



27th  
Annual Report  
2011 - 2012

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

Mr. Pradeep N. Dhanuka

## AUDITORS

Baid Ray & Associates  
Chartered Accountants  
Kolkata

## BANKERS

Punjab National Bank  
ICICI Bank Ltd.  
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 : 27th September, 2012  
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 27th Annual General Meeting of the members of NCL RESEARCH AND FINANCIAL SERVICES LIMITED will be held on Thursday, the 27th day of September, 2012 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 2012.
2. To appoint Director in place of Mr. Manish Baid, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and thought fit, to pass, with or without modification(s), the following Resolution, as an Ordinary Resolution:

"RESOLVED THAT M/s. Baid Ray & Associates, Chartered Accountants, Kolkata be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to examine and audit the accounts of the Company for the financial year 2012-2013, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of out of pocket expenses and applicable taxes."

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.
2. 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.
3. The Register of Member and the Share Transfer Books of the Company will remain closed from 20th September 2012 to 27th September 2012 (both days inclusive).
4. A detail of Director seeking re-appointment in this Annual General Meeting is attached separately to the notice.
5. Shareholders/Investors are advised to send their queries/complaints through the dedicated e-mail Id [ncl.research@gmail.com](mailto:ncl.research@gmail.com) for quick and prompt redressal of their grievances.
6. The Shares of the Company are mandated by the Securities & Exchange Board of India (SEBI) for trading in dematerialized form by all investors.
7. 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.
8. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.

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.

9. 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.
10. 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.
11. Members are requested to bring copies of Annual Report to the Annual General Meeting.
12. 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.
13. 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.
14. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
15. Members are requested to quote Folio Number/Client ID & DP ID in their correspondence.
16. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Listing Fees for the financial year 2011-2012 have been paid to Bombay Stock Exchange Ltd.
17. **Green initiatives in Corporate Governance to receive documents through email by registering your email address :**

The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in the Corporate Governance" by providing an opportunity to the shareholders to register their email address with Company and changes therein from time to time.

The Company will send notices/documents such as Annual Reports and notices by email to the shareholders registering their email address. To support this laudable move of the Government, the members who have not registered their email address, so far, are requested to do so at the earliest, in respect of demat holding through the respective Depository Participant (DP) and in respect of physical holding through the Registrar and Share Transfer Agent (RTA) M/s. ABS Consultants Pvt. Ltd.

While every notice/document will be sent through email address registered with the Company, in case you desire to receive any notice/document in physical form, please intimate by email and the same shall be sent to your address registered with the Company/DP.

We solicit your patronage and support in joining hands with the Company to implement the e-governance initiative.

**Details of Director seeking re-appointment in the 27th Annual General Meeting on 27th September 2012 (in term of Clause 49 of the Listing Agreement)**

**Mr. Manish Baid**

Fathers' Name	Inder Chand Baid
Date of Birth	2nd July 1975
Date of Appointment	25th June 2008
Expertise in specific functional areas	Finance & Capital Market Activities
Years of Experience	12 Years
Qualifications	B. Com., ACA
List of outside Directorship held	Not Any
Member of Committee on the Board Grievance Committee	Member Share Transfer Committee & Investor
Member/Chairman of Committee in other Companies	Not Any
No. of Shares held in own name or in the name of Relatives	35000 Shares in own name & 97100 Shares in the name of Relatives

Lucknow, June 30, 2012

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 27th Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2012.

(₹ in Lacs)

<b>Financial Highlights</b>	<b>Year Ended 31.03.2012</b>	Year Ended 31.03.2011
Income	1038.39	328.92
Profit before Tax & extraordinary item	21.67	20.63
Less : Provision for Taxation	6.70	6.38
Profit after Tax	14.97	14.25
Add: Profit brought forward from Previous Year	30.24	15.99
Balance carried forward	45.21	30.24

**BUSINESS OPERATIONS**

The Business environment remains extremely challenging and the recessionary economic conditions leading to slowdown in demand and inflation pushed scale up of input costs left its adverse imprint on overall performance for 2011-2012. Directors are pleased to inform that in spite of difficult times, your Company, based on its intrinsic strength, has broadly maintained its performance. Gross income from operations remained remarkable figure of ₹ 21.67 Lac during the year.

The Company is in to the Business of Trading in Textile Products, lending its surplus fund in to Capital and Money Market as well as to lending money to Corporate and HNIs.

**FUTURE PLANS**

The Current financial year was an ordinary year for the Company. The Company has expanded its business and has done well in spite of adverse Market situation and tight monetary situation. The Company is willing to expand this business more and more in both Capital & Money Market and thus willing to deliver to Members of the Company so as the Company give more returns in coming years.

**DIVIDEND**

In order to conserve resources to meet the working capital requirements, your Directors do not propose any dividend for the year under review.

**SUBSIDIARY COMPANY**

The Company does not have any subsidiary Company.

**MANAGEMENT DISCUSSION & ANALYSIS**

As required by Clause 49 of Listing Agreement, the Management Discussion and Analysis is annexed and forms part of the Directors' Report.

**MANAGEMENT**

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

**DIRECTORS**

In accordance with the provisions of Act and Articles of Association of your Company, Mr. Manish Baid, Director of your Company, retires by rotation and are due for election at the ensuring Annual General Meeting. Mr. Manish Baid, being eligible, offers himself for re-appointment.

The Board recommends the appointment of Mr. Manish Baid pursuant to the applicable provisions of the Act. The resolutions seeking your approval on this item along with the requisite disclosures/explanatory statement are included in the Notice for convening the Annual General Meeting.

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

**DIRECTORS RESPONSIBILITY STATEMENT**

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

1. In the preparation of the annual accounts, for the year ended 31st March 2012, 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; and
4. The Directors had prepared the annual accounts on a going concern basis.

**STATUTORY INFORMATION**

The Company being basically in the Trading of Textile products as well as an Investment activities in Capital & Money Market, requirement, regarding and disclosures of Particulars of conservation of energy and technology absorption prescribed by the rule is not applicable to us.

**INFORMATION TECHNOLOGY**

Your Company believes that in addition to progressive thought, it is imperative to invest in research and development to ascertain future exposure and prepare for challenges. In its endeavor to obtain and deliver the best, your Company has entered into alliances/tie-ups with an IT solution Company to harness and tap the latest and the best of technology in the world and deploy/absorb technology wherever feasible, relevant and appropriate.

**RESEARCH & DEVELOPMENT**

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the year under review, expenditure on research and development is not significant in relation to the nature size of operations of your Company.

**AUDITORS**

The Auditors M/s Baid Ray & Associates, Chartered Accountants, Kolkata holds the office until the conclusion of ensuing Annual General Meeting. Your Company has received certificate from the Auditors U/S 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 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.

**PARTICULARS OF EMPLOYEES**

There were no employees in Company during the year under review.

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particular of employees) amendments rules, 1975 is reported to be NIL.

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

The Company is having no business other than the business of Investing in Securities Market as well as to lend money to Corporate and HNIs during the year under review and 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.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**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.

**REPORT ON CORPORATE GOVERNANCE**

The Company conforms to the norms of Corporate Governance as envisaged in the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange Limited. Pursuant to Clause 49 of the Listing

Agreement, a Report on the Corporate Governance and the Auditors Certificate on Corporate Governance are annexed to this report.



**APPRECIATION**

Your Directors wish to place on record their appreciation towards the contribution of all the employees of the Company and their gratitude to the Company's valued customers, bankers, vendors and members for their continued support and confidence in the Company.

Lucknow, June 30, 2012

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

## MANAGEMENT DISCUSSIONS & ANALYSIS

The growth in global economy during 2011-2012 was affected due to impact of high oil prices and certain other commodity prices, the spillover from the Japanese natural disasters and monetary tightening in the Emerging Market Economies (EMEs) to contain inflationary pressures. The global market was also disturbed by perceptions of inadequate solutions to the Euro zone sovereign debt problem, exposure of banks to Euro zone and renewed fears of recession. However, during the last quarter of 2011, the immediate financial market pressures in the Euro zone have been alleviated to some extent, by the European Central Bank (ECB) injecting liquidity of more than one trillion Euros through the two long term refinancing operations. Growth in the Euro zone, however, was negative in quarter IV. The Emerging and Developing Economies (EDEs) are showing signs of slowdown in growth. As a result, the global growth for 2012 and 2013 is expected to be lower than anticipated earlier.

In US, apart from fiscal concerns, high unemployment and weak housing markets continued to weigh on consumer confidence and private consumption. The recent macroeconomic data for the US economy show some positive signs. In particular, the labour market conditions have improved.

Indian Economy has witnessed a disturbing turn of events. During the year under review, the Indian Economy recorded a growth of 6.9 percent as compared to 8.4 percent in previous year. Both foreign and domestic investors became jittery in the last few months owing to persistent inflation, fiscal deficits, and lack of meaningful reforms in the Indian economy and continued global uncertainty that lead to lower capital inflows. This has also resulted in sharp depreciation of rupee against US dollar from a level of INR 43.94 per USD on 27th July, 2011 to an all-time low of INR 54.23 per USD on 15th December, 2011.

Rupee depreciation has also resulted in an increase in fuel prices as well as commodity prices. High volatility in Forex Market prompted RBI to take several measures for augmenting foreign exchange reserves and for curbing the speculation in foreign exchange.

Reserve Bank of India made adjustments 13 times in policy rates since March 2010 to control inflation and this lead to an increase in lending rate for commercial borrowings and thus resulting in lower growth in the Indian Economy.

However in March 2012, Reserve Bank of India reduced the CRR from 5.5 percent to 4.75 percent to take care of structural liquidity deficit. Further on 17th April, 2012 Reserve Bank of India cut the repo rate by 50 bps to 8 percent with immediate effect, reverse repo rate, with a spread of 100 bpps below repo rate adjusted to 7 percent. This decision to cut the rate was due to growth decelerating significantly to 6.1 percent in the 3rd quarter of the last year and also due to WPI inflation moderating to below 7 percent by March 2012.

### REVIEW OF OPERATIONS

The Company registered gross Revenue of ₹ 1038.39 Lac as compared to ₹ 328.92 Lac in previous financial year. PBIT Margin during the year remains ₹ 21.67 Lac in comparison to last years' figure of ₹ 20.63 Lac whereas Net Profit remains at ₹ 14.97 Lac in comparison to last years' figure of ₹ 14.25 Lac.

### BUSINESS SEGMENT

During the year, the Company was into the trading activities in Textile products as well as in to the business of Investment in Capital and Money Market in accordance with the Accounting Standard 17 notified by Companies (Accounting Standards) Rules 2006.

**OPPORTUNITIES****Textile Industry**

The Indian textile industry which accounts for about 4% of Gross Domestic Product (GDP) has witnessed turbulence during 2011 owing to high volatility in cotton prices as well as large scale unit closures in the Assam, an important center for the textile industry. The free trade agreement and duty free import of 48 textile items from Bangladesh and comparative low manpower costs has led to substantial rise in import of fabrics and apparels and export of yarn. Textile companies are fast shifting their base to Bangladesh to take advantage of low costs and tariff concessions. The Govt. has set an export target of \$ 33 billion for the textiles sector for 2012-13 despite the global slowdown as against target of \$ 28 billion for 2011-12. The ambitious targets is expected to provide opportunities to the textile segment to move up in value chain in the expanding market of fashion, formal and leisurewear garments. The Textile industry has the advantage of low cost manpower and pool of technical experts. However, with shifting base, the industry may face threat of competition from low cost countries.

**Financial Activities**

Money markets exist to facilitate efficient transfer of short-term funds between holders and borrowers of cash assets. For the lender/investor, it provides a good return on their funds. For the borrower, it enables rapid and relatively inexpensive acquisition of cash to cover short-term liabilities. One of the primary functions of money market is to provide focal point for RBI's intervention for influencing liquidity and general levels of interest rates in the economy. RBI being the main constituent in the money market aims at ensuring that liquidity and short term interest rates are consistent with the monetary policy objectives.

**Capital Market Activities**

In Stock Market or Capital Market, the first and for most thing of strength is its ability to provide high return. SEBI is a regulatory body of Indian stock market which protects the interest of the investors which is an added benefit of Stock Market. Large number of securities which provides medium for investment and thus people can make money by way of investing in Stock Market. Large numbers of Brokers are there in Market who plays a role of facilitator for investment.

**THREATS & CONCERNS**

India may actually end up seeing off an opportunity as a threat. This would largely be driven by the country's weak ability to carry out plans in time due to its political and bureaucratic quality, which is increasingly being accepted as corrupt and inefficient.

Why we say that it would pass off the opportunity as a threat is because this may happen despite India having a top class think tank alive to possible solutions and various scenarios that may emerge.

The current recession does not appear as a purely economic one, and nor will the fallouts be restricted to economics alone. While factors that lead me to conclude this are many, one can quickly look at the maddening fluctuation in oil prices and try convincing them that this is truly economic demand and supply at work. I stand unconvinced.

This recession is a test of political leadership across the world and of the belief in a global economic order. Unfortunately, performance on both these counts by India's politicians has been far from impressive. One can see it in the state of infrastructure, the delay in taking crucial action and the immediate raising of protective barriers when a global meltdown commenced.

However this can be handled by way of undertaking large private participation projects, Investment and regulate education with a twofold objective - Improve the quality of India's huge population presently in

working age group and second undertake effective and radical reforms to ensure all children visit at least part time school, by way of Tax reforms that bring some order in central vs. state taxation. Cracking down on corruption, which is India's single most important threat. Empowering the Vigilance Commission and set up an executive body not answerable from the political framework (like the army / judiciary) with special windows with judiciary for time bound trials. Focus on ground level corruption initially to ensure public's respect for the law is reinforced first. It would also be more agreeable to the politicians, so there may be a chance that it happens.

### **RISK MANAGEMENT**

We follow Enterprise Risk Management (ERM) tool designed to clarify the risk levels and encourage behavior throughout the Group. The process considers opportunities and threats to short and medium term objectives as defined. ERM ensures the coordination and development of risk management activities throughout all decision making levels and communicates all significant risks to the top level of management. The tool is designed to provide the risk score measures for each of the potential risk as well as its financial, reputational and operational impact by way of quarterly report. The report provides for categorization of risk into threat or opportunity and provides brief statement on its cause, impact, treatment, control measures, level of confidence in the controls, acceptability of identified risks, potential improvements, risk improvement plans critical success factors and target dates to control the risk. The risk assessment is done annually with quarterly updates. The process has been designed to deliver timely results.

The Company has aligned its policy on risk assessment in line with global approach and risk assessment reports are reviewed on regular intervals. The Company has adopted a focused approach towards risk management in the form of a corporate insurance program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer. The program covers all potential risks relating to business operations of the Company at its various locations.

The Company's business critical software is operated on a server with regular maintenance and back-up of data and is connected to centralized computer center with two physically separated server parks operated by the Company. The system's parallel architecture overcomes failures and breakdowns. Reliable and permanently updated tools guard against virus attacks. The global communication network is managed centrally and is equipped to deal with failures and breakdowns. Updated tools are regularly loaded to ensure a virus free environment.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has implemented a comprehensive system of internal controls and risk management systems for achieving operational efficiency, optimal utilisation of resources, credible financial reporting and compliance with local laws. These controls are regularly reviewed by both internal and external agencies for its efficiency and effectiveness. Management information and reporting system for key operational activities form part of overall control mechanism.

The Company has retained the services of independent firms of professionals to function as internal auditors and provide reports on various activities covering observations on adequacy of internal controls and their recommendations. Findings of internal audit reports and effectiveness of internal control measures are reviewed by top management and audit committee of the Board. During the year, internal audit team of Company performed audits of major operational areas of the Company and carried out elaborate checks and verification and shared their findings with top management for remediation of minor gaps wherever required.

### **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.

The total number of employees on the rolls of the Company as on 31st March 2012 was 5 as against 4 as at 31st March 2011.

### **CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY**

The Company constantly strives to meet and exceed expectations in terms of the quality of its business and services. The Company commits itself to ethical and sustainable operation and development of all business activities according to responsible care and its own code of conduct. Corporate Social Responsibility is an integral part of the Company's philosophy and participates in activities in the area of education and health.

### **CAUTIONARY STATEMENT**

Certain statements under "Management Discussion & Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statement within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

### **COMPLIANCE**

The Compliance function of the Company is responsible for independently ensuring that operating and business units comply with regulatory and internal guidelines. The Compliance Department of the Company is continued to play a pivotal role in ensuring implementation of compliance functions in accordance with the directives issued by regulators, the Company's Board of Directors and the Company's Compliance Policy. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory/internal guidelines on a periodic basis.

New Instructions/Guidelines issued by the regulatory authorities were disseminated across the Company to ensure that the business and functional units operate within the boundaries set by regulators and that compliance risks are suitably monitored and mitigated in course of their activities and processes. New products and process launched during the year were subjected to scrutiny from the Compliance Standpoint and proposals of financial services were screened from risk control prospective.

The Company has complied with all requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

Lucknow, June 30, 2012

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 CORPORATE GOVERNANCE

Corporate Governance is the set of systems and practices to ensure that the affairs of the Company are being managed in a way that ensures accountability, transparency and fairness in all its transactions and meet its stakeholders' aspirations and societal expectations.

NCL Research & Financial Services Limited (NCL) is committed to international compliance standards, to ensure checks and balances between the board and management as well as a sustainable approach to value creation. In defining the management structure, organisation and processes of the Company, the corporate governance principles aim to provide stakeholders value and transparency to promote sustainable long-term success. This is demonstrated in shareholders returns, high credit ratings, governance processes and customer focused work environment. The Company believes that adherence to business ethics and commitment to corporate governance will help the Company to achieve its goal of maximizing value for all its stakeholders and endeavors to not only match international standards but also strives to set a benchmark for corporate governance initiatives.

### BOARD OF DIRECTORS

#### Composition of Directors

The Board has four members with an executive Chairman. The Independent Directors on the Board are competent and highly respected professionals from their respective fields and have vast experience in general corporate management, finance, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as members of the Board. The day to day management of the Company is conducted by Managing Director subject to supervisions and control of the Board. All the Directors are liable to retire by rotation as per Article 128 of the Article of Association and eligible for re-election.

None of the non-executive directors has any material pecuniary relationships or transactions with the company, its promoters, directors and associates which in their judgment would affect their independence. None of the directors are inter-se related to each other.

The Board of Directors met 7 times on 30th May, 30th June, 20th July, 13th August, 8th September and 12th November in year 2011 and on 10th February in the year 2012 during the financial year 2011-2012.

The composition and category of the Board of Directors as at March 31, 2012, the number of other Directorships/Committee memberships held by them and also the attendance of the Directors at the Board meetings of the Company are as under:

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	7	Yes	1	Nil	Nil
Manish Baid	Whole time Director	7	Yes	2	Nil	1
L. N. Sharma	Independent Director	7	Yes	1	2	1
Goutam Bose	Independent Director	7	Yes	2	1	1

\*Chairman of the Board

**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 upon 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; and
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 30th June, 13th August and 12th November in year 2011 and on 10th February in the year 2012 during the financial year ended on 31st March 2012.



<b>Name</b>	<b>Number of Meetings Held</b>	<b>Meetings Attended</b>
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 2011-2012.

None of the Independent Directors holds any shares in their name or in the name of their relatives as on 31st March 2012.

### **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 23rd April, 17th August and 7th October in year 2011 and on 14th January in the year 2012 during the financial year ended on 31st March 2012.

<b>Name</b>	<b>Number of Meetings Held</b>	<b>Meetings Attended</b>
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 4, May 2, June 1, July 1, August 2, September 1, October 3, November 2, and December 1st in year 2011 and on January 3, February 1 and March 2 in year 2012.

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

<b>Name</b>	<b>Position</b>	<b>Category</b>	<b>Meetings Attended</b>
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 :

<b>Annual General Meeting</b>	<b>Date &amp; Time</b>	<b>Venue</b>
26th Annual General Meeting	21st September 2011, 10.30 AM	Registered Office
25th Annual General Meeting	24th September 2010, 10.30 AM	Registered Office
24th Annual General Meeting	29th September 2009, 11.00 AM	Registered Office

### **LOCATION AND TIME OF EXTRA-ORDINARY GENERAL MEETINGS :**

During Financial Year 2011-12, Extra Ordinary General Meeting (EOGM) was held on 19th day of August 2011 at 2.30 PM at Registered Office of the Company for Issue and Allotment of up to 15,00,000 Equity Shares on preferential basis at a price of ₹ 175/- per Share to Non-Promoters Group to meet the Working Capital requirements of the Company. Also the Authorized Capital of the Company was increased from ₹ 4.00 Crore to ₹ 5.50 Core to enable Company to issue and allot further shares as proposed in said EOGM.

No Extra-Ordinary General Meeting was being held during remaining two out of 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. Goutam Bose and Mr. L. N. Sharma as Additional Directors during the year 2008-09. No Special Resolution has been passed during remaining financial two years 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.

##### **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 Officer 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 27th Annual General Meeting for the financial year ended on 31st March 2012 is as follows :-

- Date : Thursday, 27th September, 2012
- Time : 10.30 A.M.
- Venue : 19, Krishna Colony, Mahanagar, Lucknow - 226 006

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

**c. Future Calendar :**

<b>Subject Matter</b>	<b>Date</b>
Financial Reporting of 1st Quarter ended on 30th June 2012	Mid of August, 2012
Financial Reporting of 2nd Quarter ended on 30th September 2012	Mid of November, 2012
Financial Reporting of 3rd Quarter ended on 31st December 2012	Mid of February 2013
Financial Reporting of 4th Quarter ended on 31st March 2013	By 30th May 2013
Date of Annual General Meeting	During September 2013

- d. **Date of Book Closure** : September 19 to September 26, 2012. (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** :

Month	Price on BSE (Rs.) & Volume			BSE Sensitive Index	
	High	Low	Volume	High	Low
April 2011	166.60	105.35	169,693	19811.14	18976.19
May 2011	159.75	138.50	172,069	19253.87	17786.13
June 2011	156.05	138.50	170,842	18873.39	17314.38
July 2011	234.00	149.00	172,506	19131.70	18131.86
August 2011	233.00	185.45	65,500	18440.07	15765.53
September 2011	219.15	172.00	122,787	17211.80	15801.01
October 2011	275.00	186.10	82,418	17908.13	15745.43
November 2011	292.70	151.00	58,985	17702.26	15478.69
December 2011	174.75	94.90	39,946	17003.71	15135.86
January 2012	197.20	136.30	39,838	17258.97	15358.02
February 2012	191.80	137.95	128,507	18523.78	17061.55
March 2012	251.95	169.10	362,523	18040.69	16920.61

**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 2012**

No. of Equity Shares	No. of Share Holders	% of Share Holders	Total No. of Shares Held	% of Share Holding
1-5000	626	75.70	864310	18.79
5001-10000	89	10.76	677039	14.72
10001-50000	107	12.94	2431351	52.86
50001-100000	2	0.24	176000	3.83
100001 and Above	3	0.36	451300	9.81
<b>Total....</b>	<b>827</b>	<b>100.00</b>	<b>4600000</b>	<b>100.00</b>

**l. Shareholding Pattern as on 31st March 2012**

Categories	No. of Shares	% of Shareholding
Promoters, Directors, Relatives & Person acting in concert	583400	12.68
Indian Bank	0	0.00
Others (NRI)	0	0.00
Private Corporate Bodies	317576	6.90
Indian Public	3699024	80.42
<b>Total .....</b>	<b>4600000</b>	<b>100.00</b>

**m. Dematerialization of Equity Shares & Liquidity**

The Company's Equity Shares are in Demat trading segment and 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. 97.96% of the Company's Equity Share Capital held under Public category have been dematerialized up to 31st March 2012.

**n. Listing Fees and Annual Custodial Fees**

The Company has paid the Annual Listing Fees for year 2012-2013 to Bombay Stock Exchange Ltd. Annual Custodial Fees to the Depositories viz. NSDL & CDSL for the year 2012-2013 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).

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

Particulars of Utilization	Amount (₹ in Lac)
Share Investments	1176.65
Inter Corporate Deposit	1963.62
<b>Total .....</b>	<b>3140.27</b>

**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

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### **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, 2012

**SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED  
31ST MARCH 2012**

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 2012.

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 Annexure "A" to this certificate, 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 filed the forms and return as stated in Annexure "B" to this certificate, 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 closed its Register of Members from 15th September 2011 to 21st September 2011 (both days inclusive) during the financial year and necessary compliance of section 154 of the Act has been made.
9. The Company has not declared dividend and thus payment of Dividend is not required in compliance with the provisions of section 205 of the Act during the year.
10. The Company has not paid remuneration to the Managing Director and sitting fees to the Directors of the Company during the year in terms of section 198, 269, 309 read with Schedule XIII of the Act.
11. The Company has not appointed any sole selling agent in terms of section 294 of the Act during the year.
12. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under section 295 of the Act during the year.
13. The Company has not entered into any transactions, which falls under section 297 of the Act during the year.
14. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions section 299 of the Act.
15. The Company has not appointed any person as a place of profit in terms of section 314 of the Act during the year.
16. The Company has not issued any duplicate share certificate during the financial year.
17. The Company has complied with the provisions of section 372A of the Act.

18. The Company :
  - a) has delivered all the Share Certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
  - b) Was not required to deposit amount in a separate Bank Account as the Company has not declared Dividend during the year.
  - c) Was not required to post warrants to members of the Company within the required time as the Company has not declared Dividend during the year.
  - d) Was not required to transfer any amount to Investor Education and Protection Fund.
  - e) Has duly complied with the requirement of section 217.
19. The Board of Directors of the Company is duly constituted and there was no appointment of Additional Director/s alternate Director/s and Directors to fill the casual vacancy during the financial year.
20. The Company was not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act.
21. The Company has issued 12,00,000 Equity Shares on Preferential basis under section 81(IA) of Companies Act 1956 and as per SEBI ICDR Regulations during the financial year.
22. The Company has not bought back any share during the financial year.
23. There was no redemption of preference shares or debentures during the financial year.
24. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
25. As per the information and explanation given, the Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 15A during the financial year.
26. The Company has not borrowed fund from its Directors, members, public, financial institutions, banks and others during the financial year ending on 31st March 2012.
27. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
30. The Company has altered its Memorandum of Association and Articles of Association with respect to the Share Capital of the Company due to Increase in Authorized Capital from ₹ 4 Crore to ₹ 5.50 Crore as per Resolution passed in EOGM held on 19th August 2011.
31. There was no prosecution initiated against the Company, or Show Cause Notices received by the Company, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year 2011-12.

For **P. D. Pandya & Associates**  
Company Secretaries

Place : Mumbai  
Date : June 30, 2012

**Paresh D. Pandya**  
Proprietor  
C. P. No. 4869

**Annexure "A"**

Register as maintained by the Company :-

Statutory Registers :

1. I. Register of Members u/s 150
2. Register of Directors, Managing Director, Manager and Secretary u/s 303
3. Register of Disclosures of Interest by Directors u/s 301(3)
4. Minutes Book u/s 301
5. Register of Directors Shareholding u/s 307

**Annexure "B"**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other Authorities during the financial year ending on 31st March 2012.

<b>Sr. No.</b>	<b>Form N. / Return</b>	<b>Filed u/s</b>	<b>For</b>	<b>Whether filed within prescribed time Yes / No</b>	<b>If delay in filing whether requisite additional Fees paid Yes/No</b>
1.	Form 23AC and ACA for the Financial Year ended on 31st March 2011	220	Annual Requirement	Yes	N. A.
2.	Form 20B for the Financial Year ended 31st March 2011	159	Annual Requirement	Yes	N. A.
3.	Form 5	95, 97	Increase in Authorized Capital	Yes	N. A.
4.	Form 2	75(1)	Return of Allotment	Yes	N.A.
5.	Form 23	192	Registration of Resolution	Yes	N.A.

## 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 2012 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, we certify that 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 **BAID RAY & ASSOCIATES**  
Chartered Accountants

Place : Kolkata  
Date : June 30, 2012

**A. K. Das**  
Proprietor  
Membership No. 055737

## **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 2012 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 I 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 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 2012;
    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 **BAID RAY & ASSOCIATES**  
Chartered Accountants

Place : Kolkata  
Date : June 30, 2012

**A. K. Das**  
Proprietor  
Membership No. 055737

## 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.
3. The Company does not have any inventories. Accordingly the Clause 4(ii) of the Companies, (Auditors' Report) Order 2003 is not applicable.
4. (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.
5. 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.
6. (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.
7. The Company has not accepted any deposits from the public hence Clause 4(vi) of Companies (Auditors' Report) Order 2003 is not applicable.
8. 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.
9. 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.

10. (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 2012.
- (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.
11. 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 **BAID RAY & ASSOCIATES**  
Chartered Accountants

Place : Kolkata  
Date : June 30, 2012

**A. K. Das**  
Proprietor  
Membership No. 055737



**BALANCE SHEET AS AT MARCH 31, 2012**

(All amount in Rupees except Share data and unless otherwise stated)

	Note No.	31.3.2012 ₹	31.3.2011 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	46,000,000	34,000,000
Reserves and Surplus	2.2	220,716,698	21,519,395
		<b>266,716,698</b>	<b>55,519,395</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liabilities (Net)	2.3	93,993	105,840
		<b>93,993</b>	<b>105,840</b>
<b>CURRENT LIABILITIES</b>			
Other Current Liabilities	2.4	47,645,930	7,975,000
Short-Term Provision	2.5	1,241,776	785,415
		<b>48,887,706</b>	<b>8,760,415</b>
TOTAL		<b>315,698,397</b>	<b>64,385,650</b>
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	2.6	198,701	283,859
		<b>198,701</b>	<b>283,859</b>
<b>CURRENT ASSETS</b>			
Stock in Trade	2.7	117,665,000	12,477,800
Cash and Cash Equivalents	2.8	1,472,297	2,169,193
Short-term loans and advances	2.9	196,362,399	49,454,798
TOTAL		<b>315,698,397</b>	<b>64,385,650</b>
Significant Accounting Policies and Notes on Accounts	I		

As per our report of even date

For **BAID RAY & ASSOCIATES**  
Chartered Accountants

For & On behalf of the Board

**A. K. DAS**  
Proprietor  
M. No : 055737  
ICAI Registration No. 325284E  
Place : Kolkata  
Date : 30th June 2012

**VIJAY PODDAR**  
Director

**MANISH BAID**  
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

(All amount in Rupees except Share data and unless otherwise stated)

	Schedule	31.3.2012 ₹	31.3.2011 ₹
<b>INCOME</b>			
Revenue from operations	2.10	96,411,607	30,311,380
Other Income	2.11	7,427,168	2,580,379
<b>TOTAL INCOME</b>		<b>103,838,775</b>	<b>32,891,759</b>
<b>EXPENSES</b>			
Changes in Inventories of Finished Goods, Work in Progress & Closing Stock		(105,187,200)	-
Purchase of Textile Goods		75,015,000	28,488,027
Purchase of Shares		128,773,250	0
Employee Benefit Expenses	2.12	1,801,861	1,445,000
Depreciation Expenses	2.13	85,158	189,239
Other expenses	2.14	1,183,961	706,688
<b>TOTAL EXPENSES</b>		<b>101,672,030</b>	<b>30,828,954</b>
<b>PROFIT BEFORE TAXATION</b>		<b>2,166,745</b>	<b>2,062,805</b>
Tax Expense:			
Current tax		681,727	638,083
Deferred Tax		(11,848)	-
<b>NET PROFIT FOR THE YEAR</b>		<b>1,496,865</b>	<b>1,424,722</b>
<b>Earnings per Equity Share:</b>	2.15		
Basic and Diluted (Face Value of ₹ 1/- each, Previous Year ₹ 1/- each)		<b>0.34</b>	0.32

Significant Accounting Policies & Notes to Financial Statements 2.16

As per our report of even date

For **BAID RAY & ASSOCIATES**

Chartered Accountants

For & On behalf of the Board

**A. K. DAS**

Proprietor

M. No : 055737

ICAI Registration No. 325284E

Place : Kolkata

Date : 30th June 2012

**VIJAY PODDAR**

Director

**MANISH BAID**

Director

**Statement of Cash Flow Annexed to the Balance Sheet  
as at 31st March, 2012**

	₹ in Lacs	
	31.03.2012	31.03.2011
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and extraordinary Items	2,166,745	2,062,805
Adjustments for		
Depreciation	85,158	189,239
Operating profit before working capital changes	2,251,903	2,252,044
Adjustments for Capital Changes		
Decrease (Increase) in Trade and other Receivables	456,361	(21,424,522)
Decrease (Increase) in Loan & Advances	(146,907,601)	
Decrease (Increase) in Trade Payable & Provisions	39,670,930	7,653,980
Decrease (Increase) in Fixed Deposits	-	-
Cash Generated from operations	II (106,780,311)	(13,770,542)
Net Cash From Operating Activities	I+II (104,528,408)	(11,518,498)
Income Tax Adjustments	III (681,727)	(638,083)
Cash Flow before Extra-Ordinary Items	I+II+III (105,210,135)	(12,156,581)
Extra Ordinary Items	(299,562)	-
Net Cash Flow from Operating Activities	(A) (105,509,697)	(12,156,581)
<b>[ I +II+III]</b>		
<b>B. Cash Flow From Investing Activities</b>		
Purchase / (Sale) of Fixed Assets	-	-
Decrease / (Increase) in Investments	(105,187,200)	12,958,200
Net Cash from Investing Activities	B (105,187,200)	12,958,200
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Preferential Issue	210,000,000	-
Net Cash used in Financing Activities	C 210,000,000	-
<b>D Net Increase in Cash &amp; Cash Equivalents</b>	D (696,897)	801,619
Opening Balance of Cash & Cash Equivalents	2,169,193	1,367,574
<b>E Closing Balance of Cash &amp; Cash Equivalents</b>	E 1,472,297	2,169,194

**For and on behalf of the Board**

Kolkata, June 30, 2012

**Vijay J. Poddar**  
Director

**Manish Baid**  
Director

For **BAID RAY & ASSOCIATES**  
Chartered Accountants

Kolkata, June 30, 2012

**A. K. DAS**  
Proprietor  
Membership No. 055737  
ICAI Registration No. 325284E

## Notes to Financial Statement for the year ended 31st March 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Preparation of Financial Statements

Financial Statements have been prepared under the historical cost convention and in accordance with the provisions of Companies Act, 1956. Accounting Policies not referred to otherwise are consistent and are in accordance with the generally accepted accounting Principles in India.

#### 1.2 Use of Estimates

The preparation of Financial Statements are in conformity with generally accepted accounting principles requires estimates and assumptions to be made to that effect the reported amount of Assets and Liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

#### 1.3 Fixed Assets

Fixed Assets are valued at Cost less Depreciation.

#### 1.4 Depreciation

Depreciation on Fixed Assets has been provided on written down value method at rates prescribed in schedule XIV of Companies Act, 1956.

#### 1.5 Investments

Investments which are readily realisable and intended to be held for less than one year are classified as Current Investments. All other Investments are classified as long term investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long Term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in nature in the opinion of the management.

#### 1.6 Inventories

Stock-in-trade has been valued at cost or market price which ever is lower.

#### 1.7 Taxes on Income

Provision for Taxation is made on the basis of estimated taxable income for the period at current rates. Tax expenses comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable /recoverable in respect of taxable income/loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

#### 1.8 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### 1.9 Revenue Recognition

Items of Income and Expenditure are recognized and accounted for on Accrual basis.

#### 1.10 Contingent Liability, if any, are disclosed by way of Notes.

## Notes to Financial Statement for the year ended 31st March 2012

### 2.1 SHARE CAPITAL

Particulars	31.03.2012		31.03.2011	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of ₹ 10/- each (Previous Year ₹ 10/-)	5,500,000	55,000,000	4,000,000	40,000,000
<b>Issued, Subscribed &amp; Paid Up:</b> Equity Shares of ₹ 10/- each (Previous Year ₹ 10/-)	4,600,000	46,000,000	3,400,000	34,000,000
Total	4,600,000	46,000,000	3,400,000	34,000,000

#### NOTES:

- Equity shareholder holding more than 5% of equity shares along with the number of equity shares held is as given below  
No shareholder is holding more than 5% shares of the company
- The company has one class of Equity shares having a par value of ₹ 10/- each. Each shareholder is eligible to one vote per share held.

### 2.2 RESERVES AND SURPLUS

Particulars	31.03.2012 ₹	31.03.2011 ₹
<b>Special Reserves (As per RBI Guidelines)</b>		
Opening Balance	-	-
Add : Transfer from Surplus during the year	299,373	-
	299,373	-
<b>Securities Premium Reserve</b>		
Opening Balance	2,495,000	2,495,000
Add : Transfer from Surplus during the year	198,000,000	-
	200,495,000	2,495,000
<b>General Reserve</b>		
Opening balance	16,000,000	16,000,000
Add : Transfer from Surplus	-	-
	16,000,000	16,000,000
Surplus in Profit & Loss Statement		
Opening balance	3,024,395	1,599,673
Add: Net Profit for the year	1,496,865	1,424,722
Amount available for Appropriations	4,521,260	3,024,395
Less: Appropriations		
Transfer to Statutory Reserves	299,373	-
Transfer to Contingent Provision against Standard Assets	299,562	-
	3,922,325	3,024,395
Total	220,716,698	21,519,395

#### Note : Special Reserves

In terms of Section 45 IC of Reserve Bank of India Act, 1934, 20% of Profit after Tax have been transferred to Statutory Reserves.

## Notes to Financial Statement for the year ended 31st March 2012

### 2.3 DEFERRED TAX LIABILITIES (NET)

Particulars	31.03.2012 ₹	31.03.2011 ₹
Deferred Tax Liabilities (Net)	93,993	105,840
<b>Total</b>	<b>93,993</b>	<b>105,840</b>

The Company has accounted for Deferred Tax in accordance with the Accounting Standard 22 "Accounting For Taxation on Income" Issued by ICAI.

### 2.4 OTHER CURRENT LIABILITIES

Particulars	31.03.2012 ₹	31.03.2011 ₹
<b>Other payables</b>		
Trade Payables	47,612,400	7,965,000
Other Current Liabilities	33,530	10,000
<b>Total</b>	<b>47,645,930</b>	<b>7,975,000</b>

### 2.5 SHORT TERM PROVISIONS

Particulars	31.03.2012 ₹	31.03.2011 ₹
Contingent Provisions against Standard Assets	299,562	-
Provision for Taxation (Net)	942,214	785,415
<b>Total</b>	<b>1,241,776</b>	<b>785,415</b>

Contingent Provision against Standard Assets @0.25% of loan has been made in accordance with the notification dated 17th January 2011 issued by RBI

## Notes to Financial Statement for the year ended 31st March 2012

### 2.6 FIXED ASSETS

	Cost/Book Value as at 1st April 2011	Additions during the year	Sales/ Adjustments during the year	Cost/Book Value as at 31st March 2012	Depreciation on Cost / Book Value as at 1st April 2011	Sales / Adjustments during the year	Depreciation for the year	Depreciation on Cost / Book Value as at 31st March 2012	Balance as at 31st March 2012	Balance as at 31st March 2011
Computer & Accessories	1,114,500	-	-	1,114,500	830,641	-	85,158	915,799	198,701	283,859
<b>Total .....</b>	<b>1,114,500</b>	<b>-</b>	<b>-</b>	<b>1,114,500</b>	<b>830,641</b>	<b>-</b>	<b>85,158</b>	<b>915,799</b>	<b>198,701</b>	<b>283,859</b>
Previous Year	1,114,500	-	-	1,114,500	641,402	-	189,239	830,641	283,859	473,098

Notes to Financial Statement for the year ended 31st March 2012

2.7 NON CURRENT INVESTMENTS

Particulars	As at 31/03/2012		As at 31/03/2011	
	Numbers	Amount ₹	Numbers	Amount ₹
Long Term Investments (Non-Trade)				
(1) IN FULLY PAID-UP EQUITY SHARES (QUOTED)				
Kadamb Constructions Limited	55,000	981,750	-	-
Key Power & Paper Limited	-	-	30,000	693,300
Out of City Travel Solutions Ltd.	18,500	5,997,700	-	-
Tuni Textile Mills Limited	100,000	3,625,000	-	-
<b>TOTAL (A)</b>	<b>173,500</b>	<b>10,604,450</b>	<b>30,000</b>	<b>693,300</b>
(2) IN FULLY PAID-UP EQUITY SHARES (UN-QUOTED)				
Agradooti Vanijya Private Limited	3,345	334,500	4,735	473,500
Access Vyapar Private Limited	8,330	833,000	-	-
Anuska Vanijya Private Limited	5,650	2,825,000	3,210	1,605,000
Argosy Finvest Private Limited	5,400	540,000	-	-
Blue Lagoon vanijya Private Limited	5,900	1,475,000	-	-
Burlington Mercantiles Private Limited	19,000	1,900,000	-	-
Chello Commotrade Private Limited	60,000	3,000,000	-	-
Clocksing Trading Private Limited	15,000	1,500,000	-	-
Ellisbridge Trading Private Limited	10,130	5,065,000	-	-
Jagjit Estates & Development Co. Private Limited	13,000	1,300,000	-	-
Joyguru Commotrade Private Limited	1,456	728,000	-	-
Jubilant Fintex Private Limited	3,950	395,000	-	-
Kanisk Gold Private Limited	50,000	50,000,000	-	-
Larica Trading Private Limited	6,800	3,400,000	2,500	1,250,000
Matarani Commotrade Private Limited	11,300	5,650,000	-	-
Mudra Estate Private Limited	10,000	1,000,000	-	-
Namasya Trading Private Limited	4,900	2,450,000	-	-
Nathela Sampat Jewellery Private Limited	40,966	7,169,050	-	-
Olympia Tradefin Limited	18,250	1,825,000	10,800	1,080,000
Rockers Tradelink Private Limited	20,000	10,000,000	-	-
Sadgati Trading Private Limited	5,000	2,500,000	-	-
Sarbamanglam Finetex Private Limited	21,700	2,170,000	35,700	3,570,000
Shobhagya Vinimay Private Limited	-	-	8,480	2,120,000
Shreeparna Trading Private Limited	300	30,000	300	30,000
Silverpearl Trading Private Limited	3,500	350,000	-	-
Sprint Vanijya Private Limited	1,860	465,000	6,000	1,500,000
Tezas Trading Co. Private Limited	1,560	156,000	1,560	156,000
<b>TOTAL (B)</b>	<b>347,297</b>	<b>107,060,550</b>	<b>73,285</b>	<b>11,784,500</b>
<b>TOTAL (A+B)</b>	<b>520,797</b>	<b>117,665,000</b>	<b>103,285</b>	<b>12,477,800</b>
Aggregate Market Value of Quoted Investments		<b>9,247,425</b>		



## Notes to Financial Statement for the year ended 31st March 2012

### 2.8 CASH AND BANK BALANCES

Particulars	31.03.2012 ₹	31.03.2011 ₹
Cash and Cash Equivalents		
Cash in Hand	999,908	2,162,205
Balances with Scheduled Banks	472,389	6,988
<b>Total</b>	<b>1,472,297</b>	<b>2,169,193</b>

### 2.9 SHORT-TERM LOANS & ADVANCES (Unsecured)

Particulars	31.03.2012 ₹	31.03.2011 ₹
<b>Considered Good</b>		
Trade Receivables	60,570,099	3,000,000
Other Unsecured Loans	119,824,653	35,620,320
Other Unsecured Advances	15,967,647	10,834,478
<b>Total</b>	<b>196,362,399</b>	<b>49,454,798</b>

### 2.10 REVENUE FORM OPERATION

Particulars	31.03.2012 ₹	31.03.2011 ₹
Textile Sales	75,084,000	30,311,380
Share Sales	21,327,607	-
<b>Total</b>	<b>96,411,607</b>	<b>30,311,380</b>

### 2.11 OTHER INCOME

Particulars	31.03.2012 ₹	31.03.2011 ₹
Interest Income	7,427,168	2,580,379
<b>Total</b>	<b>7,427,168</b>	<b>2,580,379</b>

### 2.12 EMPLOYEE COST

Particulars	31.03.2012 ₹	31.03.2011 ₹
Salaries & Bonus	1,688,610	1,400,000
Staff Welfare Expenses	113,251	45,000
<b>Total</b>	<b>1,801,861</b>	<b>1,445,000</b>

**Note :** The Payment of Gratuity Act is not applicable to the Company as no. of Employees in the Company are below threshold minimum. Therefore, the Company has no liability on account of retirement Benefits in lieu of Accounting Standard 15 (Revised) on Employees Benefit.

## Notes to Financial Statement for the year ended 31st March 2012

### 2.13 DEPRECIATION AND AMORTAZITION EXPENSES

Particulars	31.03.2012 ₹	31.03.2011 ₹
Depreciation	85,158	189,239
<b>Total</b>	<b>85,158</b>	<b>189,239</b>

### 2.14 OTHER EXPENSES

Particulars	31.03.2012 ₹	31.03.2011 ₹
Paymant to Auditor	10,000	10,000
Advertisement	40,929	12,004
Bank Charges	1,930	3,295
Rent	48,000	24,000
Professional Fees	214,300	27,700
Travelling & Conveyance Expenses	90,800	77,000
Depository & Registrar Charges	26,472	18,633
Professional Tax	2,500	2,500
Misc. Expenses	27,327	42,596
ROC Filing Fees	-	2,000
General Expenses	429,665	-
Listing Fees	126,845	371,030
Postage & Courier Charges	65,400	56,700
Printing & Stationery	54,463	16,800
RTA Fees	45,330	42,430
<b>Total</b>	<b>1,183,961</b>	<b>706,688</b>

### 2.15 COMPUTATION OF BASIC & DILUTED EPS

Profit earned (After Tax) ₹	1,496,865	1,424,722
Weighted Average No. of Equity Shares outstanding during the year, Face Value of ₹ 10/- each	4,600,000	4,600,000
Earning Per Shares (Basis & Diluted)	0.33	0.31

### 2.16 RELATED PARTIES DISCLOSURES (AS PER ACCOUNTING STANDARD 18)

1. Relationship
  - a. Wholly Owned Company - Not Any
  - b. Associate Company - None
  - c. Company under the Common Control of Promoters - None
  - d. Key Management Personnel
    - Goutam Bose
    - Nand Kishore Fogla
2. Transactions
 

There has been no related parties transactions during the year under review.

**Notes to Financial Statement for the year ended 31st March 2012****2.17 SEGMENT REPORTING (AS PER ACCOUNTING STANDARD 17)**

a. The Company has three Primary Business Segments viz.

- i. Textile Business
- ii. Investment in Shares & Securities
- iii. Software Business
- iv. Money Landing

<b>Gross Segment Revenue</b>	<b>Current Year</b>	<b>Previous Year</b>
i. Textile Business	75,084,000	30,311,380
ii. Investment in Shares & Securities	21,327,607	-
iii. Software Business	-	-
iv. Money Landing	7,427,168	2,580,379

b. Secondary Segment

The Company operates predominantly within the geographical limits of India. It has no secondary segment revenue.

**2.18 DISCLOSURE FOR PAYMENT TO MICRO, SMALL & MEDIUM ENTERPRISES**

The Company has not received any intimation from their suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to the amount unpaid as at the year end together with interest paid / payable as required under the said Act, have not been given.

**2.19 NBFC DISCLOSURE**

The Disclosure as required in term of Paragraph "13" of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank of India, 2007) is given by way of Annexure to the Balance Sheet.

**2.20 IMPAIRMENT OF ASSETS**

Company Management during the year have carried out technological evaluation for identification of Assets, if any, in accordance with Accounting Standard 28. Based on the judgement of the Management and as certified by Directors, no provision for impairment is found to be necessary in respect of any Assets.

**Note : 2.21**

The revised Schedule VI has been become effective from 1st April 2011 for the preparation of Financial Statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous Years' figures have been regrouped/re-classified wherever necessary to the correspond with the current year classifications / disclosures.



	Amount Outstanding
<p>4) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities</p> <p>(i) Lease assets including lease rentals under Sundry Debtors</p> <p>(a) Financial Lease</p> <p>(b) Operating Lease</p> <p>(ii) Stock on hire including hire charges under Sundry Debtors</p> <p>(a) Assets on hire</p> <p>(b) Repossessed Assets</p> <p>(iii) Other loans counting towards AFC activities</p> <p>(a) Loans where assets have been repossessed</p> <p>(b) Loans other than (a) above</p>	<p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p>
<p>5) Break-up of Investments :</p> <p>Current Investment : (Taken as stock in trade)</p> <p>1. Quoted</p> <p>(i) Shares : (a) Equity</p> <p style="padding-left: 150px;">(b) Preference</p> <p>(ii) Debentures &amp; Bonds</p> <p>(iii) Units of Mutual Funds</p> <p>(iv) Government Securities</p> <p>(v) Others (Please Specify)</p> <p>2. Unquoted</p> <p>(i) Shares : (a) Equity</p> <p style="padding-left: 150px;">(b) Preference</p> <p>(ii) Debentures &amp; Bonds</p> <p>(iii) Units of Mutual Funds</p> <p>(iv) Government Securities</p> <p>(v) Others (Please Specify)</p>	<p>10,604,450</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>107,060,550</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p>

	Amount Outstanding		
<b>Long Term Investment</b>			
1. Quoted			
(i) Shares :	(a) Equity		NIL
	(b) Preference		NIL
(ii) Debentures & Bonds			NIL
(iii) Units of Mutual Funds			NIL
(iv) Government Securities			NIL
(v) Others (Please Specify)			NIL
2. Unquoted			
(i) Shares :	(a) Equity		NIL
	(b) Preference		NIL
(ii) Debentures & Bonds			NIL
(iii) Units of Mutual Funds			NIL
(iv) Government Securities			NIL
(v) Others (Please Specify)			NIL
6. Borrow group-wise classification of all leased assets, stock-on-hire and loans and advances			
<b>Category</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
1) Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other than related parties	NIL	NIL	NIL
2) Other than related parties	NIL	196,362,399	196,362,399
Total	NIL	196,362,399	196,362,399
7) Investor group wise classification of all investments (Current and long term) in shares and securities (both quoted and unquoted) Please see note 3 at the end of Format.			

Category	Market Value/ Breakup or Fair Value or NAV	Book Value (Net of Provision)
1) Related Parties		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other than related parties	NIL	NIL
2) Other than related parties#	117,665,000	117,665,000
Total	117,665,000	117,665,000
# Unquoted Investments are considered at cost.		
8) Other information		
Particulars	Amount	
(i) Gross Performing Assets		
(a) Related Parties		NIL
(b) Other than related parties		NIL
(ii) Gross Non-Performing Assets		
(a) Related Parties		NIL
(b) Other than related parties		NIL
(iii) Assets acquired in satisfaction debt		NIL

**For Baid Ray & Associates**

Chartered Accountants

**A. K. Das**

Proprietor

Membership No. 055737

ICAI Registration No. 325284E

Place : Kolkata

Date : 30th June 2012

# NCL Research & Financial Services Ltd.

19, Krishna Colony, Mahanagar, Lucknow-226 006 (U. P.)

## 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 27th Annual General Meeting of the Company to be held on Thursday, the 27th  
day of September 2012 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 \_\_\_\_\_ 2012.

Signed by the said \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

Attested by Shareholder \_\_\_\_\_

Affix  
Revenue  
Stamp



# NCL Research & Financial Services Ltd.

19, Krishna Colony, Mahanagar, Lucknow-226 006 (U. P.)

## ATTENDANCE SLIP

I hereby record my presence at the 27th Annual General Meeting of the Company held on Thursday, the  
27th day of September 2012 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.**  
19, Krishna Colony, Mahanagar, Lucknow-226006