010-2011.

Details of Composition of Board, category of the Directors and their attendance at Board Meetings and last Annual General Meeting, number of other directorship are given below :-

Name	Designation	Board Meetings Attended	Whether Attended AGM	Committee Membership	Committee Chairmanship	No. of Directorship in other Public Ltd. Co.
Vijay J. Poddar*	Chairman & Managing Director	5	Yes	1	Nil	Nil
Manish Baid	Whole time Director	5	Yes	2	Nil	1
Giriraj K. Agarwal	Independent Director	1	No	Nil	Nil	3
L. N. Sharma	Independent Director	5	Yes	1	2	1
Goutam Bose	Independent Director	5	Yes	2	1	1

*Chairman of the Board

@Resigned w.e.f. 15th July 2010

AUDIT COMMITTEE

The Audit Committee of the Board consists of three Directors out of which two are independent. The Chairman is an Independent and Non-executive Director. All members of the Audit Committee are financially literate and they have accounting or related financial management expertise.

The primary purpose of the Audit Committee is to assist the Board of Directors (the "Board") of NCL Research & Financial Services Limited, (the "Company") in fulfilling its oversight responsibilities with respect to (a) the accounting and financial reporting processes of the Company, including the integrity of the audited financial results and other financial information provided by the Company to its stockholders, the public, any stock exchange and others, (b) the Company's compliances with legal and regulatory requirements, (c) the Company's independent auditors' qualification and independence, (d) the audit of the Company's Financial statements, and the performance of the Company's internal audit function and its Independent Auditors.

Terms of Reference

The terms of reference of the Audit Committee are as under :

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, reappointment and, if required the replacement or removal of the statutory auditor and fixation of audit fees.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to -
 - (i) Matters required being included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act 1956.
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same.
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (iv) Significant adjustments made in the financial statements arising out of audit findings.
 - (v) Compliance with listing and other legal requirements relating to financial statements.
 - (vi) Disclosure of any related party transactions.
 - (vii) Qualifications in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing with the management performance of statutory and internal auditors, adequacy of internal control systems.
- g) Reviewing with the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit.
- h) Discussion with internal auditors any significant findings and follow-up thereon.
- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.

- j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any areas of concern.
- k) To look into the reasons for substantial defaults in the payment to shareholders (in case of non-payment of declared dividend) and creditors.

Authority and Responsibilities

The Audit Committee reviews the Company's financial reporting process, disclosure of accounting treatment, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter, disclosure norms, internal control systems, risk management policies, accounting policies and practices, ensuring the quality and appropriateness of the Company's accounting and financial disclosures as well as quarterly/half yearly financial statements. It recommends appointment of Statutory Auditors fixes audit fees and reviews internal control systems, Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, scope for observations of the auditors and adequacy of the internal audit function, discussion with internal auditors any significant findings and follow up there on etc.

In addition to the above, Audit Committee reviews the followings :

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors and qualification in draft audit report;
4. Internal audit reports relating to internal control weaknesses;
5. To review the annual financial statements and to recommend their adoption to the Board, with particular reference to disclosure of any related party transaction.
6. To review the Quarterly financial statements and recommend their adoption to the Board.
7. The appointment, removal and terms of remuneration of the Chief internal auditor;

As required under Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement, the new "Terms of Reference" of the Audit Committee were approved by the Board of Directors at its meeting held on 29th January 2010.

The members of Audit Committee met four times on 31st May, 13th August and 8th December in year 2010 and on 15th February in the year 2011 during the financial year ended on 31st March 2011.

Name	Number of Meetings Held	Meetings Attended
Mr. Vijay J. Poddar	4	4
Mr. Goutam Bose*	4	4
Mr. L. N. Sharma	4	4

*Chairman of Committee

REMUNERATION COMMITTEE

Since the Company does not have remuneration Committee (constitution of which is a non-mandatory requirement), the details pertaining to the same are not provided

Details of Remuneration paid to Directors

No Remuneration has been paid to any of Directors, apart from Directors' sitting fees, during the year under review.

No Stock option has been allotted to any of the Directors during the financial year 2010-2011.

None of the Independent Directors holds any shares in their name or in the name of their relatives as on 31st March 2011.

SHARE TRANSFER COMMITTEE

The Board of Directors has constituted Share Transfer Committee under the Chairmanship of Mr. L. N. Sharma; Independent Director with two other Directors namely Mr. Manish Baid & Mr. Goutam Bose.

The members of Share Transfer Committee met four times on 31st May, 13th August and 8th December in year 2010 and on 15th February in the year 2011 during the financial year ended on 31st March 2011.

Name	Number of Meetings Held	Meetings Attended
Mr. Manish Baid	4	4
Mr. L. N. Sharma*	4	4
Mr. Goutam Bose	4	4

*Chairman of Committee

Investor Grievance Committee

The Board of NCL Research & Financial Services Limited has constituted a Committee of Directors, which inter-alia also functions as "Shareholders/Investors" Grievance Committee, consisting of three members, chaired by a Non-Executive, Independent Director. The Committee meets once in a month and inter-alia, deals with various matter relating to:

- Transfer/transmission/transposition of shares;
- Consolidation/splitting of shares/folios;
- Issue of Share Certificates for lost, sub-divided, consolidated, rematerialize, defaced etc;
- Review of Shares dematerialized and all other related matters; and
- Investors' grievances and redressal mechanism and recommend measures to improve the level of Investor Services.

The Share Department of the Company and the Registrar and Share Transfer Agent, ABS Consultants Ltd. Pvt. Ltd. attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges and Registrar of Companies etc.

The Minutes of Shareholders'/Grievances Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

Compliance Officer

The Company has appointed Mr. Pradeep N. Dhanuka as a Compliance Officer within the meaning of Listing Agreement.

Composition of Committee and Meetings attended

During the year, twelve meetings of the Committee of Directors were held on April 2, May 3, June 1, July 1, August 2, September 1, October 1, November 2, and December 1st in year 2010 and on January 3, February 1 and March 2 in year 2011.

Brief Details of Names, Position, Category and meeting attended by Members of Committee is as follows:

Name	Position	Category	Meetings Attended
Mr. L. N. Sharma*	Chairman	Independent, Non-Executive	12
Mr. Manish Baid	Member	Whole time Director	12
Mr. Goutam Bose	Member	Independent, Non-Executive	12

Details of Shareholders' Complaints

During the year the Company did not receive any complaint from any of the share holder and there was no pending complaint at the beginning or close of the financial year.

GENERAL BODY MEETINGS

Location & time for the last three Annual General Meetings :

Annual General Meeting	Date & Time	Venue
25th Annual General Meeting	24th September 2010, 10.30 AM	Registered Office
24th Annual General Meeting	29th September 2009, 11.00 AM	Registered Office
23rd Annual General Meeting	26th September 2008, 11.00 AM	Registered Office

Location and time of Extra-Ordinary General Meetings :

No Extra-Ordinary General Meeting was being held during last three financial years.

POSTAL BALLOT

No resolution was being passed during the year through Postal Ballot.

SPECIAL RESOLUTION PASSED AT LAST THREE ANNUAL GENERAL MEETINGS:

Special Resolutions were passed to appoint Mr. Manish Baid, Mr. Giriraj Kishore Agarwal and Mr. Vijay J. Poddar as full-time Directors in the previous financial year i.e. year 2007-08 and Special Resolution were passed to appoint Mr. Goutam Bose and Mr. L. N. Sharma as Additional Directors during the year 2008-09. No Special Resolution has been passed during remaining financial year out of last three financial years.

BOARD DISCLOSURES**RISK MANAGEMENT**

The Company has a Risk Management Policy which has been adopted by the Board of Directors, currently, the Company's risk management approach comprises of the following :-

- Governance of Risk
- Identification of Risk
- Assessment of Control of Risk

The risks have been prioritized through a companywide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees.

The Company has appointed a Risk Officer and also put in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.

Risk Officer will make a presentation periodically on risk management to the Board of Directors and the Audit Committee. The Board and the Audit Committee provide oversight and review the risk management policy periodically.

SUBSIDIARIES

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves exceeding 20% of the consolidated turnover or networth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

INSIDER TRADING

The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the Insider Trading Regulations of 1992 which ordain new action steps by corporate and other market intermediaries for the purposes of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct' for Prevention of Insider Trading (The Code) with effect from October 1, 2002. The Code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Compliance Office has been appointed for monitoring adherence to the said Regulations.

DISCLOSURES

- (a) There are no transactions with related parties i.e. with Promoters, Directors, Management, Subsidiaries or Relatives that may have potential conflict of interest with the Company at large.
- (b) There has been no instance of non-compliance by the Company on any matter related to Capital Markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority does not arise. However, the Equity Shares of Company is being suspended from trading because of non-compliance as per Listing Agreement with BSE in December 2001. Now the Company has filed all requisite documents seeking revocation of suspension from trading in equity shares of the Company.

- (c) In Compliance with the Securities & Exchange Board of India (Prohibition of Insider Trading Regulations, 1992) as amended till date, on Prohibition of Insider Trading, the Company has a comprehensive Code of Conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof.
- (d) **Reconciliation of Share Capital Audit** : A qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

DISCLOSURES ON NON-MANDATORY REQUIREMENTS

The Company has adopted/complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of Listing Agreement with the Stock Exchange :-

- a) None of the Independent Directors on the Board of the Company has served for the tenure of exceeding nine years. The Company has ensured that the person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which in the opinion of the Company would enable him to contribute effectively to the Company in his capacity as an Independent Director.
- b) There were no other related party transactions of material nature with the promoters, directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the company at large..
- c) The Company has generally complied with all the requirements of regulatory authorities on Capital Markets.
- d) The Board of Directors of the Company has adopted the whistle Blower Policy for establishing the mechanism of employees to report to management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Company affirms that no employee has been denied access to the Audit Committee.
- e) The Company follows Accounting Standards issued by Institute of Chartered Accountants of India and qualification in the auditors' report have been explained in directors' report.
- f) The Company has complied with all mandatory requirement as stated in clause 49 of Listing Agreement and the non-mandatory requirement have been complied with to the extent feasible.
- g) The Company is committed to conducting its Business in conformity with ethical standards and applicable Laws and Regulations .This commitment stands evidenced by model code of conduct adopted by Board of Directors at their meeting which is applicable to each member of the Board of Director and senior management of the Company.

MEANS OF COMMUNICATIONS

- The Company regularly provides information to the Stock Exchanges as per the requirements of the listing Agreement.
- The Quarterly/Half Yearly/Nine Months & Annual Results have been submitted to Bombay Stock Exchange Ltd. and published in the leading English Newspapers i.e. "Business Standard" and in

vernacular language Newspaper i.e. "Business Standard" hindi edition of Lucknow.

- Company posts its Quarterly Results/Half Yearly/Nine Months & Annual Results on its website www.nclfin.com
- Official News releases have been posted on its website www.nclfin.com
- No formal representations were made to Institutional Investors or Analysts during the year under review.
- Management Discussion and Analysis forms part of the Annual Report will be posted to the shareholders of the Company.

GENERAL SHAREHOLDER INFORMATION

Detailed information in this regard is provided in section "Shareholders Information" which forms part of this Annual Report.

SHAREHOLDERS' INFORMATION

a. Next Annual General Meeting

The information regarding 26th Annual General Meeting for the financial year ended on 31st March 2011 is as follows :-

Date : Wednesday, 21st September, 2011
 Time : 10.30 A.M.
 Venue : 19, Krishna Colony, Mahanagar, Lucknow-226006

b. Financial Calendar : 1st April to 31st March.

c. Future Calendar :

Subject Matter	Date
Financial Reporting of 1st Quarter ended on 30th June 2011	14th August, 2011
Financial Reporting of 2nd Quarter ended on 30th September 2011	14th November 2011
Financial Reporting of 3rd Quarter ended on 31st December 2011	15th February 2012
Financial Reporting of 4th Quarter ended on 31st March 2012	31st May 2012
Date of Annual General Meeting	During September 2012

d. Date of Book Closure : September 15 to September 21, 2011. (Both days inclusive)

e. Dividend Payment : Nil

f. Listing of Shares : Kanpur (U.P.) & Bombay Stock Exchange Ltd.

g. Stock Code & ISIN : 530557, Demat ISIN No. in NSDL & CDSL -INE132F01012

h. Market Price Data : Revocation of Suspension from trading in Equity Shares of the Company was from July 2010 and hence below chart is showing requisite information from July 2010 onwards :-

Month	Price on BSE (Rs.) & Volume			BSE Sensitive Index	
	High	Low	Volume	High	Low
July 2010	110.80	47.70	15125	18237.56	17395.58
August 2010	180.00	116.30	826096	18475.27	17819.99
September 2010	209.00	163.00	1164981	20267.98	18027.12
October 2010	199.00	160.75	1016407	20854.55	19768.96
November 2010	200.00	80.65	455491	21108.64	18954.82
December 2010	76.65	35.45	2094635	20552.03	19074.57
January 2011	42.65	31.60	899975	20664.80	18038.48
February 2011	33.00	27.65	235546	18690.97	17295.62
March 2011	100.35	29.70	1670387	19575.16	19071.47

i. Registrar & Share Transfer Agent.

M/s. ABS Consultants Pvt. Ltd. has been appointed as Registrar & Share Transfer Agent for all work relating to share registry in terms of both physical and electronic mode. All transfer, transmission, request related to correspondence/queries, intimation of change of address etc. should be addressed to our RTA directly at the following Address:

M/s. ABS Consultants Pvt. Ltd.

99, Stephen House, 6th Floor, 4, B.B.D. Bag (East), Kolkata-700 001

j. Share Transfer Systems

The Trading in Equity Shares of the Company is permitted only in dematerialized form as per circular issued by Securities & Exchange Board of India (SEBI) on September 24, 1998.

The Share transfer is processed by the Registrar & Share Transfer Agent, ABS Consultants Pvt. Ltd. and approved by Share Transfer Committee, if the documents are complete in all respects, within 21 days from the date of lodgment.

k. Distribution Schedule as on 31st March 2011

No. of Equity Shares	No. of Share Holders	% of Share Holders	Total No. of Shares Held	% of Share Holding
1-5000	555	83.08	569833	16.76
5001-10000	48	7.19	365911	10.76
10001-50000	51	7.63	1038718	30.55
50001-100000	9	1.35	687240	20.21
100001 and Above	5	0.75	738298	21.72
Total....	668	100.00	3400000	100.00

i. Shareholding Pattern as on 31st March 2011

Categories	No. of Shares	% of Shareholding
Promoters, Directors, Relatives & Person acting in concert	583400	17.16
Indian Bank	0	0.00
Others (NRI)	0	0.00
Private Corporate Bodies	1072728	31.55
Indian Public	1743872	51.29
Total	3400000	100.00

m. Dematerialization of Equity Shares & Liquidity

The Company's Equity Shares are in Physical trading segment. Further, the Company had established connectivity with both NSDL & CDSL by signing the necessary agreements.

Procedures for dematerialization / rematerialization of Equity Shares:-

Shareholders seeking demat / remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to Registrar and Share Transfer Agents of the Company. Upon receipt of the request and share certificates, the Registrar will verify the same. Upon verification, the Registrar will request NSDL/CDSL to confirm the demat request. The demat account of the respective share holder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In case of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Registrar. The Registrar then requests NSDL or CDSL to confirm the same. Approval of the Company is being sought and equivalent numbers of shares are issued in physical form to the shareholder. The share certificates are dispatched within one month from the date of issue of Shares.

The Shares of Company are not tradable on Bombay Stock Exchange Ltd due to suspension from trading in its equity shares. 97.26% of the Company's Equity Share Capital held under Public category have been dematerialized up to 31st March 2011.

n. Listing Fees and Annual Custodial Fees

The Company has paid the Annual Listing Fees for year 2010-11 to Bombay Stock Exchange Ltd. Annual Custodial Fees to the Depositories for the year 2010-11 has also been paid.

o. Nomination

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

p. Requirement of PAN Card in case of Transfer of Shares in Physical Form

Pursuant to SEBI Circular, the shareholders holding shares in physical form are requested to submit self certified copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.

q. For the Attention of Shareholders holding shares in electronic form

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

r. Brief Resume of the Directors Seeking Re-Appointment

Mr. Manish Baid, Age 35, B.Com. ACA, is having vast experience in the field of Accounts, Taxation and Company Matters. He is an Executive Director of the Company.

As on 31st March 2011, he is holding 35,000 Equity Shares or 1.03% of Paid-up Capital, in his name and holding 97,100 Equity Shares or 2.86% of Paid-up Capital in the name of his relatives.

As on 31st March 2011, he is among Board of Directors in the following Companies:-

Sr. No.	Name of the Company
I.	GCM Securities Limited

s. Details on use of Public Funds Obtained in the last three years :

No Public Fund was being raised during last three years.

t. Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion data likely impact on Equity :

Not Applicable.

u. Investors' Correspondence

Shareholders can contact the following Officials for secretarial matters of the Company :-
Mr. Pradeep N. Dhanuka - ncl.research@gmail.com

v. Code of Conduct

The Board of Directors of the Company has laid down Code of Conduct for Directors and for Senior Management & Employees. All Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the Managing Director & Chief Executive Officer is annexed to this report.

w. Address for Correspondence

NCL Research and Financial Services Limited

Bhagyodaya Building, 3rd Floor, 79, N. M. Road, Fort, Mumbai-400 023

Email : ncl.research@gmail.com

CHAIRMAN & MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of Listing Agreement, the Managing Director and CEO's Declaration for Code of Conduct is given below:

To
The Members of
NCL Research and Financial Services Limited

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **NCL RESEARCH AND FINANCIAL SERVICES LIMITED**

Vijay J. Poddar
Chairman

**Declaration by the Managing Director under Clause 49
of the Listing Agreement**

NCL RESEARCH & FINANCIAL SERVICES LIMITED

19, Krishna Colony,
Mahanagar, Lucknow-226006

In accordance with Clause 49 sub clause I(D) of the Listing Agreement with the Stock Exchanges, I, Vijay J. Poddar, Chairman of NCL Research & Financial Services Limited hereby confirm that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conducts.

VIJAY J. PODDAR
Chairman

Lucknow, June 30, 2011

**SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED
31ST MARCH 2011**

The Board of Directors,
M/s. NCL Research & Financial Services Limited
Lucknow

We have examined the registers, records and papers of M/s. NCL Research & Financial Services Limited as required to be maintained under the Companies Act, 1956, (hereinafter referred to as "The Act"), the rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the year ended 31st March 2011.

On the basis of our examination as well as information and explanations furnished by the Company and the records made available to us, we report that:

1. The Company has kept and maintained all registers and records as per the provisions of the Companies Act 1956 (the Act) and the rules made there under and all entries therein have been duly recorded during the year.
2. The Company has duly filed the forms and return with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company has given proper notice along with the agenda for convening of Board Meeting, Committee Meetings and Annual General Meetings during the year.
4. The proceedings of the Meetings were properly recorded in the Minutes Books during the year.
5. The Board of Directors of the Company is duly constituted during the year.
6. The Company has obtained all the necessary approvals from the Board and Shareholders as required by the Act during the year.
7. The Company has not accepted any Deposit in terms of Section 58A of the Act read with Companies (Acceptance of Deposit) Rules, 1975 during the year.
8. The Company has complied with the provisions of section 154 of the Act during the year.
9. The Company has delivered all the certificates on lodgments thereof for transfer or any other purpose in accordance with the provisions of the Act during the year.
10. The Company has not declared dividend for financial year 2010-11.
11. The Company has not paid remuneration to the Managing Director or to the other Whole time Directors of the Company during the year in terms of section 198, 269, 309 read with Schedule XIII of the Act.
12. The Company has not appointed any sole selling agent in terms of section 294 of the Act during the year.
13. The Company has not given any loan in terms of section 295 of the Act during the year.
14. The Company has not entered into any transactions, which falls under section 297 of the Act during the year.
15. The Directors have disclosed their interest in terms of section 299 of the Act.

16. The Company has not appointed any person as a place of profit in terms of section 314 of the Act during the year.
17. The Company has complied with the provisions of section 372A of the Act.
18. The Company has complied with the applicable provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, SEBI (Prohibition of Insider Trading) Regulations, 1992 during the year.
19. The Company has not issued any Share by way of Right or Bonus or on Preferential basis and has not raised fund during the financial year 2010-11.
20. The Company has not altered its Memorandum of Association and Articles of Association during the year.
21. There was no prosecution initiated against the Company, or Show Cause Notices received by the Company, for offences under the Act.

For **VKM & ASSOCIATES**
Chartered Accountants

Place : Mumbai
Date : June 30, 2011

Vijay Kumar Mishra
Partner

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of NCL Research and Financial Services Limited

We have examined the compliance of the conditions of Corporate Governance by NCL Research and Financial Services Limited (The Company) for the year ended 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Place : Kolkata
Date : June 30, 2011

Ranjit Kr. Modi
Partner

AUDIT REPORT

To the Members of NCL Research and Financial Services Limited

We have audited the attached Balance Sheet of NCL RESEARCH AND FINANCIAL SERVICES LIMITED as at 31st March 2011 and also the Profit & Loss Account for the year ended on that day annexed hereto. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also included 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.

- a. As required by the Companies (Auditors' Report) Order, 2003 issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act 1956, we enclose in the Annexure, a statement on the matter specified in the said Order to the extent applicable;
- b. Further to our comments in the annexure referred to in paragraph 1 above -
 - i. 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;
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts'
 - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement together with notes of accounts dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956.
 - v. On the basis of 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;
 - vi. 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, and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 2. in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
 3. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **MUKESH CHOUDHARY & ASSOCIATES**

Chartered Accountants

Place : Kolkata
Date : June 30, 2011

Ranjit Kr. Modi
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph I of our report of even date)

1. (a) The Company has maintained proper books of records showing full particulars including quantitative details and situations of fixed assets.
(b) As per the information and explanations given to us, the Company has carried out physical verification of fixed assets during the year. In our opinion, the frequency of such verification is reasonable.
(c) Any substantial part of fixed assets has not been disposed off during the year, which will affect its status as a going concern.
2. The Company does not have any inventories. Accordingly the Clause 4(ii) of the Companies, (Auditors' Report) Order 2003 is not applicable.
3. (a) According to the information and explanation given to us and on the basis of records furnished before us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) In view of above, Clause 4(iii)(a),(b),(c) and (d) of Companies (Auditors' Report) Order, 2003 are not applicable.
(c) According to the information and explanation given to us and on the basis of records furnished before us for the verification, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
(d) In view of above, clause 4(iii)(e), (f) and (g) of Companies (Auditors' Report) Order, 2003 are not applicable.
4. In our opinion and according the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of business with regard to purchase and sales. During the course of our Audit, we have not observed any continuing failure to correct major weakness of internal audit.
5. (a) In our opinion and according the information & explanations given to us, the particulars of contract or arrangements that were required to be entered in the register maintained under Section 301 of the Companies Act 1956 have been so entered in the said register.
(b) In respect of transactions entered exceeding the value of five lacs in the register maintained in pursuance of Section 301 of the Companies Act 1956, according to information and explanation given to us, the transactions made pursuance of such contracts or arrangements have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public hence Clause 4(vi) of Companies (Auditors' Report) Order 2003 is not applicable.
7. The Company has appointed a firm of Chartered Accountants, to carry out internal audit functions, on broadly reviewing the Audit Reports furnished before us and information and explanation given to us by the management, we are of the opinion that the Internal Audit is commensurate with the size of the Company and the nature of business.
8. We are informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act 1956 in respect of products dealt with by the Company.

9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investors' Education & Protection Fund, Employees State Insurance Scheme, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, CESS and any other statutory dues have been regularly deposited in time during the year with appropriate authorities and there are no undisputed statutory dues payable for a period of six months from the date they became payable as at 31st March 2011.
(b) According to the information and explanation given to us there are no disputes pending before the authorities in respect of Sales Tax, Income Tax, Custom Duty and CESS.
10. The Company does not have accumulated losses as at the end of financial year and has not incurred cash losses in the current financial year and in the immediate preceding financial year.
11. According to the records made available to us and information and explanation given to us by the management, the Company has not defaulted in repayment of any dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not chit fund, nidhi, mutual fund and societies and accordingly clause 4(xiii) of Companies (Auditors' Report) Order, 2003 is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company has kept adequate records of its transactions and contracts in shares, securities, debentures and other investments and timely entries have been made therein. The Shares, Securities, Debentures and Other Investments are held in the name of the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from Banks & Financial Institutions. Accordingly Clause 4(xv) of Companies (Auditors' Report) Order, 2003 is not applicable.
16. In our opinion and according to the information and explanations given to us, the Company has not obtained any Term Loan. Accordingly Clause 4(xvi) of Companies (Auditors' Report) Order, 2003 is not applicable.
17. According to the information and explanations given to us and on the basis of and overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been utilized for long term investment and vice versa.
18. The company has not issued any equity shares and debentures during the year.
19. During the period, the Company has not issued any debentures. Accordingly Clause 4(xix) of Companies (Auditors' Report) Order, 2003 is not applicable.
20. The Company has not raised any money through a Public Issue during the year under Audit. Accordingly Clause 4(xx) of Companies (Auditors' Report) Order, 2003 is not applicable.
21. During the course of examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the period nor we have been informed of such instances by the management.

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Place : Kolkata
Date : June 30, 2011

Ranjit Kr. Modi
Partner

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	31.3.2011 Rupees	31.3.2010 Rupees
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share Capital	1	34,000,000	34,000,000
Share Premium		2,495,000	2,495,000
General Reserve		16,000,000	16,000,000
Profit & Loss A/c	2	3,024,395	1,599,673
TOTAL		55,519,395	54,094,673
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	3	1,114,500	1,114,500
Less : Depreciation		830,641	641,402
Net Block		283,859	473,098
Inventories	4	12,477,800	25,436,000
Current Assets, Loans & Advances			
Cash & Bank Balance	5	2,169,193	1,367,574
Loans & Advances		46,120,320	27,767,117
Sundry Debtors		3,000,000	109,513
Deposits & Advances		334,478	153,646
		51,623,991	29,397,850
Less : Current Liabilities & Provisions			
Sundry Creditors	6	7,975,000	762,500
Liabilities & Provisions		891,255	449,775
		8,866,255	1,212,275
Net Current Assets		42,757,736	28,185,576
TOTAL		55,519,395	54,094,673
Notes forming part of the accounts & Significant Accounting Policies	8		

As per our report of even date

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Ranjit Kr. Modi
Partner

Place : Kolkata
Date : 30 June 2011

Vijay J. Poddar
Director

Manish Baid
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	31.3.2011 Rupees	31.3.2010 Rupees
INCOME			
Sales (Textile Products)		30,311,380	30,947,125
Other Income		2,580,379	1,499,877
		32,891,759	32,447,002
EXPENDITURE			
Cost of Sales (Textile Products)		28,488,027	28,492,553
Payment to & Provision for Employees		1,445,000	1,994,135
Administrative & Other Expenses	7	706,688	729,298
Depreciation	3	189,239	315,398
		30,828,954	31,531,383
Profit before Tax		2,062,805	915,619
Provision for Taxation		638,083	312,416
Profit after Tax		1,424,722	603,204
Profit brought forward from previous year		1,599,673	996,581
Less : Prior Period Adjustments		-	112
Profit carried to Balance Sheet		3,024,395	1,599,673
Notes forming part of the accounts & Significant Accounting Policies	8		

As per our report of even date

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Ranjit Kr. Modi
Partner

Place : Kolkata
Date : 30 June 2011

Vijay J. Poddar
Director

Manish Baid
Director

SCHEDULES TO ACCOUNTS	31.03.2011 Rupees	31.03.2010 Rupees
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**SCHEDULE 1
SHARE CAPITAL**

Authorised

40,00,000 Equity Shares of Rs. 10/- each (Previous year 40,00,000 Equity Shares of Rs. 10/- each)	40,000,000	40,000,000
--	-------------------	------------

Issued, Subscribed & Paid-up

34,00,000 Equity Shares of Rs. 10/- each (Previous year 34,00,000 Equity Shares of Rs. 10/- each)	34,000,000	34,000,000
	34,000,000	<u>34,000,000</u>

**SCHEDULE 2
RESERVES & SURPLUS**

Profit & Loss Account

Profit & Loss Account - Balance	1,599,673	996,581
Add : Transfer from Profit & Loss Account	1,424,722	603,092
	3,024,395	<u>1,599,673</u>

**SCHEDULE 3
FIXED ASSET**

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Data Processing Equip.	1,114,500	0	0	1,114,500	641,402	189,239	830,641	283,859	473,098
TOTAL	1,114,500	0	0	1,114,500	641,402	189,239	830,641	283,859	473,098
Previous Year	241,750	872,750	0	1,114,500	326,004	315,398	641,402	473,098	788,496

**SCHEDULE 4
INVENTORIES**

(Quoted Equity Shares, Valued at Cost)				
Name of Scrip	As on 31.03.2011		As on 31.03.2010	
	Quantity	Value	Quantity	Value
Kay Power & Paper Limited	30,000	693,300	-	-
Sub-Total (A)	30,000	693,300	-	-
Market Value of Quoted Investments as on 31st March 2011 is Rs. 4,34,400/-				
(Un-Quoted Equity Shares, Valued at Cost)				
Agradooti Vanijya Private Limited	4,735	473,500	2,800	280,000
Anuska Vanijya Private Limited	3,210	1,605,000	7,000	3,500,000
Larica Trading Private Limited	2,500	1,250,000	9,600	4,800,000
Olympia Tradefin Limited	10,800	1,080,000	10,800	1,080,000
Sarbamanglam Fintex Private Limited	35,700	3,570,000	119,700	11,970,000
Shobhagya Vinimay Private Limited	8,480	2,120,000	8,480	2,120,000
Shreeparna Trading Private Limited	300	30,000	300	30,000
Sprint Vanijya Private Limited	6,000	1,500,000	6,000	1,500,000
Tezas Trading Co. Private Limited	1,560	156,000	1,560	156,000
Sub-Total (B)	73,285	11,784,500	166,240	25,436,000
Total Investments (A+B)		12,477,800		25,436,000

SCHEDULES TO ACCOUNTS	31.03.2011	31.03.2010
	Rupees	Rupees
SCHEDULE 5		
CURRENT ASSETS, LOANS & ADVANCES		
Loans	35,620,320	14,267,117
Advances	10,500,000	13,500,000
	46,120,320	27,767,117
Sundry Debtors		
(Unsecured, Considered Good)		
Outstanding for more than six months	-	-
Other Debtors	3,000,000	109,513
	3,000,000	109,513
Cash & Bank Balances		
Cash Balance	2,162,205	1,360,924
Balance with Scheduled Bank in Current A/c	6,988	6,650
	2,169,193	1,367,574
Deposit And Advances		
(Unsecured, Considered Good)		
Unsecured Loan	-	-
TDS	334,478	153,646
	334,478	153,646
Total	5,503,671	1,630,733
SCHEDULE 6		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors for Goods	7,965,000	750,000
Sundry Creditors for Expenses	10,000	12,500
	7,975,000	762,500
Liabilities & Provisions		
For Corporate Tax	785,415	321,412
For Deferred Tax	105,840	128,363
Total	891,255	449,775
SCHEDULE 7		
ADMINISTRATION EXPENSES		
Advertisement Expenses	12,004	9,500
Printing & Stationery	16,800	166,488
Postage & Telephone	56,700	116,191
Travelling & Conveyance Expenses	77,000	117,901
Rent for Office	24,000	24,000
Auditors' Remuneration	10,000	10,000
Bank Charges & Comm.	3,295	7,059
Miscellaneous Expenses	42,596	168,469
Profession Tax	2,500	2,500
RTA Fees	42,430	25,424
Professional Fees	27,700	37,500
Listing Fees	371,030	18,000
Fees for Depositories	18,633	24,266
ROC Filing Fees	2,000	2,000
	706,688	729,298

SCHEDULE 8

ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS

Significant Accounting Policies General

1. The Financial Statements are prepared on mercantile basis under the historical cost convention in accordance with the generally accepted accounting principles in India, Accounting Standards notified under section 211(3C) of the Companies Act 1956, read with the Companies (Accounting Standard) Rules, 2006 and the other relevant provisions of the Companies Act, 1956.

Revenue Recognition

2. All revenue and expenses are accounted on accrual basis.

Fixed Assets

3. Fixed Assets are capitalized at cost inclusive of all incidental expenses related thereon.

Turnover

4. Turnover is stated after adjusting rebates and discounts and excluding Sales Tax.

Depreciation

5. Depreciation on Fixed Assets has been provided for on Diminishing Balance Method at rated specified in schedule XIV of the Companies Act 1956. Depreciation on Assets purchased/sold during the year has been provided for on pro-rata basis.

Inventories

6. Inventories of Work-in-Progress, Raw Materials, Stores and Spares and Finished Goods are valued at cost and the same is done on FIFO basis. Stock of Shares is valued at cost. Stock-in-Trade of Shares & Securities; have been valued at cost or market value whichever is lower.

Investments

7. Investments are valued at cost.

Retirement Benefit

8. None of the Employee has completed the service period to become eligible for payment of gratuity.

Income Tax

9. Tax expenses comprise of current, deferred and fringe benefit tax.
10. Provision for current income tax and fringe benefit tax is made on the basis of relevant provisions of Income Tax Act, 1961 as applicable to the financial year.
11. Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.

Provisions, Contingent Liabilities & Contingent Assets

12. The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
13. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.
14. Contingent Assets are neither recognized nor disclosed.

Others

15. None of the Raw Materials, Stores, Spares and Components consumed or purchased during the year have been imported.
16. None of the Expenditure has been incurred in Foreign Currency.
17. None of the Earnings are in Foreign Currency.
18. Balance of Debtors, Creditors, Deposits, Loans and Advances are subject to confirmation.
19. In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated if realized in the ordinary course of business. The provision for depreciation and all known liabilities are adequate and not in excess of the amounts reasonably necessary.
20. Investments of the Company have been considered by the management to be of a long term nature and hence they are long term investments and are valued at cost of acquisitions.

Segment Report

21. Segment reporting as defined in Accounting Standard 17 is not applicable as the Company is primarily engaged in Trading Activities of Finished Fabric. As informed to us, there is no separate segment within the Company as defined as 17 (Segment Report).

Notes to Accounts

22. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value state, if realized in the ordinary course of business. Provisions for all known liabilities are adequate and not in excess of the amount considered necessary for the same.

Contingent Liabilities

23. Contingent Liabilities not provided for - Rs. Nil

Particulars of Director's Remuneration (In Rupees)

24. Rs. 24000/- has been paid to Non-Executive Director as Directors' Sitting Fees for the Year (P.Y. Rs. 24000/-)

Related Party Transactions

25. Key Management Personnel -
 1. Mr. Vijay J. Poddar
 2. Mr. Manish Baid
 3. Mr. Goutam Bose
 4. Mr. L. N. Sharma

Subsidiary & Group Companies or Companies under same management - N.A.

Details of transactions with related parties -

Transaction with related parties	Subsidiary Companies	Key Management Personnel & Relatives
Remuneration	Nil	Nil
Investments:		
Investment in Subsidiary	Nil	Nil
Investment in Group Cos.	Nil	Nil

Remuneration to Auditors

26. Particulars	31.03.2011	31.03.2010
Remuneration to Auditors for Audit Purpose	10000	10000

Differed Tax on Income

27. The differed tax has not been recognized in financial statement, as there is no reasonable certainty of Future Taxable Income.

Earning per Equity Share

28.		Unit	31.03.2011	31.03.2010
	Net Profit after Tax available for Share holders	Rs.	14,24,722	6,03,203
	No. of Equity Shares	No.	34,00,000	34,00,000
	Basis & Diluted Earning Per Share (Rs.)	Rs.	0.42	0.18

29. Sundry Debtors and creditors are subject to confirmation and reconciliation.
30. There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2011. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
31. Information pursuant to provisions of paragraph 3,4(C) and 4(D) of Part II of Schedule VI of the Companies Act, 1956 to the extent applicable is as under:

Details of sales and purchases in respect of stock in trade:

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Current Year								
Shares	166240	25436000	195252	9602628	258207	22560828	103285	12477800
Textiles	0	0	25800	5927200	25800	7237400	0	0
Previous Year								
Shares	161000	17000000	48660	13366000	43420	4930000	166240	25436000
Textiles	0	0	70500	28492553	70500	30947125	0	0

32. Previous years' figures have been regrouped, rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Ranjit Kr. Modi
Partner

Place : Kolkata
Date : June 30, 2011

Vijay J. Poddar
Director

Manish Baid
Director

**Statement of Cash Flow Annexed to the Balance Sheet as at
31st March, 2011**

	Rs. in Lacs	
	31.03.2011	
	31.03.2010	
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary Items	2,062,805	915,619
Adjustments for		
Depreciation	189,239	315,398
Operating profit before working capital changes	2,252,044	1,231,017
Adjustments for Capital Changes		
Decrease (Increase) in Trade and other Receivables	(21,424,522)	9,637,696
Decrease (Increase) in Inventories	12,958,200	(8,436,000)
Trade Payable and Provisions	7,653,980	(997,248)
Cash Generated from operations	1,439,702	1,435,465
Income Tax Paid For The Year	(638,083)	(312,416)
Extraordinary Items	-	(112)
Net Cash From Operating Activities	801,619	1,122,938
B. Cash Flow From Investing Activities		
Purchase/Sale of Fixed Assets & Investments	-	-
Net Cash from Investing Activities	801,619	1,122,938
C. Cash Flow From Financing Activities		
Miscellaneous Expenditure	-	-
Net Cash used in Financing Activities	-	-
Net Increase in Cash & Cash Equivalents	801,619	1,122,938
Opening Balance of Cash & Cash Equivalents	1,367,574	244,635
Closing Balance of Cash & Cash Equivalents	2,169,194	1,367,574

For and on behalf of the Board

Vijay J. Poddar
Chairman

Lucknow, June 30, 2011

We have verified the attached Cash Flow Statement of M/s. NCL Research & Financial Services Limited, derived from Audited Financial Statements and the books and records maintained by the Company for the year ended on 31st March 2011 and found the same in agreement therewith.

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

RANJIT KR. MODI
Partner

Kolkata, June 30, 2011

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI
TO THE COMPANIES ACT, 1956**

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.	:	7001
State Code No.	:	20
Balance Sheet Date	:	31.03.2011

II Capital raised during the year

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

III Position of Mobilisation and Deployment of Funds (Amount in Rs. in Thousands)

Total Liabilities	:	55519
Total Assets	:	55519

Sources of funds

Paid-up Capital	:	34000
Reserves & Surplus	:	21519
Secured Loans	:	Nil
Unsecured Loans	:	Nil

Application of funds

Net Fixed Assets	:	284
Investments & Inventories	:	12478
Net Current Assets	:	42758
Miscellaneous Expenditures	:	Nil
Accumulated losses	:	Nil

IV Performance of Company (Amount in Rs. in Thousands)

Turnover	:	32892
Total Expenditure	:	30829
Profit before taxes	:	2063
Profit after taxes	:	1425
Earning Per Share	:	0.42
Dividend rate	:	Nil

V Generic Names of Three Principal Products/Services of the Company

<u>Product Description</u>	<u>Item Code No.</u>
TRADING IN TEXTILE GOODS (FABRIC)	N.A.
INVESTMENT IN SHARES & SECURITIES	N.A.

NCL Research & Financial Services Ltd.

19, Krishna Colony, Mahanagar, Opposite Fatima Hospital, Lucknow-226006, Uttar Pradesh

PROXY FORM

I/We _____ resident of _____
in the district of _____ being member/members of the above
named Company, hereby appoint _____
resident of _____ in the district of _____ or
failing him _____ resident
of _____ in the district of _____
_____ as my/our proxy to attend and vote for me/us on my/
our behalf at the Annual General Meeting of the Company to be held on Wednesday, the 21st day
of September 2011 at 10.30 A.M. at Registered Office of the Company at 19, Krishna Colony,
Mahanagar, Lucknow-226 006 (U. P.) and any adjournment thereof.

Registered Folio No./DP-Client ID _____ No. of Shares held _____

Signed on this _____ day of _____ 2011.

Signed by the said _____

Signature of Proxy _____

Attested by Shareholder _____

Affix
Revenue
Stamp

NCL Research & Financial Services Ltd.

19, Krishna Colony, Mahanagar, Opposite Fatima Hospital, Lucknow-226006, Uttar Pradesh

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company held on Wednesday, the
21st day of September 2011 at 10.30 A.M. at Registered Office of the Company at 19, Krishna Colony,
Mahanagar, Lucknow-226 006 (U. P.).

Name of Shareholder/s _____

Father/Husband's Name _____

Name of Proxy or Company Representative _____

Registered Folio No./DP-Client ID _____ No. of Shares held _____

Signature of the Shareholder(s) or Proxy or Company Representative _____

BOOK-POST

If undelivered, please return to :

NCL Research & Financial Services Ltd.
Bhagyodaya Building, 3rd Floor,
79, N. M. Road, Fort, Mumbai - 400 023.