

FOURTEENTH ANNUAL REPORT 2006 -07



CYBELE INDUSTRIES LIMITED

CYBELE INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr.P.A.JOYKUTTY
Chairman & Managing Director

Mr.THOMAS P. JOY
Executive Director

Mr.GEORGE P. JOY
Director – Operations

Mrs.SUJI THOMAS
Director

Mrs.JIS C JOY
Director

Mrs.MELANIE SANTHOSH
Director

Mr.GEORGE BABY GEORGE
Director

Mr.THOMAS ALEXANDER
Director

MANAGEMENT TEAM

Mr.P.A.JOYKUTTY
Chairman & Managing Director

Mr.THOMAS P. JOY
Executive Director

Mr.GEORGE P. JOY
Director – Operations

AUDITORS

M/s. KARPAGAM & CO.,
Chartered Accountants
4, Balaji Avenue 1st Street,
T.Nagar,Chennai - 600 017.

REGISTERED OFFICE

No.138, SIDCO Industrial Estate
Ambattur, Chennai – 600 098.

CYBELE INDUSTRIES LIMITED

NOTICE FOR THE FOURTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Fourteenth Annual General Meeting** of the Company will be held at the Company's Registered Office at No.138, SIDCO Industrial Estate, Ambattur, Chennai - 600 098 on Saturday, the 29th September, 2007 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Thomas Alexander, who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Mr. George Baby George, who retires by rotation and being eligible, offers himself for re-election.

4. To appoint a Director in place of Mrs. Melanie Santhosh, who retires by rotation and being eligible offers herself for re-election.

5. To appoint Auditors and to fix their remuneration :

M/s. Karpagam & Company, Chartered Accountants, Chennai, retire and are eligible for re-appointment.

(By Order of the Board)
for **CYBELE INDUSTRIES LIMITED**

P.A. JOYKUTTY
Chairman &
Managing Director

Place : Chennai
Date : 28.07.2007

NOTES:

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE A MEMBER. THE PROXIES SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th September, 2007 to 29th September 2007 (both days inclusive)
3. Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.
4. All documents referred to in the accompanying Notice are open for inspection at the Company's Registered Office during Office hours on all working days up to the date of the Annual General Meeting.
5. Members holding shares in physical form are requested to dematerialize the shares in electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The share certificates may be sent directly to the Company Secretary / Registrar and Transfer Agents.
6. The Company's Equity Shares are presently listed at the Mumbai (BSE) and Madras (MSE) Stock Exchanges.

Information required to be furnished under the Listing Agreement about the particulars of Directors who are proposed to be appointed / re-appointed at the Fourteenth Annual General Meeting.

- | | |
|---|--|
| a) Mr. Thomas Alexander is aged about 50 years. He holds a Bachelor Degree and has experience in the field of Administration and Management. He is not holding any Directorship / Membership in the Board / Committee of other Companies. | Directorship/Membership in the Board / Committee of other Companies. |
| b) Mr. George Baby George holds a Bachelor Degree is aged about 53 years. He has wide experience in the field of Administration, Accounts and Management. He is not holding any | c) Mrs. Melanie Santhosh holds a Bachelor Degree and is aged about 34 years. She has experience in the field of Administration, Accounts and Management. She is not holding any Directorship / Membership in the Board / Committee of other Companies. |

CYBELE INDUSTRIES LIMITED

DIRECTOR'S REPORT

Your Directors hereby present the Fourteenth Annual Report together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

| | 2006-2007 (Rs. in Lakhs) | 2005-2006 |
|---|-----------------------------|-----------|
| Profit before Interest and Depreciation | (39.72) | (53.45) |
| Less : Interest | 29.06 | 57.49 |
| Profit before Depreciation | (68.78) | (110.94) |
| Less : Depreciation | 35.17 | 35.17 |
| | (103.95) | (146.11) |
| Less : Preliminary exp. written off | 3.50 | 9.91 |
| Net Profit carried to B/S | (107.45) | (156.02) |

DIVIDEND

In view of the loss incurred by the Company during the year under review, the Board of Directors could not recommend any dividend.

OPERATIONS

During the year and review, your Company has achieved a turnover of Rs.35.84 Lakhs as compared to previous year's turnover of Rs.103.79 Lakhs. Due to non-availability of working capital funds and increase in cost of major inputs, the performance of the Company has been affected adversely. Directors are taking all the steps to improve the performance of the Company in the years to come.

Since 100% of the peak net worth of the Company is eroded due to accumulated loss as on 31st March, 2004 itself, the Company already reported its sickness to the Board for Industrial and Financial Reconstruction (BIFR) in compliance with the said Act. Your Company is declared as "Sick Industrial Company" under the provision of the Sick Industrial Companies (Special Provisions Act), 1985.

During the year under review, your Company has amended its objects clause to include the infrastructure and property development activities as one of the main objects of the Company.

PERSONNEL

No employee was in receipt of remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information pursuant to 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 furnished in the Annexure.

NAME CHANGE

The Company's name was changed from Q-Flex Cables Ltd. to Cybele Industries Ltd during the year.

DIRECTORS

As per Article 111 of the Articles of Association of the Company, Mr. Thomas Alexander, Mr. George Baby George and Mrs. Melanie Santhosh, Directors of the Company retire by rotation and are eligible for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed that :

- (i) in preparation of the annual accounts for the financial year ended 31st March, 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the company for the year under review;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the accounts for the

CYBELE INDUSTRIES LIMITED

financial year ended 31st March 2007 on a 'going concern' basis.

AUDITORS

M/s .Karpagam & Co., the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance with Auditor's Certificate on compliance of conditions of Corporate Governance with Auditor's Certificate on compliance of conditions of Corporate Governance and a Management Discussion & Analysis Report have been attached to form part of the Annual Report.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the dedication and excellent contribution made by the employees. The Directors would like to thank the Suppliers and above all the Shareholders and valued Customers for their continued support and patronage.

(By Order of the Board)
for CYBELE INDUSTRIES LIMITED

P.A. JOYKUTTY

Chairman &
Managing Director

Place : Chennai
Date : 28.07.2007

ANNEXURES TO DIRECTOR'S REPORT FOR THE YEAR ENDED 31st MARCH, 2007

Information pursuant to the Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

Energy conservation measures are being taken with in our Plant as an ongoing exercise.

B. TECHNICAL ABSORPTION :

FORM B

RESEARCH AND DEVELOPMENT

1. Specific areas in which R & D carried out by the Company :
2. Benefits derived as a result of the above R & D : Nil
3. Future plan of action :
4. Expenditure on R & D :
 1. Capital
 2. Recurring
 3. Total
 4. Total R & D expenditure as a percentage of total turnover

TECHNOLOGY ABSORPTION, ADAPTATION, AND INNOVATION :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation
 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.
- : Nil

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished

- : Nil
- (a) Technology imported :
 - (b) Year of import
 - (c) Has technology been fully absorbed ?
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- i) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans :

We have exported PVC insulated cables during the year.

- ii) Total foreign exchange used and earned :

| | Current Year | Previous Year |
|--------|-----------------|------------------|
| | (Rs. in Lakhs) | |
| Used | - | - |
| Earned | 23.04 | 80.70 |

(By Order of the Board)
for CYBELE INDUSTRIES LIMITED

P.A. JOYKUTTY

Chairman &
Managing Director

Place : Chennai
Date : 28.07.2007

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE

The Company is engaged in the business of manufacture and sale of Building Cables, Flexible Cables, Power Cables, Submersible Pump Cables, Automotive Cables, Control Cables, Railway Signalling Cables & Power Cords which are classified under the Industrial Structure as Electrical Cables and Wires. During the year, the Company amended its main objects by inclusion of infrastructure and property development activities.

Our products are used in construction industry, automobile industry, railways, home appliances, etc. With signs of up-trend in the economy, it is expected that the consumption of cables and wires is likely to go up. Further, the export is also picking up steadily.

OPPORTUNITIES AND THREATS

The product portfolio of the Company is dominated by threats posed by manufacturers in un-organised sector. As the Government is initiating various measures to encourage the infrastructure and housing sector, there is possibility of increase in demand for cables and wires.

RISK AND CONCERNS

The fortune of the Company is dependent on entry barriers set up by electrical cables and wires business in the unorganized sector.

Further as a manufacturer in the organized sector, the fixed costs in terms of administrative expenses are high.

OUTLOOK

Though the business environment is very competitive, because of the efforts, which are being taken for cost reduction and improving operational efficiency, the performance in the coming years is expected to be better. The Company is planning to enter into infrastructure and property development related activities.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control system monitored by Internal Auditors who are reporting to the Audit Committee. The Audit Committee is meeting periodically for reviewing the performance of the Company and formulating policies / issuing guide lines to the Management.

FINANCIAL PERFORMANCE

The accumulated loss as on 31st March, 2004 itself have eroded the networth of the company fully. The Company had already reported its sickness to BIFR in compliance with the said provisions and got acknowledgement.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

During the year under review, the relationship between the staff, workmen and management was good and cordial. The Company arranged for various programmes for our workmen on safety and productivity.

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REPORT ON CORPORATE GOVERNANCE (2006-07)

1. Company's Philosophy :

Adherence to the Corporate Governance Standards by practicing principles of transparency, integrity and social accountability in all its operations.

2. Board of Directors :

| Name of the Directors, Designation and Category | No. of Shares held | No. of Board Meetings attended | Attendance at last AGM | No. of other Director ships | Committee Membership | |
|--|-----------------------|---|------------------------------|--------------------------------------|----------------------|--------|
| | | | | | Chairman | Member |
| 1 Mr.P.A.Joykutty Chairman and Managing Director Promoter Executive | 839045 | 8 | Yes | — | — | — |
| 2 Mr.Thomas P.Joy Executive Director Promoter Executive | 290800 | 8 | Yes | — | — | — |
| 3 Mr. George P.Joy Director- Operations Promoter Executive | 465800 | 8 | Yes | — | — | — |
| 4 Mr. N. Karuppiah * Director – Finance Executive Independent | — | 3 | Yes | — | — | — |
| 5 Mrs.Suji Thomas Non Executive Independent | — | 6 | Yes | — | — | 2 |
| 6 Mrs. Jis C. Joy Non Executive Independent | — | 6 | Yes | — | — | 2 |
| 7 Mrs.Melanie Santhosh Non Executive Independent | — | 2 | Yes | — | — | — |
| 8 Mr.George Baby George Non Executive Independant | — | 4 | Yes | — | 2 | — |
| 9 Mr.Thomas Alexander Non Executive Independant | — | 0 | No | — | — | — |

* Resigned with effect from 30th September, 2006.

Number of Board Meetings held : 8

Dates on which held : 28th April, 2006; 29th July, 2006; 25th August, 2006; 29th September, 2006; 19th October, 2006; 11th November, 2006; 11th December, 2006 and 27th January, 2007

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3. Audit Committee:

The Company has an Audit Committee comprising of three Non-Executive Independent Directors namely Mr. George Baby George acting as Chairman, Mrs. Suji Thomas and Mrs. Jis C Joy, as Members.

The Audit Committee oversees the Company's financial reporting process, reviews the annual financial statements with Management and holds discussions with internal and external auditors about the scope of audit and adequacy of internal control systems.

The Committee held four meetings during the year and Mr. George Baby George, Mrs. Suji Thomas and Mrs. Jis C Joy attended all the meetings.

4. Remuneration Committee:

The Board has constituted a Remuneration Committee comprising of three Non-Executive Independent Directors namely Mr. George Baby George acting as Chairman, Mrs. Suji Thomas and Mrs. Jis C Joy as members. Remuneration for Wholtime Directors is fixed by the Remuneration Committee. The remuneration policy followed by the Company to fix a remuneration to wholtime Directors taking into consideration the qualifications and functional experience of the individuals and the prevailing remuneration packages especially in the Cable Industry.

The details of remuneration paid to Whole Time Directors for the financial year ended 31st March, 2007 is as follows:

| Name | Remuneration (including 'Sitting Fees') (Rs.) |
|-------------------|--|
| Mr. P.A. Joykutty | 3.15 Lakhs |
| Mr. Thomas P. Joy | 2.85 Lakhs |
| Mr. George P. Joy | 1.80 Lakhs |
| Mr. N. Karupiah | 1.42 Lakhs |

Service contracts: Five Years

Notice period or Severance fees: Three calendar months notice or salary due in lieu of notice. All components of remuneration as above are fixed. There is no performance linked incentives. No bonus shares or stock options are issued to any of the Directors.

5. Shareholders Committee/Investors Grievance Committee:

The Board has constituted a Share Transfer & Shareholders/Investors Grievance Committee comprising of three Non-Executive Directors namely, Mr. George Baby George, Mrs. Suji Thomas and Mrs. Jis C Joy as members to approve the Share Transfer, Transmission, Transposition of Name, Issue of Split / Duplicate Certificates and to review the status on redressal of Shareholder and Investor Complaints.

The Company has not received any complaints from the shareholders and all other requests / correspondence received from the shareholders were attended. There were no pending share transfer as on 31st March, 2007.

6. Annual / Extra Ordinary General Meetings :

Location and time where last three Annual /Extra Ordinary General Meetings held:

CYBELE INDUSTRIES LIMITED

| Year | Date | Time | Venue | AGM/EGM |
|---------|------------|------------|---|---------|
| 2003-04 | 29.09.2004 | 10.00 A.M. | Vengadamangalam Road, Kandigai, Melakottaiyur, Chennai-600 0 48 | AGM |
| 2003-04 | 29.09.2004 | 11.00 A.M. | -do- | EGM |
| 2004-05 | 29.09.2005 | 10.00 A.M | -do- | AGM |
| 2005-06 | 15.09.2006 | 10.30 A.M | -do- | AGM |
| 2006-07 | 11.12.2006 | 10.00 A.M | 138, Sidco Industrial Estate Ambattur, Chennai - 98 | EGM |

Details of Special Resolutions put through postal ballot during the financial year:

- Special Resolution for amendment of Objects Clause u/s 17 of the Companies Act, 1956
- Special Resolution for sale or develop the factory land u/s 293(1)(a) of the Co.Act, 1956
- Special Resolution for shifting of Registered office u/s 17 of the Companies Act, 1956

Special Resolution for change of name of the Company u/s 21 of the Companies Act, 1956 was passed at the Extra Ordinary General Meeting held on 11th December, 2006.

7. Disclosures

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large.

There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

8. Means of Communication :

Quarterly and Half yearly Financial results of the Company are published in local dailies and these are not sent individually to shareholders. We are developing a corporate web site for posting financial results of the Company.

Management Discussion & Analysis Report forms part of the Annual Report.

9. General shareholder Information

(i) **Annual General Meeting** : Annual General Meeting is proposed to be held at Company's Registered Office at No. 138, Sidco Industrial Estate, Ambattur, Chennai-600 098 on Saturday the 29th September, 2007 at 11.00 A.M.

(ii) **Financial Calender** :

| | | |
|--|---|----------------------|
| Unaudited Financial Results For the First Quarter | : | Last week of July |
| Unaudited Financial Results For the Second Quarter | : | Last week of October |
| Unaudited Financial Results For the Third Quarter | : | Last week of January |
| Unaudited Financial Results For the Fourth Quarter | : | Last week of April |