



YKM INDUSTRIES LIMITED

15th Annual Report

YKM INDUSTRIES LIMITED

BOARD OF DIRECTORS

Sri.YERABHAGHA MEERA REDDY
MANAGING DIRECTOR
Sri.U.SUBRAMANIAN
Smt. Y.M.R. PRASOONA

BANKERS

BANK OF INDIA
Chennai.

AUDITORS

GANESH VENKAT & CO.
Chartered Accountants
New No.2, (Old No.25), Chengalvaryan Street,
1st Floor, Shenoy Nagar,
Chennai – 600 030.

SHARES LISTED AT

The Stock Exchange Mumbai
Madras Stock Exchange Limited
Bangalore Stock Exchange Limited

REGISTERED OFFICE

No.4, Jayalakshipuram
1st Street, Nungambakkam,
Chennai – 600 034.

YKM INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of the Company will be held on Wednesday, the 30th day of September 2009 at the registered office of the Company situated at No-4, Jayalakshmipuram, 1st Street, Nungambakkam, Chennai – 600 034 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit and Loss Account for the year ended 31st March 2009 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of, Smt. Y.M.R. Prasoon, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors of the Company who shall hold office from the conclusion of this Meeting to till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Ganesh Venkat & Co, Chartered Accountants, Chennai, being the retiring auditors are eligible for re-appointment.

for & on behalf of the Board

Place : Chennai
Date : 24.06.2009

Sd/-
Y.Meera Reddy
Managing Director

Note:

1. ***A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members as the case may be of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company not later than 48 hours before the time fixed for holding the meeting.***
2. The Register of members and share transfer books of the company will be closed from 29th September 2009 to 30th September 2009 (both days Inclusive)
3. The Equity shares of the company are mandated for trading in compulsory demat mode. The ISIN No. Allotted for the Company's shares is INE332F01018.
4. Members are requested to notify the Company/Depository Participant (DP) immediately change of address, if any, and also write to Company/Depository Participant (DP) immediately about corrections, if any, in name, address and pin code.
5. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
6. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall.
7. No gifts/refreshments will be provided at the venue of the meeting.
8. Statement pursuant to Clause 49 of the Listing Agreement in respect of particulars of Director retiring by rotation and seeking re-appointment are detailed in Corporate Governance Report.

YKM INDUSTRIES LIMITED

DIRECTORS REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

The Director's are pleased to present the 15th Annual Report of the Company together with the Audited accounts for the year ended 31.03.2009.

Financial Highlights

The highlights of the financial performance of the company are as follows:

Particulars	31.03.2009 (Rs. In lakhs)	31.03.2008 (Rs. In lakhs)
Total Income	19.25	508.50
Total Expenditure	63.53	524.05
Profit/ (Loss) before Tax	(44.28)	(15.54)
Provision for deferred tax	2.64	4.88
Profit/ (Loss) after tax	(41.84)	(11.79)
Balance in P&L A/c. brought forward	50.36	62.15
Surplus Carried forward to Balance Sheet	8.52	50.36

Dividend

Due to non availability of profits during the financial year your Directors do not recommend any dividend for the financial year 2008 – 2009.

Operations

The Operations of the Company during the year under review was not quite satisfactory. The reasons may be attributed to sluggish market conditions. Though it is proposed to restructure the activities carried on by the Company keeping in view the current market trends and demand by entering into diversified business opportunities in the field of development of infrastructure projects, the Company has not ventured into such diversified business yet. However the Company has almost discontinued its export activities during this year.

Your Company is hopeful of better performance and reasonable profits in future.

Audit Committee

The Company has constituted an Audit Committee comprising of Mr. U.Subramanian, Y.M.R.Prasoon and Mr.Y.Meera Reddy as its members. The role, terms of reference, authority and powers of Audit Committee are in conformity with the provisions of the Companies Act, 1956 inserted by Companies Amendment Act, 2000. The Audit committee has had their meetings as per statutory requirements and has made no adverse comments.

Industry Structure And Development

The Industry is going through lots of change due to condition laid down by the government in the importing countries. The Industry has started seeing things in its reality, which is of good sign.

Opportunities And Threats

New rules and new regulations from various countries might bring about far reaching changes in the pricing structure. The Company has very sound control systems with each and every kilogram being accounted from the time of purchase to the time of export.

Out Look

The Company is mainly engaged in the business of processing, sale and exports of marine products to various parts of the world. The Company has changed its name to YKM Industries Limited in order to have significant presence in the market and diversification. In view of change of name and operations the Company has almost discontinued its export activities during this year and planning to diversify in infrastructure projects in years to come.

Internal Control Systems & Adequacy

Suitable control measure has been put in place and periodic checks are done to ensure norms are followed. The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business.

Human Resources

Much emphasis has given to the quality of work and keeping this in view staff are systematically trained to do all round jobs. The Company has maintained cordial relationship with its employees throughout the year.

Directors

Smt. Y.M.R. Prasoon, Director liable to retire by rotation being eligible offers herself for re-appointment.

Auditors

The Auditors of the Company M/s. Ganesh Venkat & Co, Chartered Accountants, retire at the conclusion of this meeting and being eligible offer themselves for re-appointment to hold office till the conclusion of the next Annual General Meeting.

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PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) & 217 (2AA) OF THE COMPANIES ACT, 1956 AND COMPANIES (AMENDMENT) ACT, 2000.

There are no employees drawing remuneration in excess of the limits specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

None of the Directors of the company are disqualified U/s. 274(1)(g) of the Companies Act, 1956.

Directors Responsibility Statement U/s.217(2AA) of the (Companies Amendment) Act, 2000, indicating therein;

- i. That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. That 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 that period;
- iii. That 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;
- iv. That the directors had prepared the annual accounts on a going concern basis.

Public Deposits

The Company has not accepted any Public Deposits during the year.

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo

As required under Section 217(1)(e) of The Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the report of the Board of Directors) Rule 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are furnished below:

- | | |
|------------------------------|---|
| A. Conservation of Energy | - The Company is making sustained efforts continuously to minimise the consumption of Electricity and Fuel wherever used. |
| B. Technology Absorption | - Not Applicable |
| C. Foreign Exchange Earnings | - Rs. 265,365/- (Previous year Rs.42,029,248/-) |

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D. Foreign Exchange Outgo

- Purchase of Lobster &
- Transshipment charges - Nil (Previous year Rs. 2,53,280/-)
- CIF Value of Imports on
Capital Account - Nil
- Foreign Travel Expense - Nil (Previous year Nil)

Depository System

Pursuant to the Directions of the Securities and Exchange Board of India, the Company's Securities has been dematerialised and also admitted into National Securities Depository Limited and has been allotted with ISIN – INE332F01018. The Company's Shares are listed with Madras Stock Exchange, The Stock Exchange Mumbai and The Bangalore Stock Exchange. Your company has paid the Annual listing Fees up-to-date and there are no arrears.

Corporate Governance

The Corporate Governance report as set out in Annexure hereto form an integral part of this report. A Certificate from the auditors of the Company certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges is also annexed to the report on Corporate Governance.

Acknowledgement

Your Directors place on record their appreciation for the valuable services rendered by the Company's Shareholders, employees, Bankers and other agencies associated with the Company. The Board expects much more continuous support and co-operation in the future years to come.

for & on behalf of the Board

Place : Chennai

Sd/-

Date : 24.06.2009

Y. Meera Reddy
Managing Director

Y.M.R.Prasoona
Director

CAUTION

This Report is based on the current situation, past experience and information available to the Company about its various businesses and assumptions regarding economic and industrial scenario, Governmental and other regulatory policies. The Performance of the Company is, to a great extent, dependent on these factors. The future performance may be materially influenced by the changes in any of these factors, which are beyond the control of the Company and may affect the views expressed in or perceived from this Report. Therefore the investors are requested to make their own independent judgments by taking into account all relevant factors before any investment decision.

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CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF YKM INDUSTRIES LIMITED

I have examined the Compliance conditions of Corporate Governance by **YKM INDUSTRIES LIMITED**, for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

The Company has maintained the register in which the investor(s) grievances are recorded with the date of disposal. On the basis of such register I note that no investor grievance is pending for a period exceeding one month against the Company.

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

Place : Chennai
Date : 24.06.2009

Sd/-
I.B.HARIKRISHNA
Practising Company Secretary
C.P.No : 5302

ANNEXURE TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The main aim of the concept of Corporate Governance is to create a balance which would result in long term value additions to the Investments of Shareholders while catering to the interests of employees, customers, suppliers, Government and public at large, which covers in its ambit the concept of Social responsibility of Corporates also.

The Company's philosophy/objective on Corporate Governance is to comply with the laws of the land, enhance the earnings per share and ensure discipline, transparency and accountability. The Management of the Company believes that the corporate performance in the long run is co-related to Corporate Governance and that well governed Companies mitigate 'Non –business risks' better. The Company endeavours to adopt the best practices in Corporate Governance and thereby aims to increase the value for all its stakeholders.

2. BOARD OF DIRECTORS:

A. Composition of Board

The Present strength of the Board is 3. The Board comprises of 2 Non Executive Directors and a Managing Director. The Board of Directors of the Company is as follows:

Mr.Y.MEERA REDDY	- Managing Director – Executive Director
U.SUBRAMANIAN	- Non Executive Director
Y.M.R.PRASOONA	- Non Executive Director

The attendance particulars at the Board meetings and Annual General Meeting are as follows:

Name	Category	No of BM (A)	AGM (A)	No of Directorships & Committee member in other Public Limited Companies	
				Directorships	Committee member
Y. Meera Reddy	NI E	5	Y	3	--
U.Subramanian	I NE	5	Y	--	--
Y.M.R.Prasoona	NI NE	5	Y	4	--

BM (A) – Board Meeting Attendance during the 2008 - 2009, Y-Yes, N-No, AGM (A) – Whether Attended Annual General Meeting held on 30.09.2008, E- Executive, NE- Non executive, I- Independent, NI- Non Independent.

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(5) Five Board Meetings were held during the year 2008-2009 and the dates on which the Board meetings were held were as follows: 30.04.2008, 31.07.2008, 14.08.2008, 30.10.2008 & 31.01.2009.

The information as required under Annexure I to Clause 49 is being made available to the Board. None of the Non-executive Directors of the Company has any pecuniary relationship or transaction with the Company.

B. BOARD PROCEDURE

The Company has convened (5) Board Meetings during the Financial Year 2008-2009. The Notices of the Board meeting were sent a week in advance to all the Directors to enable them to make themselves convenient to attend the Meeting. The detailed Agenda for the meeting along with notes if any, were sent to the Directors about one week to ten days before the Meeting. The Managing Director would give a overview of the performance of the Industry, in general and the Company, in particular. The Board of Directors generally reviewed the following:

- Annual operating plans
- Compliance with statutory and legal requirements.
- Adoption of quarterly un-audited financial results.
- Funding requirements and patterns of the Company.
- Transaction of Capital nature.
- Proceedings of the Committee Meetings.

C. Bio – Data of Directors proposed to be appointed/re-appointed:

Name of the Director	Smt. Y.M.R Prasoota
Date of Birth	17.10.1970
Qualification	B Com
Nature of Expertise	Financial Adviser
Date of First Appointment	29.01.1998
Name of the other Companies in which he holds Directorship	1. Bay Life Exports Limited 2. Sri Ayyan Constructions Limited 3. SKCL Property Development Ltd 4. SKCL Property Management Services Private Ltd 5. Sri Kausalya Constructions Limited

3. REMUNERATION COMMITTEE

Remuneration committee as contemplated under the listing agreement is presently non-mandatory and hence not constituted.

4. REMUNERATION TO DIRECTORS

The Company is not paying Remuneration to Managerial Personnel due to insufficient profits.

5. AUDIT COMMITTEE

The Company had constituted an Audit Committee to conform to the requirements of Companies Act, 1956 and Clause 49 of the Listing Agreement. The Committee had held Four Meetings during the financial year 2008-09 on 30.04.2008, 31.07.2008, 30.10.2008 & 31.01.2009 and the details of Compositions of the Audit Committee and the meetings attended by the Directors are given below:

Name of Members	No of Meetings attended during the year 2008 – 2009
Mr.U.Subramanian	4
Mr.Y.Meera Reddy	4

The necessary quorum was present at the meeting. Mr.U.Subramanian is Chairman of Audit Committee. The Audit Committee acts in accordance with the terms of reference specified by the Board. The representatives of the Statutory Auditors attended the audit committee meetings. The Terms of reference of the Audit committee broadly are as under:

- To review the quarterly, half yearly and Annual financial results of the Company before submission to the Board
- To make recommendations to the Board on any matter relating to the financial management of the Company including the Audit Report.
- To review the accounting and financial policies and practices.
- To review the internal control mechanism and monitor risk management policies adopted by the Company and ensure compliance with regulatory guidelines.
- To review reports furnished by the Internal and Statutory Auditors and ensure that suitable follow – up action is taken.
- To examine the accountancy, taxation and disclosure aspects of all the significant transactions.

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6. SHAREHOLDERS COMMITTEE.

The Company is already having a Share Transfer Committee consisting of two Directors Viz. Smt Y.M.R.Prasoona, and Sri Y.Meera Reddy, as its members. Smt Y.M.R.Prasoona, Director is the Chairman of the Committee.

This Committee is also performing the functions of catering to the Shareholder grievances. The Company has not received any Complaints during the financial year 2008-09. There were no Share Transfers pending as on 31/03/2009.

Name, Designation and Address of Compliance Officer:

Mr.Y.Meera Reddy, Managing Director

No – 4, Jayalakshmipuram, 1st Street, Nungambakkam, Chennai – 600 034

No of Complaints received from Shareholders from 01.04.2008 – 31.03.2009 - Nil

No. Not solved to the satisfaction of shareholders as on 31.03.2009 - Nil

No of Pending Share Transfers as on 31.03.2009 - Nil

7. GENERAL BODY MEETINGS

The Date, location and time of the General Meetings of the Company held during last three years are given below:

Year	Date & Time	Place
2006	30.09.2006 10.00.a.m	No-4, Jayalakshmipuram 1 st Street, Nungambakkam, Chennai – 600 034.
2007	28.09.2007 10.00.a.m	No-4, Jayalakshmipuram 1 st Street, Nungambakkam, Chennai – 600 034.
2008	30.09.2008 10.00. a.m	No-4, Jayalakshmipuram 1 st Street, Nungambakkam, Chennai – 600 034.

8. DISCLOSURES.

- There are no transactions of material nature with the Promoters, Directors or the management or their subsidiaries or relatives, etc., potentially conflicting with Company's interest at large, during the year. Transactions with related parties during the year are disclosed in Note No-(h) of the Notes forming part of the Accounts in the Annual Report.
- There were no instances of non-compliances or imposition of any penalty/strictures on the Company by the SEBI / Stock Exchange / any Statutory Authority, on any matter relating to capital markets, during the last three years.

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9. MEANS OF COMMUNICATION

- Half-yearly report is not being sent to each household of shareholders as shareholders are intimated through the press.
- The Company's quarterly un-audited financial results are Generally published in News Today (English language) and Makkal Kural (Tamil language). The quarterly results are not displayed on the web site.
- No official news releases are made and also no presentations have been made to institutional investors or to the analysts.
- The Management discussion and Analysis report is enclosed and forms part of Directors report.

10. GENERAL SHAREHOLDER INFORMATION

b) Date, time and venue of the Annual General Meeting.	Date : 30.09.2009 Time : 10.00 A.M Venue : No – 4, Jayalakshmipuram, 1 st Street, Nungambakkam, Chennai – 600 034
b) Financial Calendar	Financial year – 1st April to 31st March Unaudited Financial Results: Quarter ending 30 th June'09 – Before end July'09 Quarter ending 30 th Sept'09 – Before end Oct.'09 Quarter ending 31 st Dec'09 – Before end Jan.'10 *Quarter ending 31 st Mar'10 – Before end April '10 * In case Audited results are to be considered for the Financial Year 2009-10, the same will be published before end June'10.
c) Date of Book closure	29 th September 2009 to 30 th September 2009
d) Dividend payment date	No Dividend has been recommended.
e) Listing on Stock Exchange	Madras Stock Exchange Ltd., Chennai. The Stock Exchange Mumbai The Bangalore Stock Exchange
f) Stock Code	BSE Scrip Code – 531260 Scrip Name – SCANET EXPOR
g) Market price Data :	There has been no trading in the shares on any of the stock exchanges during the year under review and hence this data has not been provided.
h) Registrars and Transfer Agents.	M/s Knack Corporate Services Private Limited, No – 17/9, Thiruvengadam Street, Mandaveli, Chennai – 600028.

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i) Share Transfer System	The Company has constituted a Share Transfer Committee, which considers and approves the transfer and transmission etc., of shares in Physical mode. The Committee meets once in every 15 days and approves all the pending share transfers, transmission etc., received during the intervening period which is in order.			
j) Distribution of Share - holding as on 31.03.2009	i) On the basis of quantum of Shares held			
	No. of Shares held	Share holders	Shares	
		Number	Number	%
	Upto 5000	223	72,510	1.61
	5001 to 10000	102	84,600	1.88
	10001 to 20000	40	64,700	1.44
	20001 to 30000	30	77,100	1.72
	30001 to 40000	3	11,100	0.25
	40001 to 50000	3	13,400	0.30
	50001 to 100000	23	162,100	3.61
	100001 & above	17	4,004,390	89.19
	TOTAL	441	4,489,900	100.00
	ii) On the basis of category of Shareholders			
	Category		No. of Shares	%
	Promoters and Relatives		2825780	62.94
	Financial Institutions			
	Foreign Holdings (FII / NRI / OCB)			
	Corporate Bodies		638000	14.21
	Mutual Funds/Banks			
	Indian Public		1026120	22.85
	TOTAL		4489900	100

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k) Dematerialisation of shares and liquidity	The Shares of the Company are in compulsory demat system. The Company's securities are in Demat mode with ISIN INE332F01018.
l) Outstanding GDR/ADR / Warrants or any convertible instruments, conversion date and likely impact on Equity.	The Company has not issued any GDR/ ADR and the Company does not have any outstanding warrants or other convertible instruments.
m)Address for correspondence	Secretarial Department YKM Industries Limited No – 4, Jayalakshmipuram, 1 st Street, Nungambakkam, Chennai – 600 034 Phone : 044 - 42113810 Fax: 044 28212494

for & on behalf of the Board

Place : Chennai
Date : 24.06.2009

Sd/-

Y. Meera Reddy
Managing Director

Y.M.R.Prasoon
Director

YKM INDUSTRIES LIMITED

SECRETARIAL COMPLIANCE CERTIFICATE

Company Identification Number	L05001TN1994PLC028263
Authorised Share Capital	Rs. 70,000,000/-
Paid Up Share capital	Rs. 44,899,000/-

To
The Members,
M/s. YKM INDUSTRIES LIMITED
No.4, Jayalakshmipuram, 1st Street, Nungambakkam,
Chennai- 600 034

I have examined the registers, records, books and papers of M/s. YKM INDUSTRIES LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies Regional Director, Central Government, Company Law Board or other authorities within the time prescribed, as may be required, under the Act and the rules made there under.
3. The Company is a Public Limited Company, hence no comments.
4. The Board of Directors met 5 (Five) times respectively on 30.04.2008, 31.07.2008, 14.08.2008, 30.10.2008 & 31.01.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 29th September, 2008 to 30th September, 2008 and necessary compliance of section 154 of the Act has been made.

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6. The Annual General Meeting for the financial year ended 31st March 2008 was held on 30th September, 2008 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the period under review.
8. The Company has not advanced loan to its directors and/or persons or firms or companies referred in the Section -295 of the Act.
9. According to the Register of Contracts, the Company has not entered into any fresh contracts falling within the purview of Section 297 of the Companies Act, 1956.
10. The Company has made necessary entries, as per our examination & based on the information provided to us, in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Companies Act, 1956, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the year under review.
13. The Company has:
 - i. not made any allotment/transmission/transfer of securities during the financial year.
 - ii. not declared any dividend for the financial year.
 - iii. Payment/Posting of dividend warrants to all the members within a period of 30 days from the date of declaration and transfer of unclaimed/unpaid dividend to unpaid dividend account of the company is not applicable since the company has not declared any dividend for the financial year.
 - iv. Transfer of amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund is not applicable to the Company.
 - v. As per the information/explanation provided by management, the Company has complied with the requirements of Section 217 of the Act.

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14. The Board of Directors of the Company is duly constituted and Mr.M.Sakthivel, Director retiring by rotation at the Annual General Meeting held on 30th September 2008 has not offered himself for reappointment and necessary compliances as required under the Act has been complied with during the year under review.
15. The Company has not appointed any Managing Director/Wholetime Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the year under review.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Companies Act, 1956.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the year under review.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any Unsecured Loans falling within the purview of Section 58-A of the Act during the year.
24. The Company has not made any borrowings from banks and financial institutions during the financial year ended 31st March 2009.
25. The Company has not made any loans or advances or given any guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny.

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27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to Name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company, and no fines or penalties or any other punishment was imposed on the company during the financial year, based on our information, for offences under the Companies Act, 1956.
32. The Company has not received any money as security from its employees during the year under scrutiny and hence the provisions of Section 417 of the Companies Act 1956, are also not applicable.
33. The Company has registered under the EPF and Miscellaneous Provisions Act, 1952 and has not created any trust as defined Under Section 418 of the Companies Act 1956. Hence the provisions of Section 418 of the Act, is not applicable to the Company.

Place: Chennai
Date : 24.06.2009

I.B.Harikrishna
COMPANY SECRETARY

C.P.No : 5302

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ANNEXURE A

Registers as maintained by the Company

1. Register of Members u/s.150 and Index of Members u/s. 151.
2. Minutes of General Meetings and Board meetings and committee meetings u/s 193.
3. Register of Directors u/s 303.
4. Register of Directors' Shareholding u/s 307.
5. Register of Transfers
6. Register of Investments.
7. Register of Charges U/s.143.
8. Register of Contracts, Companies and firms in which Directors of the Company are interested u/s. 297,299,301 and 301 (3).
9. Register of Common Seal.
10. Books of Accounts U/s.209

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March 2009.

S. No	eForm No/Return	Filed U/s	For/ event date	Date of Filing & SRN	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Eform 23AC / ACA	220	the year ended 31-03-2008	29-01-2009 P30049787	No	Yes
2.	Eform 20B	159	30-09-2008	29-01-2009 P30073019	No	Yes
3.	Eform 32	303(2)	As on 30-09-2008	29-01-2009 A55084339	No	Yes

Place: Chennai
Date : 24.06.2009

I.B.Harikrishna
Company Secretary

C.P.No : 5302

YKM INDUSTRIES LIMITED

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification to the Board of Directors of YKM Industries Limited

Dear Sirs,

Sub : CEO / CFO Certificate

(Issued in accordance with the provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with the cash flow statement of YKM Industries Limited for the year ended March 31, 2009 and that to the best of our knowledge and belief, we state that :-

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading ;
(ii) these statements together present a true and fair view of the company's affairs and are in compliance with the current accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal controls systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that there are to be best of our knowledge and belief -
 - (i) no significant changes in accounting policies made during the year and
 - (ii) no instances of significant fraud of which we have become aware and the involvement therein of the Management or an employee.

Yours faithfully,
for YKM Industries Limited

Managing Director

Date : 24/06/2009

Place : Chennai

AUDITORS' REPORT

TO THE SHAREHOLDERS OF YKM INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **YKM INDUSTRIES LIMITED** as at 31st March 2009 and the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require 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 includes 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - ii) In our opinion proper books of account 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 and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section [3-C] of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

YKM INDUSTRIES LIMITED

- 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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the Balance Sheet, " of the state of affairs" of the Company as at 31st March 2009;
 - b) in the case of Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flow for the year ended on that date.

For **Ganesh Venkat & Co.,**
Chartered Accountants,

Place : Chennai.

Date : June 24, 2009.

L.S.Venkataramanan

Partner.

Membership No.24965.

YKM INDUSTRIES LIMITED

ANNEXURE TO AUDITORS' REPORT

RE : YKM INDUSTRIES LIMITED

(Referred to in paragraph 3 of our report of even date)

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) All the assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) During the year, the Company has disposed off many of its old fixed assets . However this does not affect the going concern status of the Company.
2.
 - a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause 4(iii) of the Companies (Auditors' Report) order, 2003(as amended) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.

YKM INDUSTRIES LIMITED

5.
 - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding Rs.5,00,000 in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We are informed that Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9.
 - a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Educational Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it.
 - b) According to the information and explanation given to us, no undisputed amounts payable in respect of aforesaid statutory dues were in arrears, as at 31st March 2009 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, and as per the verification of the records of the Company, the following disputed amounts of tax have not been deposited with appropriate authorities as at 31st March 2009:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to Which Dispute Relates	Forum where Dispute is Pending
Income-tax Act, 1961	Income-Tax	735,190	1996-1997	Income-tax Appellate Authority

YKM INDUSTRIES LIMITED

10. The Company has no accumulated losses at the end of the financial year. The Company has incurred cash losses in the financial year covered by our audit report and has also incurred cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi, mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
15. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. No term loans were raised during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
19. There were no issues of debentures during the period covered by our audit report.
20. There were no public issues during the period under review.
21. According to the information given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Ganesh Venkat & Co.,**
Chartered Accountants,

Place : Chennai.
Date : June 24, 2009.

L.S.Venkataramanan
Partner.
Membership No.24965

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED			
BALANCE SHEET AS AT 31ST MARCH 2009			
	Schedule No.	As at 31.03.2009	As at 31.03.2008
<u>SOURCES OF FUNDS</u>		Rs.	Rs.
Shareholders' Funds			
Share Capital	1	47,449,500	47,449,500
Reserves & Surplus	2	852,456	5,036,481
Deferred Tax Liability (Net)	-	27,318	291,366
		48,329,274	52,777,347
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	3	2,916,999	8,527,017
<u>Less</u> : Depreciation		1,625,838	4,276,497
Net Block		1,291,161	4,250,520
Investments	4	100,000	1,285,000
Current Assets, Loans & Advances			
Sundry Debtors	5	301,369	2,607
Cash & Bank Balances	6	253,921	1,058,631
Loans & Advances	7	46,460,631	46,481,422
		47,015,921	47,542,660
<u>Less</u> : Current Liabilities and Provisions			
Current Liabilities	8	44,465	260,730
Provisions	9	33,343	40,103
Net Current Assets		46,938,113	47,241,827
		48,329,274	52,777,347
Significant Accounting Policies and Notes on Accounts	15		
The Schedules referred to above and Notes thereon form part of the Balance Sheet			
As per our report attached		For and on behalf of the Board of Directors	
For Ganesh Venkat & Co.,			
Chartered Accountants			
L.S.Venkataramanan	Yerabhagha Meera Reddy	Y.M.R.Prasoona	
Partner	Managing Director	Director	
Place : Chennai.	U. Subramanian		
Date : June 24, 2009	Director		

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED			
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009			
	Schedule No.	Year Ended 31.03.2009	Year Ended 31.03.2008
<u>INCOME</u>		Rs.	Rs.
Income from Operations	10	1,688,912	50,637,341
Other Income	11	236,081	150,331
Profit on Sale of Assets	-	-	62,839
		1,924,993	50,850,511
<u>EXPENDITURE</u>			
Direct Expenses	12	331,595	41,899,670
Administrative Expenses	13	3,864,130	5,034,981
Selling Expenses	14	532,613	4,933,685
Loss on Sale of Assets	-	1,323,523	14,485
Depreciation	3	301,510	522,116
		6,353,371	52,404,937
Profit/(Loss) Before Taxation	-	(4,428,378)	(1,554,426)
<u>Less: Provision for Taxation</u>			
- Current Tax	-	-	-
- Fringe Benefit Tax	-	15,669	40,103
- Deferred Tax Revenue/(Expense)	-	264,048	488,167
<u>Less: Earlier Year Taxes Written-off</u>	-	4,027	72,870
Profit/(Loss) After Taxation	-	(4,184,026)	(1,179,232)
<u>Add: Surplus/(Deficit)B/fd from Previous Year</u>		5,036,481	6,215,713
Surplus/(Deficit) Carried to Balance Sheet	-	852,456	5,036,481
Earning per Equity Share of Rs.10/- each Basic and Diluted	-	(0.93)	(0.26)
Significant Accounting Policies and Notes on Accounts	15		
The Schedules referred to above and Notes thereon form part of the Profit & Loss Account			
As per our report attached For Ganesh Venkat & Co., Chartered Accountants		For and on behalf of the Board of Directors	
L.S.Venkataramanan Partner	Yerabagha Meera Reddy Managing Director	Y.M.R.Prasoona Director	
Place : Chennai. Date : June 24, 2009		U. Subramanian Director	

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED		
SCHEDULES FORMING PART OF THE ACCOUNTS		
<u>Schedule- 1</u>	As at	
<u>Share Capital</u>	31/03/2009	31/03/2008
	Rs.	Rs.
<u>Authorised</u>		
7000000 Equity Shares of Rs.10 each	70,000,000	70,000,000
<u>Issued,Subscribed and Paid-up</u>		
4489900 Equity Shares of Rs.10/- each	44,899,000	44,899,000
(Of the above 154000 Equity Shares have been issued as fully paid for consideration other than cash.)		
<u>Add: Shares Forfeiture A/c</u>	2,550,500	2,550,500
	47,449,500	47,449,500
<u>Schedule- 2</u>		
<u>Reserves and Surplus</u>		
Surplus Transferred from Profit and Loss A/c	852,456	5,036,481
<u>Schedule- 4</u>		
<u>Investments</u>		
<u>Long Term Investments (At Cost)</u>		
<u>Quoted (Trade)</u>		
100,000 Fully Paid Equity Shares of Rs.10/- each in R.G.N.Securities and Holdings Ltd.	9,862,627	9,862,627
<u>Less: Provision for Diminution in Value of Investment</u>	9,762,627	8,577,627
	100,000	1,285,000
<u>Schedule- 5</u>		
<u>Sundry Debtors</u>		
(Unsecured, Considered Good)		
Over Six Months	-	-
Other Debts	301,369	2,607
	301,369	2,607

YKM INDUSTRIES LIMITED										
SCHEDULES FORMING PART OF THE ACCOUNTS										
<u>Schedule- 3</u>										
<u>Fixed Assets</u>										
	Gross Block				Depreciation				Net Block	
Particulars	As at 01/04/2008	Additions	Deletions	As at 31/03/2009	As at 31/03/2008	For the year	Deletions	Upto 31/03/2009	As at 31/03/2009	As at 31/03/2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	1,310,960	-	1,310,960	-	480,573	-	480,573	-	-	830,387
Plant & Machinery	2,005,965	-	2,005,965	-	789,885	15,881	805,766	-	-	1,216,080
Air-conditioners	396,537	-	396,537	-	230,126	-	230,126	-	-	166,411
Office Equipments	299,972	-	299,972	-	130,455	3,653	134,108	-	-	169,517
Vehicles	2,916,999	-	-	2,916,999	1,348,723	277,115	-	1,625,838	1,291,161	1,568,276
Furniture & Fixtures	458,882	-	458,882	-	306,470	-	306,470	-	-	152,412
Generator	213,086	-	213,086	-	65,650	4,861	70,511	-	-	147,436
Total	7,602,401	-	4,685,402	2,916,999	3,351,882	301,510	2,027,553	1,625,838	1,291,161	4,250,519
Previous year	9,113,258	-	586,241	8,527,017	4,000,016	522,116	245,636	4,276,497	4,250,520	5,113,242

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED		
SCHEDULES FORMING PART OF THE ACCOUNTS		
	As at	
	31/03/2009	31/03/2008
<u>Schedule- 6</u>		
<u>Cash and Bank Balances</u>	Rs.	Rs.
Cash on Hand	225,710	949,254
Balance with Scheduled Banks		
- in Current Accounts	28,211	76,49
- in Deposit Account	-	32,886
	253,921	1,058,631
<u>Schedule- 7</u>		
<u>Loans and Advances</u>		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	46,41,532	45,068,089
Tax Deducted at Sources (Net of Provision for Current Year's Income-tax)	-	1,290,309
Deposits	48,099	123,024
	46,460,631	46,481,422
<u>Schedule- 8</u>		
<u>Current Liabilities</u>		
Sundry Creditors for Goods/Services Other Than Small Scale Industrial Undertakings	30,773	114,353
Other Liabilities	13,692	146,377
	44,465	260,730
<u>Schedule- 9</u>		
<u>Provisions</u>		
For Fringe Benefit Tax	15,669	40,103
For Gratuity	17,674	-
	33,343	40,103

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED		
SCHEDULES FORMING PART OF THE ACCOUNTS		
	Year Ended	
	31/03/2009	31/03/2008
<u>Schedule- 10</u>		
<u>Income from Operations</u>	Rs.	Rs.
<u>(a).Export Sales & Incentives</u>		
Live Lobster	-	44,941,567
Wet Sting Ray	286,286	1,068,671
Onion	-	257,296
Export Incentive	1,402,626	1,323,566
	1,688,912	47,591,100
<u>(b).Local Sales</u>		
Dead Lobster	-	1,698,940
Live Lobster	-	383,701
Dry Stingray	-	730,600
Wet Stingray	-	233,000
	-	3,046,241
Total (a) + (b)	1,688,912	50,637,341
<u>Schedule- 11</u>		
<u>Other Income</u>		
Interest Income	150,998	1,806
Freight Incentive	-	67,175
Farm Lease Rental	70,000	60,000
Foreign Exchange Gain	15,083	-
Miscellaneous Income	-	21,350
	236,081	150,331

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED		
SCHEDULES FORMING PART OF THE ACCOUNTS		
Schedule- 12	Year Ended	
	31/03/2009	31/03/2008
<u>Direct Expenses</u>	Rs.	Rs.
<u>1. Cost of Goods Sold</u>		
<u>(a). Live Lobster</u>		
Opening Stock	-	336,525
Add: Purchases	-	37,247,560
	-	37,584,085
Less: Closing Stock	-	-
Cost of Live Lobster Sold	-	37,584,085
<u>(b). Dead Lobster</u>		
Opening Stock	-	-
Add: Purchases	-	309,505
	-	309,505
Less: Closing Stock	-	-
Cost of Dead Lobster Sold	-	309,505
<u>(c). Wet Sting Ray</u>		
Opening Stock	-	164,052
Add: Purchases	331,595	1,026,767
	331,595	1,190,819
Less: Closing Stock	-	-
Cost of Sting Ray Skin Sold	331,595	1,190,819
<u>(d). Dry Stingray</u>		
Opening Stock	-	77,767
Add: Purchases	-	770,788
	-	848,555
Less: Closing Stock	-	-
Cost of Dry Skin Sold	-	848,555
<u>(h). Onion</u>		
Opening Stock	-	-
Add: Purchases	-	229,000
	-	229,000
Less: Closing Stock	-	-
Cost of Snail Sold	-	229,000
Total Cost of Goods Sold		
(a)+(b)+(c)+(d)+(e)+(f)+(g)+(h)	331,595	40,161,964

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED		
SCHEDULES FORMING PART OF THE ACCOUNTS		
	Year Ended	
	31/03/2009	31/03/2008
<u>Schedule- 12</u>	Rs.	Rs.
<u>Direct Expenses</u>		
<u>2.Other Direct Expenses</u>		
Sea Water	-	60,075
Ice Purchase	-	68,164
Transport Charges	-	718,648
Farm Maintenance	-	562,086
Labour Charges	-	328,733
Total Other Direct Expenses	-	1,737,706
Total Direct Expenses 12(1)+(2)	331,595	41,899,670
<u>Schedule- 13</u>		
<u>Administrative Expenses</u>		
Salaries and Other Benefits to Employees	1,097,756	3,160,254
Staff Welfare Expenses	-	49,557
Rent	-	214,000
Bank Charges	6,235	160,599
Travelling and Conveyance	-	57,746
Electricity Charges	-	61,192
Communication Expense	50,887	234,986
Office Maintenance	13,503	78,717
Books and Periodicals	-	5,555
Rates and Taxes	39,084	157,693
Professional Charges	70,244	56,229
Printing and Stationery	-	46,355
Lisiting Fee	27,100	27,100
Repairs and Maintenance	55,642	307,978
Foreign Exchange Loss	-	125,701
Membership Fee	-	18,000
Provision for Impairment of Fixed Assets	1,291,104	222,959
Provision for Diminution in value of Investments	1,185,000	-
Auditors' Remuneration	27,575	56,180
	3,864,130	5,040,801

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED		
SCHEDULES FORMING PART OF THE ACCOUNTS		
<u>Schedule- 14</u> <u>Selling Expenses</u>	Year Ended	
	31/03/2009 Rs.	31/03/2008 Rs.
Export Freight & Other Related Charges	20,921	4,305,461
Packing Expenses	-	607,929
Bad Debts Written-off	511,692	-
Business Promotion Expenses	-	14,475
	532,613	4,927,865
<u>Schedule- 15</u> <u>Significant Accounting Policies and Notes on Accounts</u>		
-		
<u>(1).Significant Accounting Policies</u>		
<u>(a).Basis for preparing of financial statements:</u>		
The Company maintains its accounts on accrual basis following the historical cost convention in compliance with the accounting standards specified to be mandatory by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act,1956.		
<u>(b).Revenue Recognition:</u>		
Revenue in respect of sale of goods is recognised on despatch of goods from the Company and is recorded at invoice value and revenue in respect of export incentives is accounted on accrual basis.		
<u>(c).Fixed Assets:</u>		
Fixed Assets are stated at cost less depreciation, cost comprises of purchase price and any directly attributable cost of bringing the assets to working condition for its intended use.		
<u>(d).Depreciation:</u>		
Depreciation on Fixed Assets is provided on straight line method as per the rates prescribed under schedule XIV to the Companies Act,1956.		

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS
<u>Schedule- 15</u>
<u>(1).Significant Accounting Policies (Contd.)</u>
<u>(d).Impairment of Assets</u>
<p>An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment value is charged for when an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.</p>
<u>(e).Foreign Currency Transaction:</u>
<p>Transactions in foregin currencies in respect of export sales are recorded at the exchange rates prevailing on the date of each transaction and variance arising therefrom is dealt within the export sales account itself. Foreign currency current assets and current liabilities are translated at year end rates and resulting gains/losses are recognised in Profit and Loss Account.</p>
<u>(f).Investments:</u>
<p>Long Term Investments are stated at cost unless there is a permanent fall in the value. A Provision for diminution is made to recognise a decline other than temporary, in the value of Long Term Investments.</p>
<u>(g).Employee Benefits:</u>
<p>(i) The Company's liability towards Gratuity to the eligible employees is covered by a Group Policy with the Life Insurance Corporation of India and the liability has been accounted on LIC's actuarial basis.</p>
<p>(ii) Liability in respect of Providend Fund is made on accrual basis.</p>
<p>(iii) Liability in respect of Leave Encashment is made on the basis of actual calculation as per Company's policy.</p>

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule- 15

(1).Significant Accounting Policies (Contd.)

(h).Taxes on Income:

Tax expense comprises of, current, deferred and fringe benefit tax. provision for current and fringe benefit tax is made as per the provisions of the income-tax Act, 1961. Deferred tax resulting from timing difference between book profit and tax profit for the year is accounted based on the rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.However deferred tax assets arising from timing difference are recognised to the extent of reasonable certainty about its realisability in future.The break-up of net deferred tax is as given under:

Particulars	31/03/2009		31/03/2008	
	D.T.Asset	D.T.Liability	D.T.Asset	D.T.Liability
<u>Timing Difference on account of:</u>				
- Book&Income-tax Depreciation	-	600,300	-	677,762
- Business and Depreciation Loss	572,982	-	386,396	
Total	572,982	600,300	386,396	677,762
<u>Net Deferred Tax Liability</u>		27,318	-	291,366

(i).Segment Report:

The primary reporting of the Company has been prepared on the basis of business segments. The Company has only one business segment i.e., Marine Products Trading. Accordingly, the figures appearing in the financial statements relate to the Company's single business segment. Secondary segmental reporting is performed on the basis of geographical location of the customers.

- Geographical Segment:

(Rs.Lakhs)

- Revenues

	31/03/2009	31/03/2008
Within India	-	30.46
Outside India	16.89	475.91

- Assets

Within India	481.06	526.21
Outside India	3.01	4.57

- Liabilities

Within India	484.07	530.78
Outside India		-

- Capital Expenditure

Within India	-	-
Outside India	-	-

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule- 15

(1).Significant Accounting Policies (Contd.)

(i).Related Party Disclosures:

- (i).Particulars of Associates:

<u>Name of the Related Party</u>	<u>Nature of Relationship</u>
Sri Kausalya Constructions Limited	Associate Company
Scanet Trading Private Limited	Associate Company

- (ii) Key Management Personnel and their Relatives

Mr.Y.Meera Reddy	Managing Director
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- (iii).The nature and volume of transactions of the Company during the year, with the above related parties are as follows:

Particulars	Associate Company	Key Management Personnel	Total 2008-09	Total 2007-08
Office Rent Payment	-	-	-	160,000
Rental Advance Receipt	-	-	-	15,000
Farm Rent Receipt	70,000	-	70,000	60,000
Property Advance paid	2,800,000	-	2,800,000	43,000,000
Repayment of Rental Advance	15,000	-	15,000	-
<u>Balances as at 31st March 2009</u>				
Rental Advance Payable	-	-	-	15,000
Property Advance Receivable	45,800,000	-	45,800,000	43,000,000
Others Receivable	25,500	-	25,500	-

(k).Earning Per Share (EPS)

- (a).Calculation of weighted average number of equity shares of Rs.10 each
- Number of shares at the beginning of the year
- Shares issued during the year
- Total equity shares outstanding at the year end
- Weighted average number of equity shares outstanding during the year
- (b).Net Profit/(Loss)Rs.
- (c).Earning per share Rs.

31/03/2009	31/03/2008
4,489,900	4,489,900
-	-
4,489,900	4,489,900
4,489,900	4,489,900
(4,184,026)	(1,179,232)
(0.93)	(0.26)

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED					
SCHEDULES FORMING PART OF THE ACCOUNTS					
Schedule- 15					
2.Notes on Accounts					
(a).Contingent Liability:					
Bank guarantee given to Commercial Taxes Department Rs.Nil (Pre.year Rs.32,886l)					
Disputed Demand for Income-tax Rs.735,190 (Previous Year Rs.735,190)					
(b).Earnings in Foreign Currency:					
		2008-09		2007-08	
FOB Value of Exports		265,365		42,029,248	
(c).Expenditure in Foreign Currency:					
(i).Purchase of Lobster		-		253,280	
(d).Auditors' Remuneration:					
For Statutory Audit		25,000		35,000	
For Tax Audit		-		15,000	
For Other Services		35,500		-	
Service Tax		2,637		6,180	
(e).Quantitative Details:					
		2008-09		2007-08	
		Qty.	Value Rs.	Qty.	Value Rs.
- (i).Opening Stock:					
Live Lobster	(Kgs)	-	-	350	336,525
Wet Stingray	(Pcs.)	-	-	1,827	164,052
Dry Stingray	(Kgs)	-	-	395	77,767
- (ii).Purchases					
Live Lobster	(Kgs.)	-	-	49,284	37,247,560
Dead Lobster	(Kgs.)	-	-	1,211	309,505
Dry Stingray	(Kgs.)	-	-	3,357	770,788
Wet Stingray	(Pcs.)	3,029	331,595	9,625	1,026,767
Onion	(mts.)	-	-	10	229,000

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule- 15 **2.Notes on Accounts** **(contd.)**

- (iii).Sales

Live Lobster	(Kgs.)	-	-	41,841	45,325,268
Dead Lobster	(Kgs.)	-	-	5,721	1,698,940
Dry Stingray	(Kgs.)	-	-	3,650	730,600
Wet Stingray	(Pcs.)	2,922	286,286	11,111	1,301,671
Onion	(mts.)	-	-	10	257,296

- (iv).Closing Stock

Wet Stingray	(Kgs)	-	-	-	-
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Note:-

* Difference in quantity represents wastages, damages, trade samples etc.,

(f).There are no amounts due to micro, small and medium enterprises (previous Year Rs.Nil).

(g).Figures for previous year are re-grouped, re-classified and re-arranged wherever necessary to conform to current year's classifications.

As per our report attached
For **Ganesh Venkat & Co.,**
Chartered Accountants

For and on behalf of the Board of Directors

L.S.Venkataramanan
Partner

Yerabhagha Meera Reddy
Managing Director

Y.M.R.Prasoona
Director

Place : Chennai.
Date : June 24, 2009

U. Subramanian
Director

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED		
CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009		
	Year Ended 31.03.2009	Year Ended 31.03.2008
	Rs.	Rs
Cash Flow from Operating Activities:		
Net Profit/(Loss) Before Tax	(4,428,378)	1,554,426)
Adjustments for:		
Depreciation	301,510	522,116
Interest & Other Receipts	(236,081)	(150,331)
Profit/Loss on Sale of Assets	1,323,523	(48,354)
Provisions	(15,669)	(40,103)
Provision for Impairment of Fixed Assets	1,291,104	222,959
Interest Paid	-	-
Earlier Years' Taxes Written-off	(4,027)	(72,870)
Miscellaneous Expenses Written-off	-	-
Operating Profit Before Working Capital Changes	(1,768,018)	(1,121,009)
Increase/Decrease in Inventory	-	716,758
Increase/Decrease in Sundry Debtors	(298,762)	3,148,373
Increase/Decrease in Loans & Advances	20,791	(905,753)
Increase/Decrease in Current Liabilities & Provisions	(223,025)	(2,678,916)
Net Cash from Operating Activities	(2,269,014)	(840,547)
Cash Flow from Investing Activities :		
Increase/Decrease in Investments	1,185,000	-
Sale of Fixed Assets	43,222	166,000
Other Income	236,081	150,331
Net Cash Flow from Investing Activities	1,464,303	316,331
Cash Flow from Financing Activities :		
Increase/Decrease in Bank Loans	-	-
Interest Paid	-	-
Net Cash Used in Financing Activities	-	-
Net Increase/Decrease in Cash & Cash Equivalents :	(804,710)	(524,215)
Cash & Cash Equivalents at the beginning of the Year	1,058,631	1,582,846
Cash & Cash Equivalents at the End of the Year	253,921	1,058,631
Notes: 1. All figures in brackets are outflow. 2. Previous year's figures have been regrouped wherever necessary. 3. Cash and cash equivalent is cash and bank balance as per balance sheet.		
As per our report attached For Ganesh Venkat & Co., Chartered Accountants		
For and on behalf of the Board of Directors		
L.S.Venkataramanan	Yerabhagha Meera Reddy	Y.M.R.Prasoona
Partner	Managing Director	Director
Place : Chennai.		
U. Subramanian		
Date : June 24, 2009		
Director		

YKM INDUSTRIES LIMITED

AUDITORS' CERTIFICATE OF CORPORATE GOVERNANCE

TO THE MEMBERS OF YKM INDUSTRIES LIMITED

We have examined the compliance of the conditions of Corporate Governance by **YKM INDUSTRIES LIMITED** for the financial year ended on 31st March, 2009, as stipulated in clause 49 of Listing Agreement of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 opinion on the financial statements of the company.

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

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

For **Ganesh Venkat & Co.,**
Chartered Accountants,

Place : Chennai.
Date : June 24, 2009

L.S.Venkataramanan
Partner.
Membership No.24965.

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED			
Balance Sheet abstract & Company's General Business Profile			
I Registration Details			
Reg No.	CIN:U05001TN1994PLC028263		
Balance Sheet Date	31st March 2009		
State Code	18		
II Capital raised during the year (Amount in Rs. Thousands)			
--- Nil ---			
III Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	48,407	Total Assets	48,407
Source of Funds		Application of Funds	
Paid-up capital	47,450	Net Fixed Assets	1,291
Reserves & Surplus	852	Investments	100
Deferred Tax Liability	27	Net Current Assets	46,938
IV Performance of Company (Amount in Rs. Thousands)			
Gross Revenue	1,925	Total Expenditure	(6,353)
Profit/(Loss) Before Tax	(4,428)	Profit/(Loss) After Tax	(4,184)
Earnings per Share in Rs.	(0,93)	Dividend Rate %	Nil
V Generic name of principal product / service of Company			
(as per monetary terms)			
ITC Code			
Product Description	Sea Food Export		
For and on behalf of the Board			
Y.Meera Reddy		Y.M.R.Prasoona	
Managing Director		Director	
Place : Chennai.		U. Subramanian	
Date : June 24, 2009		Director	

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

No.4, Jayalakshmipuram, 1st Street, Nungambakkam, Chennai – 600 034.

PROXY FORM ANNUAL GENERAL MEETING

I/We of of the District of being a member/members of the above named Company hereby appoint in the District of of falling him as my/our proxy to attend and vote for me/us on my/our behalf at the 15th Annual Meeting of the Company to be held on Wednesday 30th September 2009 at 10.00 a.m. and at any adjournment thereof

Signed this Day of 2009

Signature

Affix

Revenue
Stamp

Note : The proxy form duly completed must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the meeting.

A Proxy need not be a member

YKM INDUSTRIES LIMITED

No.4, Jayalakshmipuram, 1st Street, Nungambakkam, Chennai – 600 034.

ATTENDANCE SLIP

I hereby record my presence at the 15th Annual General Meeting of the Company at Regd. Office No.4, Jayalakshmipuram, 1st Street, Nungambakkam, Chennai-600 034 at 10.00 a.m. on Wednesday of 30th September 2009.

.....
Full Name of the Shareholder
(In Block Letters)

.....
(Signature)

Folio No.
.....

.....
(Signature)

.....
Full Name of the Proxy
(In Block Letters)

Note : Share holders attending the Meeting in person or by proxy are requested to Complete the attendance slip and hand it over at the entrance of the meeting hall.

Members / proxies are requested to bring their copy of the Annual Report along with Them to the Annual General Meeting as copies of the Report will not be distributed again at the meeting in view of the increasing cost of Annual Report.