

25th

Annual Report

2009 - 2010

NCL

Research & Financial
Services Ltd.



NCL Research & Financial Services Ltd.

BOARD OF DIRECTORS

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

COMPLIANCE OFFICER

Pradeep N. Dhanuka

AUDITORS

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

BANKERS

Punjab National Bank
IndusInd Bank Ltd.

REGISTERED OFFICE

4/304, Deepak Apartments, Sahara Street
Janakipuram, Lucknow-226 021 (Uttar Pradesh)

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 : 24th September, 2010
Time : 10.30 A.M.
Venue : 4/304, Deepak Apartments, Sahara Street,
Janakipuram, Lucknow-226 021 (U. P.)



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NOTICE

Notice is hereby given that the 25th Annual General Meeting of the members of **NCL RESEARCH AND FINANCIAL SERVICES LIMITED** will be held on Friday, the 24th day of September, 2010 at 10.30 A.M. at 4/304, Deepak Apartments, Sahara Street, Janakipuram, Lucknow-226 021 (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 2010.
2. To appoint Director in place of Mr. Goutam Bose, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. L. N. Sharma, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

Notes :

1. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 17th September 2010 to 24th September 2010 (both days inclusive).
3. Members are requested to intimate change in their address immediately to M/s ABS Consultants Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their office at 99, Stephen House, 6th Floor, 4, B.B.D. Bag (East), Kolkata-700 001
4. The identity/signature of Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the relevant identity card issued by the Depository Participant to the Annual General Meeting.
5. Members 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.
6. 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.
7. Members are requested to bring copies of Annual Report to the Annual General Meeting.

8. 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.
9. 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 Purva Sharegistry (India) 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.
10. Members are requested to bring copies of Annual Report to the Annual General Meeting.
11. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
12. Members are requested to quote Folio Number/Client ID & DP ID in their correspondence.
13. Members are requested to send their queries in regard to the accounts at-least 10 days in advance to the Registered Office of the Company.
14. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Listing Fees for the financial year 2009-2010 have been paid to Bombay Stock Exchange Ltd.

Lucknow, May 31, 2010

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

Registered Office :
4/304, Deepak Apartments,
Sahara Street, Janakipuram,
Lucknow-226 02 (Uttar Pradesh)

Vijay J. Poddar
Chairman

DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

To The Members,

Your Directors have pleasure in presenting the 25th Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2010.

(Rs. in Lacs)

Financial Results	Year Ended 31.03.2010	Year Ended 31.03.2009
Income	39.54	48.70
Profit before Tax & Extraordinary Items	9.16	11.03
Less : Provision for Taxation	3.12	4.14
Profit after Tax	6.04	6.89
Add : Profit brought forward from Previous Year	9.97	3.08
Balance carried forward	16.01	9.97

DIVIDEND

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

INDUSTRY STRUCTURE AND DEVELOPMENT

The textile industry holds significant status in the India. Textile industry provides one of the most fundamental necessities of the people. It is an independent industry, from the basic requirement of raw materials to the final products, with huge value-addition at every stage of processing.

Today textile sector accounts for nearly 14% of the total industrial output. Indian fabric is in demand with its ethnic, earthy colored and many textures. The textile sector accounts about 30% in the total export. This conveys that it holds potential if one is ready to innovate.

Textile industry is constituted of the Readymade Garments, Cotton Textiles including Handlooms (Mill made/Power loom/Handloom), Man-made Textiles, Silk Textiles, Woollen Textiles etc.

At present, the textile industry is undergoing a substantial re-orientation towards other then clothing segments of textile sector, which is commonly called as technical textiles. It is moving vertically with an average growing rate of nearly two times of textiles for clothing applications and now account for more than half of the total textile output. The processes in making technical textiles require costly machinery and skilled workers.

OPPORTUNITIES & THREATS

OPPORTUNITIES

It is anticipated that India's textile industry is likely to do much better. Since the consumption of domestic fabric is low, the growth in domestic consumption in tandem is anticipated with GDP of 6 to 8 % and this would support the growth of the local textile market at about 6 to 7 % a year.

India can also grab opportunities in the export market. The industry has the potential of attaining \$34bn export earnings by the year 2010. The regulatory polices is helping out to enhance infrastructures of apparel parks, Specialized textile parks, EPZs and EOUs.

The Government support has ensured fast consumption of clothing as well as of fabric. A single rate will now be prevalent throughout the country.

The Indian manufacturers and suppliers are improving design skills, which include different fabrics according to different markets. Indian fashion industry and fashion designers are marking their name at international platform. Indian silk industry that is known for its fine and exclusive brocades, is also adding massive strength to the textile industry.

Forecast till 2010 for textiles by the government along with the industry and Export Promotion Councils is to attain double the GDP, and the export is likely attain \$85bn. The industry is anticipated to generate 12mn new jobs in various sectors.

THREATS

Massive Fragmentation:

A major loop-hole in Indian textile industry is its huge fragmentation in industry structure, which is led by small scale companies. Despite the government policies, which made this deformation, have been gradually removed now, but their impact will be seen for some time more. Since most of the companies are small in size, the examples of industry leadership are very few, which can be inspirational model for the rest of the industry.

The uneven supply base also leads barriers in attaining integration between the links in supply chain. This issue creates uncontrollable, unreliable and inconsistent performance.

Political and Government Diversity:

The reservation of production for very small companies that was imposed with an intention to help out small scale companies across the country, led substantial fragmentation that distorted the competitiveness of industry. However, most of the sectors now have been de-reserved, and major entrepreneurs and corporate are putting-in huge amount of money in establishing big facilities or in expansion of their existing plants.

Despite some motivating step taken by the government, other problems still sustains like various taxes and excise imbalances due to diversification into 35 states and Union Territories. However, an outline of VAT is being implemented in place of all other tax diversifications, which will clear these imbalances once it is imposed fully.

Labour Laws:

In India, labour laws are still found to be relatively unfavorable to the trades, with companies having not more than ideal model to follow a 'hire and fire' policy. Even the companies have often broken their business down into small units to avoid any trouble created by labour unionization.

In past few years, there has been movement gradually towards reforming labour laws, and it is anticipated that this movement will uphold the environment more favorable.

Distant Geographic Location:

There are some high-level disadvantages for India due to its geographic location. For the foreign companies, it has a global logistics disadvantage due the shipping cost is higher and also takes much more time

comparing to some other manufacturing countries like Mexico, Turkey, China etc. The inbound freight traffic has been also low, which affects cost of shipping - though, movement of containers are not at reasonable costs.

PERFORMANCE & CURRENT YEAR PROSPECTS

The Company is in the activities of trading of Textiles products apart from investing activities in Shares & Securities. Although the situation has improved in comparison to previous financial year but is not up to the level of industry expectation. There was a little increase in demand of textile products but was limited to higher inflation rate and significant drop in the per capita income of common man. Drop in the income of common man has affected the business of entire industry and the same was for the Company also. Due to the lack of consistence demand, the turnover of Company has dropped and thus the profit of Company has also dropped to that extent.

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

BUSINESS SEGMENT

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

RISK & CONCERNS

New innovations in clothing production, manufacture and design came during the Industrial Revolution - these new wheels, looms, and spinning processes changed clothing manufacture forever.

There were various stages - from a historical perspective - where the textile industry evolved from being a domestic small-scale industry, to the status of supremacy it currently holds. The 'cottage stage' was the first stage in its history where textiles were produced on a domestic basis.

During this period cloth was made from materials including wool, flax and cotton. The material depended on the area where the cloth was being produced, and the time they were being made.

During this era, excess cloth was bought by the merchants who visited various areas to procure these left-over pieces. A variety of processes and innovations were implemented for the purpose of making clothing during this time. These processes were dependent on the material being used, but there were three basic steps commonly employed in making clothing. These steps included preparing material fibers for the purpose of spinning, knitting and weaving.

Today, modern techniques, electronics and innovation have led to a competitive, low-priced textile industry offering almost any type of cloth or design a person could desire. With its low cost labour base, China has come to dominate the global textile industry.

All above are indications of big Risks and Concerns for the Company and change in the technology and trend can affect the demand and thus can affect the business of Company. Although the Company is taking care of above factors but this cannot guarantee the bright future of Company.

OVERVIEW

The Company is planning to counter its challenges through focused marketing, tight control on liquidity

and margins, cost effective sourcing of products and services and improved quality of products through process automation. The Company has also showing its presence in trading arena of Textile market.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

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

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

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

PUBLIC DEPOSITS

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

DIRECTORS

During the year, Mr. O. P. Singhania has resigned from the Board w.e.f. 31st May 2009. The Board places on record their appreciations of the invaluable contributions made him to the Company.

In accordance with the requirements of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Mr. L. N. Sharma & Mr. Goutam Bose, who retires by rotation, are eligible for reappointments.

None other Directors are interested in re-appointments of Mr. L. N. Sharma & Mr. Goutam Bose.

Further, non of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act 1956.

CORPORATE GOVERNANCE

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

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

HUMAN RESOURCES

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR policies to the growing requirements of the business.

The Company has a structured induction process and management development programmes to upgrade skills of managers. Objective appraisal systems are in place for senior management system.

AUDITORS

The Auditors M/s Mukesh Choudhary & Associates, Chartered Accountants, Kolkata hold 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 the Auditors and fix their remuneration.

COMMENTS ON AUDITOR'S REPORT

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

STATUTORY INFORMATION

PARTICULARS OF EMPLOYEES

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

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

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

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the annuals accounts, for the year ended 31st March 2010, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;
2. The Directors had adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

APPRECIATION

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

Lucknow, May 31, 2010

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

Registered Office :
4/304, Deepak Apartments,
Sahara Street, Janakipuram,
Lucknow-226 02 (Uttar Pradesh)

Vijay J. Poddar
Chairman

ANNEXURE TO THE DIRECTOR'S REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance for NCL is passion, motto and culture. To attain growth in all facets and at the same time ensuring welfare of the society at large is only possible by adhering to high standards of Corporate Governance.

We are proud that we believe in Corporate Governance not only a law but in spirit too. Our endeavor is to maximize the wealth of the stakeholders by managing the affairs of the Company with pre-eminent level of accountability, transparency and integrity.

We believe that accurate and timely disclosures improve public understanding on the activities of the Company which consequently attracts investors towards the Company. We aim to adopt best International practices in Corporate Governance and are confident of achieving it.

NCL Research has during its way towards growth, adopted the NCL Code of Conduct and NCL Prevention of Insider Trading Program. The Company has in place an Information Security Policy that ensures proper utilization of the IT Resources.

BOARD OF DIRECTORS

Composition of Directors

The constitution of the Board is in conformity with the provisions of Clause 49 of the listing Agreement of the Stock Exchange. The Board consists of five Directors out of which three members are Independent Directors.

The Board of Directors met 6 times on 31st May, 30th June, 31st July and 30th October in year 2009 and on 29th January in the year 2010 during the financial year 2009-2010.

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

Name	Designation	Board Meetings Attended	Whether Attended AGM	Committee Membership	Committee Chairmanship	No. of Directorship in other Public Ltd. Co.
Vijay J. Poddar*	Chairman & Managing Director	6	Yes	1	Nil	Nil
Manish Baid	Whole time Director	6	Yes	1	1	Nil
Giriraj K. Agarwal	Independent Director	6	Yes	Nil	1	3
L. N. Sharma	Independent Director	6	Yes	1	1	1
Goutam Bose	Independent Director	6	Yes	3	Nil	1
O. P. Singhania@	Independent Director	Nil	No	Nil	Nil	Nil

*Chairman of the Board

@Resigned w.e.f. 31st May 2009

AUDIT COMMITTEE

The Audit Committee consists of two Independent Directors & the Managing 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.

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, Compliance with listing and other legal requirements relating to financial statements, disclosure norms, internal control systems, risk management policies, accounting policies and practices, ensuring the quality and appropriateness of the Company's accounting and financial disclosures as well as quarterly/half yearly financial statements. It recommends appointment of Statutory Auditors fixes audit fees and reviews internal control systems, Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, scope for observations of the auditors and adequacy of the internal audit function, discussion with internal auditors any significant findings and follow up there on, To review the functioning of the Whistle Blower mechanism, Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate 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;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

The members of Audit Committee met four times on 30th June, 31st July & 30th October in year 2009 and on 29th January in year 2010 during the financial year ended on 31st March 2010.

Name	Number of Meetings Held	Meetings Attended
Mr. Vijay J. Poddar	4	4
Mr. Goutam Bose	4	4
Mr. Giriraj Kishore Agarwal*	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 during the year under review.

No Stock option has been allotted to any of the Directors during the financial year 2009-2010.

None of the Independent Directors holds any shares in their name or in the name of their relatives as on 31st March 2010.

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 30th June, 31st July and 30th October in year 2009 & on 29th January 2010 during the financial year ended on 31st March 2010.

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

*Chairman of Committee

Investor Grievance Committee

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

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

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

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

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete

satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

Compliance Officer

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

Composition of Committee and Meetings attended

During the year, twelve meetings of the Committee of Directors were held on April 1, May 4, June 1, July 1, August 3, September 1, October 1, November 2, and December 1st in year 2009 and on January 4, February 1 and March 2 in year 2010.

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

Name	Position	Category	Meetings Attended
Mr. Giriraj Kishore Agarwal*	Chairman	Independent, Non-Executive	12
Mr. Manish Baid	Member	Whole time Director	12
Mr. Goutam Bose	Member	Independent, Non-Executive	12

Details of Shareholders' Complaints

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

GENERAL BODY MEETINGS

Location & time for the last three Annual General Meetings :

Annual General Meeting	Date & Time	Venue
24th Annual General Meeting	29th September 2009, 11.00 AM	Registered Office
23rd Annual General Meeting	26th September 2008, 11.00 AM	Registered Office
22nd Annual General Meeting	14th July 2007, 10.30 AM	Registered Office

Location and time of Extra-Ordinary General Meetings :

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

POSTAL BALLOT

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

SPECIAL RESOLUTION PASSED AT LAST THREE ANNUAL GENERAL MEETINGS:

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

SUBSIDIARIES

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

INSIDER TRADING

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

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

DISCLOSURES

- (a) There are no transactions with related parties i.e. with Promoters, Directors, Management, Subsidiaries or Relatives that may have potential conflict of interest with the Company at large.
- (b) There has been no instance of non-compliance by the Company on any matter related to Capital Markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority does not arise. However, the Equity Shares of Company is being suspended from trading because of non-compliance as per Listing Agreement with BSE in December 2001. Now the Company has filed all requisite documents seeking revocation of suspension from trading in equity shares of the Company.
- (c) In Compliance with the Securities & Exchange Board of India (Prohibition of Insider Trading Regulations, 1992) as amended till date, on Prohibition of Insider Trading, the Company has a comprehensive Code of Conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof.
- (d) Secretarial Audit : A qualified Practicing Company Secretary carries out Secretarial 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) The Company has not setup Compensation and Remuneration Committee.
- c) The Company has failed to comply with the various provisions of Listing Agreement during year 2006 which have been complied in Year 2008 and now the Company is regular in complying with the provisions of Listing Agreement. Further, no penalties have been levied or actions have been taken by BSE or SEBI during last three years.
- d) The Company has complied with mandatory provisions of listing agreement.
- e) The financial statements of the Company are unqualified.
- f) Looking to the small size of business, the Company has not adopted a Whistle Blower Policy till date.

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. "Free Press Journal" and in vernacular language Newspaper i.e. "Navshakti".
- Company is not yet started to post its Quarterly Results/Half Yearly/ Nine Months & Annual Results on its website.
- Official News releases are also yet to be posted on its website.
- 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 25th Annual General Meeting for the financial year ended on 31st March 2010 is as follows :-

Date : Friday, 24th September, 2010
Time : 10.30 A.M.
Venue : 4/304, Deepak Apartments, Sahara Street, Janakipuram,
Lucknow-226 021 (U. P.)

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

c. Future Calendar :

Subject Matter	Date
Financial Reporting of 1st Quarter ended on 30th June 2010	13th August, 2010
Financial Reporting of 2nd Quarter ended on 30th September 2010	15th November, 2010
Financial Reporting of 3rd Quarter ended on 31st December 2010	15th February 2011
Financial Reporting of 4th Quarter ended on 31st March 2011	30th May 2011
Date of Annual General Meeting	During August 2011

d. Date of Book Closure : September 17 to September 24, 2010. (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 :

The Equity Shares of the Company have not been traded during financial year 2009-2010 due to suspension from Trading of its Equity Shares on BSE. The Company has applied and submitted all requisite information and documents to BSE for revocation of suspension. The Company is hopeful of revocation of suspension from trading in its equity shares soon. Further, there was no trade in U.P. Stock Exchange because of rare activities in said stock exchange.

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 2010

No. of Equity Shares	No. of Share Holders	% of Share Holders	Total No. of Shares Held	% of Share Holding
1-5000	949	93.31	216900	6.38
5001-10000	13	1.28	116400	3.42
10001-50000	41	4.03	1019900	30.00
50001-100000	2	0.20	161000	4.74
100001 and Above	12	1.18	1885800	55.46
Total....	1017	100.00	3400000	100.00

l. Shareholding Pattern as on 31st March 2010

Categories	No. of Shares	% of Shareholding
Promoters, Directors, Relatives & Person acting in concert	583400	17.16
Indian Bank	0	0.00
Others (NRI)	0	0.00
Private Corporate Bodies	999900	29.41
Indian Public	1816700	53.43
Total	3400000	100.00

m. Dematerialization of Equity Shares & Liquidity

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

Procedures for dematerialization / rematerialization of Equity Shares:-

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

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

The Shares of Company are not tradable on Bombay Stock Exchange Ltd due to suspension from trading in its equity shares. 93.66% of the Company's Equity Share Capital held under Public category has been dematerialized up to 31st March 2010.

n. Listing Fees and Annual Custodial Fees

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

o. Nomination

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

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

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

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

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

r. 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. Brief Resume of the Directors Seeking Re-Appointment

Mr. Goutam Bose, Age 29, B.Sc., is having vast experience in the field of Accounts, Taxation and Company Matters. He is an Independent Director of the Company.

As on 31st March 2010, he is not holding any shares, either in his name or in the name of his relatives.

As on 31st March 2010, he is among Board of Directors in the following Companies:-

Sr. No.	Name of the Company
1.	Khoobsurat Limited
2.	Ellisbridge Trading Private Limited
3.	Swapanpuri Trading Private Limited

Mr. L. N. Sharma, Age 57, B. Com, Graduate is having vast experience in the field of Accounts, Company Law as well as the business of Real Estate. He is an Independent Director of the Company.

As on 31st March 2010, he is not holding any shares, either in his name or in the name of his relatives.

As on 31st March 2010, he is among Board of Directors in the following Companies:-

Sr. No.	Name of the Company
1.	Global Capital Markets Ltd.
2.	Ellisbridge Trading Private Limited

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

No Public Fund was being raised during last three years.

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

Not Applicable.

v. Investors' Correspondence

Shareholders can contact the following Officials for secretarial matters of the Company :-

Mr. Pradeep N. Dhanuka - ncl.research@gmail.com

w. 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.

x. Address for Correspondence

NCL Research and Financial Services Limited

4/304, Deepak Apartments, Sahara Street, Janakipuram, Lucknow-226 021 (U. P.)

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

**SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED
31ST MARCH 2010**

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

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 2010.

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. Equity Shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and U.P. Stock Exchange Ltd. (UPSE).
2. All the requisite registers and other records required under the Act and the Rules made there under have been maintained in accordance with the requirements of the Act.
3. All the requisite forms, returns and documents have been filed with the Registrar of Companies and other authorities as required under the Act and Rules made there under.
4. All the requirements of the Act relating to the meetings of the Directors, Shareholders and Committees of the Board as well as relating to maintenance of the minutes of the proceedings there at have been complied with.
5. The Board of Directors of the Company is duly constituted.
6. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of Section 299 of the Companies Act, 1956.
7. The Company has not issued any Equity Share on Right or Bonus or Public or Preferential issue during the financial year 2009-10.
8. Share Certificates have been delivered to the transferee and Applications for transfer and transmissions of the Shares have been registered within the prescribed for this purpose.
9. No Dividend is being declared or paid during the year.
10. The amounts borrowed by the Company from Banks/Bodies Corporate are within the borrowing limits of the Company. There are no borrowings which are outstanding as on March 31, 2010.
11. Necessary approval of Directors, Shareholders, Central Government and other authorities, wherever applicable and required under the Companies Act, 1956, have been obtained.
12. The Company has not altered its Memorandum of Association & Articles of Association of the Company during the period of Audit.

For VKM & ASSOCIATES
Chartered Accountants

Place : Mumbai
Date : May 31, 2010

Vijay Kumar Mishra
Partner

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of NCL Research and Financial Services Limited

We have examined the compliance of the conditions of Corporate Governance by NCL Research and Financial Services Limited (The Company) for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd.

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

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

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

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

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Place : Kolkata
Date : May 31, 2010

Ranjit Kr. Modi
Partner

AUDIT REPORT

To the Members of NCL Research and Financial Services Limited

We have audited the attached Balance Sheet of NCL RESEARCH AND FINANCIAL SERVICES LIMITED as at 31st March 2010 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 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
 - 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 2010;
 2. in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
 3. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Place : Kolkata
Date : May 31, 2010

Ranjit Kr. Modi
Partner

ANNEXURE TO THE AUDITORS' REPORT

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

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

9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investors' Education & Protection Fund, Employees State Insurance Scheme, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, CESS and any other statutory dues have been regularly deposited in time during the year with appropriate authorities and there are no undisputed statutory dues payable for a period of six months from the date they became payable as at 31st March 2010.
(b) According to the information and explanation given to us there are no disputes pending before the authorities in respect of Sales Tax, Income Tax, Custom Duty and CESS.
10. The Company does not have accumulated losses as at the end of financial year and has not incurred cash losses in the current financial year and in the immediate preceding financial year.
11. According to the records made available to us and information and explanation given to us by the management, the Company has not defaulted in repayment of any dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not chit fund, nidhi, mutual fund and societies and accordingly clause 4(xiii) of Companies (Auditors' Report) Order, 2003 is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company has kept adequate records of its transactions and contracts in shares, securities, debentures and other investments and timely entries have been made therein. The Shares, Securities, Debentures and Other Investments are held in the name of the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from Banks & Financial Institutions. Accordingly Clause 4(xv) of Companies (Auditors' Report) Order, 2003 is not applicable.
16. In our opinion and according to the information and explanations given to us, the Company has not obtained any Term Loan. Accordingly Clause 4(xvi) of Companies (Auditors' Report) Order, 2003 is not applicable.
17. According to the information and explanations given to us and on the basis of and overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been utilized for long term investment and vice versa.
18. The company has not issued any equity shares and debentures during the year.
19. During the period, the Company has not issued any debentures. Accordingly Clause 4(xix) of Companies (Auditors' Report) Order, 2003 is not applicable.
20. The Company has not raised any money through a Public Issue during the year under Audit. Accordingly Clause 4(xx) of Companies (Auditors' Report) Order, 2003 is not applicable.
21. During the course of examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the period nor we have been informed of such instances by the management.

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Place : Kolkata
Date : May 31, 2010

Ranjit Kr. Modi
Partner

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	31.3.2010 Rupees	31.3.2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	34,000,000	34,000,000
Share Premium		2,495,000	2,495,000
General Reserve		16,000,000	16,000,000
Profit & Loss A/c	2	1,599,673	996,581
TOTAL		54,094,673	53,491,581
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	1,114,500	1,114,500
Less : Depreciation		641,402	326,004
Net Block		473,098	788,496
Inventories	4	25,436,000	17,000,000
Current Assets, Loans & Advances			
Cash & Bank Balance	5	1,367,574	244,635
loans & Advances		27,767,117	29,548,224
Sundry Debtors		109,513	8,082,608
Deposits & Advances		153,646	37,140
		29,397,850	37,912,607
Less : Current Liabilities & Provisions			
Sundry Creditors	6	762,500	1,766,948
Liabilities & Provisions		449,775	442,575
		1,212,275	2,209,523
Net Current Assets		28,185,575	35,703,085
TOTAL		54,094,673	53,491,581
Notes forming part of the accounts & Significant Accounting Policies	8		

As per our report of even date

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Ranjit Kr. Modi
Partner

Place : Kolkata
Date : 31 May 2010

Vijay J. Poddar
Director

Manish Baid
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	31.3.2010 Rupees	31.3.2009 Rupees
INCOME			
Sales (Textile Products)		30,947,125	28,604,707
Income from Sales of Shares		-	792,260
Other Income		1,499,877	2,755,810
		32,447,002	32,152,777
EXPENDITURE			
Cost of Sales (Textile Products)		28,492,553	27,200,514
Payment to & Provision for Employees		1,994,135	2,415,041
Administrative & Other Expenses	7	729,298	1,157,918
Depreciation	3	315,398	276,197
		31,531,383	31,049,670
Profit before Tax		915,619	1,103,108
Provision for Taxation		312,416	414,121
Profit after Tax		603,204	688,987
Profit brought forward from previous year		996,581	307,594
Less : Prior Period Adjustments		112	-
Profit carried to Balance Sheet		1,599,673	996,581

Notes forming part of the accounts & Significant Accounting Policies 8

As per our report of even date

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Ranjit Kr. Modi
Partner

Place : Kolkata
Date : 31 May 2010

Vijay J. Poddar
Director

Manish Baid
Director

SCHEDULES TO ACCOUNTS

31.03.2010
Rupees

31.03.2009
Rupees

**SCHEDULE 1
SHARE CAPITAL**

Authorised

40,00,000 Equity Shares of Rs. 10/- each

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

40,000,000

40,000,000

Issued, Subscribed & Paid-up

34,00,000 Equity Shares of Rs. 10/- each

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

34,000,000

34,000,000

34,000,000

34,000,000

**SCHEDULE 2
RESERVES & SURPLUS**

Profit & Loss Account

Profit & Loss Account - Balance

996,581

307,594

Add : Transfer from Profit & Loss Account

603,092

688,987

1,599,673

996,581

**SCHEDULE 3
FIXED ASSET**

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.2009	Additions	Deletions	As at 31.03.2010	As at 01.04.2009	For the Year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Data Processing Equip.	1,114,500	0	0	1,114,500	326,004	315,398	641,402	473,098	788,496
TOTAL	1,114,500	0	0	1,114,500	326,004	315,398	641,402	473,098	788,496
Previous Year	241,750	872,750	0	1,114,500	49,807	276,197	326,004	788,496	191,943

**SCHEDULE 4
INVENTORIES**

Unquoted (Valued at Cost, Certified by Management)

In Equity Shares

25,436,000

17,000,000

SCHEDULES TO ACCOUNTS	31.03.2010	31.03.2009
	Rupees	Rupees
SCHEDULE 5		
CURRENT ASSETS, LOANS & ADVANCES		
Loans	14,267,117	29,548,224
Advances	13,500,000	-
	<u>27,767,117</u>	<u>29,548,224</u>
Sundry Debtors		
(Unsecured, Considered Good)		
Outstanding for more than six months	-	8,000,000
Other Debtors	109,513	82,608
	<u>109,513</u>	<u>8,082,608</u>
Cash & Bank Balances		
Cash Balance	1,360,924	171,951
Balance with Scheduled Bank in Current A/c	6,650	72,684
	<u>1,367,574</u>	<u>244,635</u>
Deposit And Advances		
(Unsecured, Considered Good)		
Unsecured Loan	-	-
TDS	153,646	37,140
	<u>153,646</u>	<u>37,140</u>
Total	<u>1,630,733</u>	<u>8,364,383</u>
SCHEDULE 6		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors for Goods	750,000	1,726,828
Sundry Creditors for Expenses	12,500	40,120
	<u>762,500</u>	<u>1,766,948</u>
Liabilities & Provisions		
For Corporate Tax	321,412	251,683
For Frindge Benefit Tax	-	53,533
For Deferred Tax	128,363	137,359
Total	<u>449,775</u>	<u>442,575</u>
SCHEDULE 7		
ADMINISTRATION EXPENSES		
Advertisement Expenses	9,500	20,833
Printing & Stationery	166,488	186,375
Postage & Telephone	116,191	214,755
Travelling & Conveyance Expenses	117,901	273,205
Rent for Office	24,000	24,000
Auditors' Remuneration	10,000	11,030
Bank Charges & Comm.	7,059	1,169
Miscellaneous Expenses	168,469	369,990
Profession Tax	2,500	2,500
RTA Fees	25,424	20,071
Listing, Legal & Professional Fees	55,500	20,500
Fees for Depositories	24,266	8,990
ROC Filing Fees	2,000	4,500
	<u>729,298</u>	<u>1,157,918</u>

SCHEDULE 8

ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS

Significant Accounting Policies General

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

Revenue Recognition

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

Fixed Assets

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

Turnover

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

Depreciation

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

Inventories

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

Investments

7. Investments are valued at cost.

Retirement Benefit

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

Income Tax

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

Provisions, Contingent Liabilities & Contingent Assets

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

Others

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

Segment Report

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

Notes to Accounts

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

Contingent Liabilities

23. Contingent Liabilities not provided for - Rs. Nil

Particulars of Director's Remuneration (In Rupees)

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

Related Party Transactions

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

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

Details of transactions with related parties -

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

Remuneration to Auditors

26. Particulars	31.03.2010	31.03.2009
Remuneration to Auditors for Audit Purpose	10000	11030

Differed Tax on Income

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

Earning per Equity Share

28.		Unit	31.03.2010	31.03.2009
	Net Profit after Tax available for Share holders	Rs.	6,03,203	6,88,987
	No. of Equity Shares	No.	34,00,000	34,00,000
	Basis & Diluted Earning Per Share (Rs.)	Rs.	0.18	0.20

29. Sundry Debtors and creditors are subject to confirmation and reconciliation.

30. There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

31. Information pursuant to provisions of paragraph 3,4(C) and 4(D) of Part II of Schedule VI of the Companies Act, 1956 to the extent applicable is as under:

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

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Current Year								
Shares	161000	17000000	48660	13366000	43420	5930000	166420	24436000
Textiles	0	0	70500	28492553	70500	30947125	0	0
Previous Year								
Shares	990750	38749000	422850	43185000	1252600	65726260	161000	17000000
Textiles	0	0	76370	28605058	76370	30009211	0	0

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

As per our report of even date

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

Ranjit Kr. Modi
Partner

Place : Kolkata
Date : 31 May 2010

Vijay J. Poddar
Director

Manish Baid
Director

**Statement of Cash Flow Annexed to the Balance Sheet as at
31st March, 2010**

	31.03.2010	Rs. in Lacs 31.03.2009
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary Items	915,619	1,103,108
Adjustments for		
Depreciation	315,398	276,197
Operating profit before working capital changes	1,231,017	1,379,305
Adjustments for Capital Changes		
Decrease (Increase) in Trade and other Receivables	9,637,696	(23,689,879)
Decrease (Increase) in Inventories	(8,436,000)	21,749,000
Trade Payable and Provisions	(997,248)	1,860,316
Cash Generated from operations	1,435,465	1,298,742
Income Tax Paid For The Year	(312,416)	(414,121)
Extraordinary Items	(112)	-
Net Cash From Operating Activities	1,122,938	884,621
B. Cash Flow From Investing Activities		
Purchase/Sale of Fixed Assets & Investments	-	(872,751)
Net Cash from Investing Activities	1,122,938	11,870
C. Cash Flow From Financing Activities		
Miscellaneous Expenditure	-	-
Net Cash used in Financing Activities	-	-
Net Increase in Cash & Cash Equivalents	1,122,938	11,870
Opening Balance of Cash & Cash Equivalents	244,635	232,765
Closing Balance of Cash & Cash Equivalents	1,367,574	244,635

For and on behalf of the Board

Vijay J. Poddar
Chairman

Kolkata, May 31, 2010

We have verified the attached Cash Flow Statement of M/s. NCL Research & Financial Services Limited, derived from Audited Financial Statements and the books and records maintained by the Company for the year ended on 31st March 2010 and found the same in agreement therewith.

For **MUKESH CHOUDHARY & ASSOCIATES**
Chartered Accountants

RANJIT KR. MODI
Partner

Kolkata, May 31, 2010

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

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.	:	7001
State Code No.	:	20
Balance Sheet Date	:	31.03.2010

II Capital raised during the year

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

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

Total Liabilities	:	54095
Total Assets	:	54095

Sources of funds

Paid-up Capital	:	34000
Reserves & Surplus	:	20095
Secured Loans	:	Nil
Unsecured Loans	:	Nil

Application of funds

Net Fixed Assets	:	473
Investments & Inventories	:	25436
Net Current Assets	:	28186
Miscellaneous Expenditures	:	Nil
Accumulated losses	:	Nil

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

Turnover	:	32447
Total Expenditure	:	31531
Profit before taxes	:	916
Profit after taxes	:	603
Earning Per Share	:	0.18
Dividend rate	:	Nil

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

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

NCL Research & Financial Services Ltd.

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

PROXY FORM

I/We _____ resident of _____
in the district of _____ being member/members of the above named
Company, hereby appoint _____
resident of _____ in the district of _____ or failing
him _____ resident of
_____ in the district of _____
_____ as my/our proxy to attend and vote for me/us on my/our behalf at the
Annual General Meeting of the Company to be held on Friday, the 24th day of September 2010 at
10.30 A.M. at Registered Office of the Company at 4/304, Deepak Apartments, Sahara Street,
Janakipuram, Lucknow-226 021 (U. P.) and any adjournment thereof.

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

Signed on this _____ day of _____ 2010.

Signed by the said _____

Signature of Proxy _____

Attested by Shareholder _____

Affix
Revenue
Stamp

NCL Research & Financial Services Ltd.

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

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company held on Friday, the 24th
day of September 2010 at 10.30 A.M. at Registered Office of the Company at 4/304, Deepak Apartments,
Sahara Street, Janakipuram, Lucknow-226 021 (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.
4/304, Deepak Apartments, Sahara Street
Janakipuram, Lucknow-226 021 (Uttar Pradesh)