

21ST
ANNUAL REPORT
2010 - 2011



Cubical Financial Services Limited



BOARD OF DIRECTORS

Shri Ashwani K. Gupta	<i>Managing Director</i>
Mr. Ashish Bhala	<i>Director</i>
Mr. Ankur Gupta	<i>Director</i>
Mr. Rakesh Kumar	<i>Additional Director</i>

COMPANY SECRETARY

Mrs. Sangeeta Sahni	<i>Company Secretary</i>
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AUDITORS

M/s. Krishan Rakesh & Co.
Chartered Accountants
8/14 Kalkaji Extension,
New Delhi-110 009

BANKERS

HDFC Bank Ltd.
Aggarwal Millennium Tower-II,
Netaji Subhash Place,
Pitampura, Delhi-110 034

Oriental Bank of Commerce
Extension Counter, Kirorimal College,
University of Delhi,
Delhi-110007

REGISTERED OFFICE

456, Aggarwal Metro Heights,
Netaji Subhash Place,
Pitampura, Delhi-110 034

REGISTRAR & SHARETRANSFER AGENTS

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Center,
New Delhi-110 062

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NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of Company will be held on Thursday the 29th September, 2011 at 10.00 A.M. at Multipurpose Community Centre, Ghoga Village, Near Main Bus Stop, Delhi-110039 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2011, Profit & Loss Account and Cash Flow Statement for the period ended 31st March, 2011 together with Reports of Directors and Statutory Auditors thereon.
2. To appoint a Director in place of Sh. Ashish Bhala, who retires by rotation, being eligible offers himself for the re-appointment.
3. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
"Resolved that pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Rakesh Kumar be and is hereby as Director of the company liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269 & 309 read with schedule XIII of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, the consent of the members be and is hereby accorded to the appointment of Shri Ashwani K. Gupta as Managing Director of the Company for a period of 5 years w.ef 1st October, 2011 of the terms and conditions as set out below,

Salary : Rs. 50,000/- per month.

Perquisites : In addition to above salary, Mr. Ashwani K. Gupta, Managing Director shall be entitled to the following perquisites:

- a) Contribution to Provident Fund, Superannuation Fund or annuity fund to be extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service;
- c) Encashment of Leave at the end of tenure.
- d) Medical reimbursement, and
- e) Telephone facility at residence.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, the remuneration payable to the 'Managing Director' by way of Salary & perquisites shall not exceed the maximum limits prescribed under Schedule XIII to the Companies Act. 1956.

RESOLVED FURTHER THAT in the event of any statutory amendment of modification or relaxation by the Central Government of Schedule XIII to the Companies Act, 1956 the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, perquisites, allowances etc., within such prescribed limit or ceiling without any further reference to the Company in General Meeting, Subject however to the provision however to the provision of Section 302 of the Companies Act, 1956."

By Order of the Board
for **CUBICAL FINANCIAL SERVICES LIMITED**
Sd/-
(Ashwani K. Gupta)
Managing Director

Place : Delhi
Date : 05.09.2011

**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/herself and such proxy need not be a member of the Company. The Proxies in order to be effective must received by the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and share Transfer of the Company will remain closed From Thursday 22th September, 2011 to Thursday 29th September, 2011 (both days inclusive).
3. The Company's shares have been notified for compulsory dematerialization w.e.f. June 22, 2002. Accordingly trading of shares of the company will be allowed only in de-mat form.
4. Member are requested to notify immediately any change of address to their Depository Participants (DP's) in respect of their electronic share account and the Company's Registrar & Share Transfer Agents & to the Company at its Registered Office in respect of their physical share folios, if any.
5. Members are requested to produce at the entrance the enclosed attendance slip duly completed and signed for admission to meeting place.
6. Members who hold shares in de-materialized form are requested to bring their client I.D. & DP I.D. Nos. for easier identification of attendance at the meeting.
7. Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed.
8. Members are requested to bring their copies of the Annual Report to the meeting.
9. Company's equity shares are listed on the following Stock Exchanges:
 - a) Delhi Stock Exchange Limited,
DSE House, 3/1, Asaf Ali Road, New Delhi-110 002
 - b) Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
10. No Gift/Gifts Coupon shall be provided to the members.

By Order of the Board
for **CUBICAL FINANCIAL SERVICES LIMITED**
Sd/-

(Ashwani K. Gupta)
Managing Director

Place : Delhi
Date : 05.09.2011

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 4

The Board of Directors of the Company had at its meeting held on 5th September, 2011 appointed Mr. Rakesh Kumar as an Additional Director of the company. In terms of the provisions of section 260 of the Companies Act, 1956 read with Article 107 of the Articles of Association of the Company, Mr. Rakesh Kumar holds his office only upto to the date of this Annual General Meeting.

Mr. Rakesh Kumar is a Commerce Professional has a good experience in the field of finance and the business of the company.

Your company has received a notice, in writing from a shareholder, under section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intention to appoint Mr. Rakesh Kumar as an Independent Director of the Company. The Board considers it desirable that the Company should continue to avail the services of Mr. Rakesh Kumar and accordingly recommends the resolution for the approval of the members of the company.

As declared by Mr. Rakesh Kumar, he is holding 4520 equity shares in the company as on 05-09-2011.

None of the Directors except Mr. Rakesh Kumar is interested in the resolution.

Item No. 5

The Company has re-appointed Mr. Ashwani K. Gupta as Managing Director of the Company for a period of Five years w.e.f. 1.10.2011. The re-appointment so made will terminate on September 30, 2016. Keeping a view of rich experience of Mr. Ashwani K. Gupta and long association with the Company, your Board of Directors has proposed the re-appointment of Mr. Ashwani K. Gupta as Managing Director of the Company for a further period of 5 years w.e.f. 1.10.2011 on the term and conditions as setout in the resolution No. 5 under the head of Special Business.

Your Board recommends the resolution for your approval.

None of the Directors except Mr. Ashwani K. Gupta is deemed to be concerned or interested in the said resolution.

By Order of the Board

for **CUBICAL FINANCIAL SERVICES LIMITED**
Sd/-

(Ashwani K. Gupta)
Managing Director

Place : Delhi
Date : 05.09.2011

**DIRECTOR REPORTS**

**The Shareholders,
Cubical Financial Services Limited
Delhi**

Your Directors take pleasure in presenting the 21st Annual Report of the company along with the Audited Statement of Account for the year ended on March 31, 2011 together with the Auditors Report thereon.

FINANCIAL RESULTS**(Rs. in lakhs)**

PARTICULARS	For the year ended 31.03.2011	For the year ended 31.03.2010
Total Revenue	28.09	44.63
Total Expenditure	20.75	30.17
Depreciation/Provisions	0.36	0.56
Profit/(Loss) before Tax	6.98	13.88
Provisions for Taxation	2.20	2.14
Provisions for Fringe Benefit Tax	—	0.01
Deferred Tax Assets	—	0.02
Profit/(Loss) after Tax	4.78	11.75
Paid up Equity Capital	1303.40	1303.40

FINANCIAL REVIEW

During the year under review your company has been able to report total profits before tax of Rs. 6.98 Lacs as compared to profit earned in the previous year of Rs. 13.88 Lacs.

DIVIDEND

Your directors do not recommend any dividend for the financial year 2010-2011 in order to meet the requirements of the funds into business of the Company.

PUBLIC DEPOSITS

During the year under review, your company has not invited or accepted any deposits within the meaning of Section 58A of the Companies Act, 1956. There are no unpaid or unclaimed deposits as on the date with the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The particulars as required under section 217 (1) (e) of the Companies Act, 1956 in respect of the conservation of energy and technology absorption have not been furnished considering the nature of business undertaken by the Company during the year under report.

PARTICULARS OF EMPLOYEES

During the year under review no employee whether employed for the whole year or part of the year, was drawing remuneration exceeding the limits as laid down under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Hence information required under section 217 (2A) of the Companies Act, 1956 is not given.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles and Association of the Company Mr. Ashish Bhala retires by rotation at ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment.

Sh. N.S.R. Prasad Raju resigned from Directorship w.e.f. 8-06-2011.

Sh. Rakesh Kumar Gupta was appointed as an Additional Director w.e.f. 5-09-2011 and being eligible offer himself for appointment as Director at the ensuing Annual General Meeting.

Sh. Ashwani K. Gupta has been re-appointed as Managing Director of the Company w.e.f. 1-10-2011.

**AUDITOR'S REPORT**

The Auditor's reports are self-explanatory and do not require any comments from the Board of Directors.

STATUTORY AUDITORS

M/s. Krishan Rakesh & Co., Chartered Accountants, New Delhi, Statutory Auditor of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from them pursuant to Section 224 (1B) of the Companies Act, 1956, confirming their eligibility for re-appointment. Your Directors recommend their re-appointment.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance report and Corporate Governance Compliance Certificate are provided as per separate Annexures to the report.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion and Analysis is provided in the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

On the basis of compliance certificate received MD and other executives of the Company and subject to disclosures in annual accounts as on 31.3.2011 on the basis of discussions with Statutory Auditors of the Company from time to time-

- I. Your Directors confirm that in the preparation of the annual accounts for the year ended 31st March, 2011, the applicable accounting standards had been followed along with proper explanations relating to material departures/ variations.
- II. Such accounting policies have been selected and applied which 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 31st March, 2011 and of the Profit of the Company for the year.
- III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The Directors have prepared the annual accounts on a going concern basis.

STOCK EXCHANGE LISTING

The shares of your Company are listed at Delhi and Mumbai Stock Exchanges, pursuant to clause 38 of the Listing Agreement, listing fees has been paid for the financial year 2011-2012 to the Stock Exchanges.

ACKNOWLEDGEMENTS :

The directors take this opportunity to thank company's customers, bankers for their consistent support and co-operation to the company. Your directors also acknowledge with appreciation the support and co-operation rendered by various Govt. agencies and Departments. Your Directors would also like to thank all the employees of the Company for their dedicated efforts and hard work put in for the success of the Company. Your Directors also wish to express their gratitude to the Shareholders for the confidence reposed by them in the company and for the continued support and co-operation.

On behalf of the Board
for **CUBICAL FINANCIAL SERVICES LIMITED**

Sd/-
(Ashwani K. Gupta)
Managing Director

Sd/-
(Ankur Gupta)
Director

Place : Delhi
Date : 05.09.2011

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2011****(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)****1. A Brief Statement on Company's Philosophy on Code of Governance :**

At Cubical Corporate Governance is an integral part of values, ethics and the best business practices followed. The core values of the company are:

- Commitment to excellence
- Maximising long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practice with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics. The company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with the stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

2. Board Composition and Particulars of Directors :**Board of Directors :**

The Company is managed and controlled through a professional Board of Directors ("Board") comprising of a combination of requisite executive and non-executive independent directors. The composition of the board of the company is in conformity with the provisions of clause 49 of the listing agreement with the stock exchange(s). The present strength of the board is four members.

Composition of the Board as on March 31, 2011 :

Category of Directors	Nos. of Directors	% of Total Nos. of Directors
Executive Directors	1	25%
Non-Executive Independent Directors	3	75%
Total	4	100.00

Independent directors provide appropriate annual certifications to the board confirming satisfaction of the conditions of their being independent as laid down in Clause 49.

Board composition and particulars of Directors :**Board of Directors :**

The Board currently comprises 4 members- 1 Executive Director and 3 Non-Executive Directors. During the year 7 (Seven) Board meetings were held on 21-04-10, 31-05-10, 07-06-10, 09-08-10, 13-09-10, 13-11-10, 11-02-11. The composition of Board of Directors and their attendance at the meeting during the year and at the last Annual General Meeting as also number of other Directorships/Memberships of Committees are as follows:

Name of Director	Positions	Attendance in Board Meetings during 2010-2011	Attendance in the last AGM	No. of other Directorships	Committee Membership/ Chairmanship
Sh. Ashwani K. Gupta	Managing Director	7	Yes	–	–
Sh. N.S.R. Prasad Raju (regined on 08-06-2011)	Non Executive Independent Director	6	Yes	–	–
Sh. Mohinder Sain Gupta (Expired on 15-05-2010)	Non Executive Director	1	–	–	–
Mr. Ankur Gupta	Non Executive Independent Director	6	Yes	–	3
Mr. Ashish Bhala	Non Executive Independent Director	4	Yes	2	3
Mr. Rakesh Kumar (appointed on 5-09-2011)	Non Executive Independent Director	–	–	3	3

Code of Conduct:

In terms of the provision of clause 49 of the Listing Agreement and contemporary practices of good corporate governance, the board has laid down a Code of Conduct for all Board Members and Senior Management of the



Company. The same has also been circulated to all the members of the Board and Senior management personnel and the compliance to the same is affirmed by them annually.

----- x ----- x ----- x ----- x ----- x -----
Declaration:

I confirm that the company has obtained from all board members and senior management of the company their affirmation of compliance with the code of conduct for the financial year 2010-11.

Ashwani Kumar Gupta

Managing Director

New Delhi, September 5, 2011

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3. Audit Committee :

The audit committee comprises Two non-executive Directors. The Chairman is Sh. Ankur Gupta who has considerable financial expertise and experience.

The Terms of Reference the Audit Committee is in conformity with the requirement of clause 49 of the Listing Agreement. The Terms of Reference of the Audit Committee were revised in view of the amended clause 49 of the Listing Agreement.

Four Audit Committee meetings were held during the year. These were held on 31-05-2010, 09-08-2010, 13-11-2010 & 11-02-2011.

Attendance at Audit Committee Meetings during the year was as follows.

Member	Meeting held during the Year	Meeting Attended
Mr. Ankur Gupta	4	4
Mr. Ashish Bhala	4	4
Mr.N.S.R. Prasad Raju (regined on 8-06-2011)	4	4
Mr. Rakesh Kumar (appointed on 5-09-2011)	—	—

Mr. Ankur Gupta, Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on 29.09.2010.

4. Remuneration of Directors :

The Company has constituted Remuneration committee, which comprises 3 non-executive Directors viz: Mr. Ashish Bhala, Mr. Ankur Gupta and Mr. Rakesh Kumar. The Committee met once during the year details of remuneration paid/payable is as under.

The Board of Directors of the Company has been authorized to vary or increase the remuneration of Managing Director within ceiling fixed by the shareholders. Given below are the details of actual payments made to Executive/Non- Executive Directors for the period 01-04-10 to 31-03-11.

Name of Directors	Business relationship	Remuneration paid/payable from 01.04.10 to 31.03.11		
		Sitting fees	Salary & Perks	Total
Sh. Ashwani K. Gupta	Executive Director	—	4,20,000	4,20,000
Sh. N.S.R. Prasad Raju (resigned on 8-06-2011)	Non Executive Independent Director	—	—	—
Mr. Ashish Bhala	Non Executive Independent Director	—	—	—
Mr. Ankur Gupta	Non Executive Independent Director	—	—	—
Mr. Rakesh Kumar (appointed on 5-09-2011)	Non Executive Independent Director	—	—	—

Non-executive directors did not have any other pecuniary relationship or transaction vis-à-vis the company during the financial year under review except as stated above.

**5. Shareholder's/Investor's Grievance Committee :**

The Shares of the company are being compulsorily traded in dematerialized form. However, the request for re-materialization and transfer of shares in physical mode are approved by the Share Transfer Committee.

Your Board of the Company has constituted a committee of Directors known as Share transfer committee to look after the grievance of shareholders of the company. The Committee is headed by Shri Ankur Gupta, Non-executive independent director.

Main function of the committee is to strengthen the investor relations. The company secretary of the company, being the compliance officer, is entrusted with the responsibility, to specifically look into the redressal of the shareholders and investors complaints and report the same to Shareholder's/Investor Grievance Committee.

The committee has been holding regular meetings to ensure compliance with the provisions of the Companies Act, 1956 and the Listing Agreement and to ensure the proper services of investors. During the financial year 2010-2011, Company has not received any complaints regarding transfer of shares etc.

6. Postal Ballot :

During the financial year under review, no postal ballot was conducted by the company and no special resolution is proposed to be conducted through postal ballot by the Company.

7. General Body Meetings :

The 21st Annual General Meeting of the company for the financial year 2010 -11 will be held on Thursday, September 29, 2011 at 10.00 a.m. at Multipurpose Community Centre, Ghoga Village, Near Main Bus Stop, Delhi-110039.

Location and time where last three Annual General Meetings of the company were held are as given below:

Financial Year	Day, Date and Time of the Meeting	Venue of the Meeting
2009 - 10	Wednesday, September 29, 2010	Multipurpose Community Centre Ghoga Village, Near Main Bus Stop, Delhi-110039.
2008 - 09	Tuesday, September 29, 2009 at 10.00 a.m.	Multipurpose Community Centre Ghoga Village, Near Main Bus Stop, Delhi-110039.
2007 - 08	Friday, September 26, 2008 at 10.00 a.m.	Multipurpose Community Centre Kherakhurd, Alipur Block, Delhi - 82.

8. Disclosures :

- There are no material significant related party transactions, which may have potential conflict with the interest of the company. Member may refer notes to accounts attached with the Balance Sheet in the Annual Report for the related party transactions.
- The Company has complied with the requirements of the Stock Exchange SEBI/Statutory Authorities on all matters relating to capital Markets during the year under review and no penalties or strictures have been imposed on the company by the stock exchange/SEBI/Statutory Authority during the last three years.
- The company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchange(s).

9. Means of Communication :

The quarterly, half yearly and annual financial results are published in national newspapers and promptly furnished to the Stock Exchanges where shares of the company are listed, for display on their respective websites. The company is also providing regular information to the Stock Exchanges as per the requirements of the Listing Agreements. SEBI/Stock Exchanges have never imposes any penalty on the Company for violation of any law/agreement.

During the financial years under review, the company published its financial results as per detail hereunder: