

CYBELE INDUSTRIES LIMITED

DIRECTOR'S REPORT

Dear Members,

Your Directors hereby present the Twenty Sixth Annual Report together with the Audited Accounts for the year ended 31st March, 2019.

FINANCIAL RESULTS

	2018-2019	2017-2018
	(Rs. in Lakhs)	
Profit before Interest and Depreciation	255.31	109.94
Less : Interest	26.10	35.32
Profit before Depreciation	229.21	74.62
Less : Depreciation	60.52	60.80
Net Profit carried to B/S	168.69	13.82

DIVIDEND

The Board of Directors could not recommend any dividend due to future expansion activities of the Company.

OPERATIONS

During the year under review, the Company has taken steps to improve the operations of the Company. The Company achieved a revenue of Rs.2356.17 lakhs and net profit of Rs.168.69 lakhs. The Directors are taking all the steps to improve the performance of the Company in the years to come.

SHARE CAPITAL

There is no change in the Paid Up Share Capital of the Company during the year ended March 31, 2019.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments occurred, affecting the financial position of the Company, between the end of the financial year and the date of this report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

CORPORATE GOVERNANCE

Your Company has been complying with the provisions of Corporate Governance guidelines as stipulated in the Listing Agreement / Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). A separate report on Corporate Governance along with Auditors' certificate on compliance of the Corporate Governance norms with reference to SEBI Listing Regulations and Management Discussion & Analysis forming part of this report are provided in this Annual Report.

COMPOSITION AND NUMBER OF MEETING OF THE BOARD

The Board of Directors of the Company comprises of well qualified and experienced persons having expertise in their respective areas. It has appropriate combination of Executive and Independent Directors.

Mrs. Franklin Christopher Jean Franklin has been appointed as an Independent Director (Additional Director) of the Company with effect from July 27, 2019, who shall hold office till the conclusion of the ensuing Annual General Meeting of the Company. Your directors recommend her appointment as an Independent Director of the Company for a period of five consecutive years effective from July 27, 2019, not liable to retire by rotation.

Mr. George Baby George, Independent Director, resigned with effect from July 27, 2019. The Board places on record its appreciation for the services rendered by him during his association with the Company.

Reappointment of Mr. N. Karupiah and Mr. Sunny Kutty George as Independent Directors of the Company for a second term of five years from April 1, 2019 to March 31, 2024. Your directors recommend their appointment as Independent Directors of the Company.

Revision in remuneration of Mr. P.A. Joykutty, Mrs. Annamma Joy and Mr. Thomas P Joy are being proposed. Your directors recommend their revision in remuneration payable to them with effect from April 1, 2019.

During the financial year 2018-19, the Directors met five times i.e., on 29.05.2018; 11.08.2018; 10.11.2018; 09.02.2019 and 30.03.2019.

DIRECTORS / KEY MANAGERIAL PERSONNEL

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and SEBI Listing Regulations and there has been no change in the circumstances which may affect their status as Independent Directors during the year.

The terms and conditions of the appointment of the Independent Directors and Directors' familiarization programme are placed on the website of the Company.

Pursuant to the provisions of Section 203 of the Act, the appointment of Mr. P.A. Joy Kutty, Managing Director ; Mr. P. Sasikumar, Chief Financial Officer and Mr. V. Viswanathan, Company Secretary were formalized as the Key Managerial Personnel of the Company. There has no change in the Key Managerial Personnel during the year.

DECLARATION BY INDEPENDENT DIRECTORS

In accordance with Section 149(7) of the Companies Act, 2013 each Independent Director has confirmed to the Company that he / she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

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PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report and is appended herewith as Annexure to the Boards' report.

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

BOARD EVALUATION

The Companies Act and Listing Regulations relating to Corporate Governance contain provisions on evaluation of the performance of the Board and its Committees as a whole and Directors including Independent Directors, Non-Independent Directors and Chairperson individually. In pursuant thereof, annual evaluation of performance of the Board, working of its Committees, contribution and impact of individual directors has been carried out through a questionnaire for peer evaluation on various parameters.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 the Directors of your Company confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) they have 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 that period;
- c) they have 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.
- d) they have prepared the annual accounts on a going concern basis
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

REMUNERATION POLICY

The remuneration policy of the Company has been so structured in order to match the market trends of the industry. The Board in consultation with the Nomination and Remuneration Committee decides the remuneration policy for directors. The Company has made adequate disclosures to the members on the remuneration paid to directors from time to time. Remuneration / Commission payable to Directors is determined by the contributions made by the respective directors for the growth of the Company.

RISK MANAGEMENT

The Board of Directors reviewed the risk management framework and overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, regulatory and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

AUDITORS

M/s. Manavalan & Co., Chartered Accountants, Chennai, continues as Statutory Auditors.

AUDIT COMMITTEE RECOMMENDATION

During the year all the recommendations of the Audit Committee were accepted by the Board. The Composition of the Audit Committee is as described in the Corporate Governance Report.

LISTING ARRANGEMENTS

The company's shares are listed in the BSE Ltd. and the annual listing fee has been paid to the stock exchange.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a whistle blower policy and also established a mechanism for directors and employees to report their concerns. The details of the same is explained in the Corporate Governance Report.

Your company hereby affirms that no Director / Employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is incurring losses and there is no last three years average profits for spending on CSR activities. Hence the company could not spend the amount on CSR during the financial year 2018-19. Further the details of composition of the CSR Committee and other details are provided in the Corporate Governance Report which forms part of this report.

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DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has put in place an anti-sexual harassment mechanism in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee have been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaint of sexual harassment during the year 2018-19.

PUBLIC DEPOSITS

The Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Ms. Parimala Natarajan (CP No.5239), Company Secretary in Practice, Chennai, to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2019. The Secretarial Audit Report for the financial year ended March 31, 2019 in Form MR-3 is attached to this report. The Secretarial Audit report does not contain any qualification, reservation or adverse report.

The Board confirms the compliance of the Secretarial Standards notified by the Institute of Company Secretaries of India, New Delhi.

EXTRACT OF ANNUAL RETURN

An extract of Annual Return in form MGT-9 as on March 31, 2019 is attached as Annexure forming part of this Report.

CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

The Company has not entered into any related party transactions during the financial year ended 31st March, 2019. The Company has formulated a policy for transacting with related parties, which is uploaded on the website of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Under Section 186 of the Companies Act, 2013 the Company

has neither given any Loan, Guarantee nor provided any Security in connection with a loan, directly or indirectly, to any person or other body corporate. The company has also not made any investments by way of subscription, purchase or otherwise, in the securities of any other body corporate during the financial year ended 31st March, 2019.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

INSURANCE

The assets/ properties of the Company are adequately insured against loss due to fire, riots, earthquake, terrorism, etc., and against other perils that are considered necessary by the management.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There is no foreign exchange inflow or outflow during the financial year ended March 31, 2019.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is furnished in the Annexure.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the dedication and excellent contribution made by all the concerned. 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**

Place : Chennai
Date : 27.07.2019

P.A. JOYKUTTY
Managing Director