

YKM INDUSTRIES LIMITED

BOARD OF DIRECTORS

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

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 Sixteenth Annual General Meeting of the members of the Company will be held on Thursday, the 30th September 2010 at the registered office of the company situated at No.4, Jayalakshmiapuram, 1st Street, Nungambakkam, Chennai 600034 at 10.00A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance sheet as at **31st March 2010** and Profit and Loss Account for the year ended **31st March 2010**, and the reports of the Directors and Auditors thereon.
2. To appoint a Directors in place of, Smt. Y.M.R. Prasoon, who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint M/s. Ganesh Venkat & Co, (Registration No:0052933) Chartered Accountants, Chennai as Auditors of the Company, who retire at the conclusion of this Annual General Meeting, to hold office till the conclusion of the next Annual General Meeting, with authority to the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. N. G. ANBUMANI, who was appointed as an Additional Director in the meeting of the Board of Directors held on **01/01/2010**, and who holds office as such up to the date of commencement of this Annual General Meeting, be and is hereby appointed as Director of the Company."

/By Order of the Board/

for **YKM INDUSTRIES LIMITED**

Place: Chennai.

Date: 23.06.2010

DIRECTOR

Note:

YKM INDUSTRIES LIMITED

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 2010 to 30th September 2010 (both days Inclusive)
3. Explanatory Statement pursuant to Section 173(2) of the companies Act, 1956 is annexed hereto and forms part of the notice,
4. 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.
5. 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.
6. 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.
7. 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.
8. No gifts/refreshments will be provided at the venue of the meeting.
9. Statement pursuant to Clause 49 of the Listing Agreement in respect of particulars of Directors retiring by rotation and seeking re-appointment is detailed in Corporate Governance Report.

YKM INDUSTRIES LIMITED

EXPLANATORY STATEMENT

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

Item No. 4:

Mr. N.G. ANBUMANI was co-opted as an Additional Director of the company on **01.01.2010** pursuant to Section 260 of the Companies Act, 1956; he holds the office of Director up to the commencement of the ensuing Annual General Meeting. Therefore his re-appointment as director becomes necessary. Hence this resolution.

None of the directors except **Mr. N. G. ANBUMANI** is interested or concerned in the above resolution.

Your Directors recommend the Ordinary Resolution for the approval of the members.

By Order of the Board of Directors

Place: Chennai.
Date: 23.06.2010

Y. Meera Reddy
Managing Director

YKM INDUSTRIES LIMITED

DIRECTORS REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

The Director's are pleased to present the 16th Annual Report of the Company together with the Audited accounts for the year-ended 31.03.2010.

Financial Highlights

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

Particulars	31.03.2010 (Rs. In lakhs)	31.03.2009 (Rs. In lakhs)
Total Income	00	19.25
Total Expenditure	5.47	63.53
Profit/ (Loss) before Tax	(5.47)	(44.28)
Provision for deferred tax	7.66	2.64
Deferred Tax Revenue/ (Expenses)	(2.17)	(41.84)
Balance in P&L A/c. brought forward	8.52	50.36
Surplus Carried forward to Balance Sheet	10.70	8.52

Dividend

Due to non availability of profits during the financial year your Directors do not recommend any dividend for the financial year 2009 - 2010

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.Prasoona and Mr. Anbumani .N. G. 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

YKM INDUSTRIES LIMITED

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. The Industry has started seeing things in its reality, which is of good sign.

Out Look

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 discontinued its export activities 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

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

Mr. N. G. Anbumani was appointed as Additional Director and shall hold office his office only up to the date of this AGM. Your company has received notice from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to appoint Mr. N. G. Anbumani as Director of the Company. Your board recommends the above 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.

YKM INDUSTRIES LIMITED

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company at the end of the financial year and of the profit 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 minimize the consumption of Electricity and Fuel wherever used. |
| B. Technology Absorption | - | Not Applicable |
| C. Foreign Exchange Earnings | - | Nil |
| D. Foreign Exchange Outgo | - | Nil |

YKM INDUSTRIES LIMITED

Depository System

Pursuant to the Directions of the Securities and Exchange Board of India, the Company's Securities has been dematerialized 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

**SD/-
Managing Director**

**SD/-
Director**

Place : Chennai

Date : 23.06.2010

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 judgements by taking into account all relevant factors before any investment decision.

CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management. It is the responsibility of all employees and Directors to familiarize themselves with the Code and comply with the same.

The Code includes provisions where the employees of the Company can voice their concerns on violation and potential violation of the Code in a responsible and effective manner.

For YKM INDUSTRIES LIMITED

DIRECTOR

YKM INDUSTRIES LIMITED

CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of corporate governance by YKM INDUSTRIES LIMITED, Chennai for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement entered into by the company with the stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedure and implementation thereof, adopted by the company for ensuring the compliance with the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We 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 S Dhanapal & Associates

SD/-

**SMITA CHIRIMAR
(Partner) Membership No. 24026**

Place : Chennai
Date : 23.06.2010

YKM INDUSTRIES LIMITED

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 endeavors 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 4. The Board comprises of 3 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
Mr. U. Subramanian	- Non Executive Director
Smt. Y. M. R. Prasoon	- Non Executive Director
Mr. N. G. Anbumani	- 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	Executive Non Independent	5	Y	3	-
U. Subramanian	Non Executive, Independent	5	Y	-	-
Y. M .R .Prasoon	Non Executive, Non Independent	5	Y	4	-
N. G. Anbumani	Non Executive, Independent	1	N	-	-

BM (A) – Board Meeting Attendance during the 2009 - 2010,

YKM INDUSTRIES LIMITED

(5) FIVE Board Meetings were held during the year 2009-2010 and the dates on which the Board meetings were held were as follows: **02.04.2009, 24.06.2009, 31.07.2009, 30.10.2009 and 30.01.2010.**

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 2009-2010. 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 an 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	U.Subramanian
Date of Birth	06.04.1961
Qualification	B.E
Nature of Expertise	Marketing
Date of First Appointment	01/10/1994
Name of the other Companies in which he holds Directorship	Sri Uma Cortans Private Limited - Director

3. REMUNERATION COMMITTEE

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

YKM INDUSTRIES LIMITED

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 confirm to the requirements of Companies Act, 1956 and Clause 49 of the Listing Agreement. The Committee had held five Meetings during the financial year 2009 - 2010 on **02.04.2009, 24.06.2009, 31.07.2009, 30.10.2009 and 30.01.2010** 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 2009 – 2010
Mr. U. Subramanian	5
Mr. Y. M. R. Prasoon	5
Mr. N. G. Anbumani	1

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.

YKM INDUSTRIES LIMITED

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 2009-2010. There were no Share Transfers pending as on 31.03.2010.

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 01.04.2009 – 31.03.2010 - Nil

No. Not solved to the satisfaction of shareholders as on 31.03.2010 - Nil

No of Pending Share Transfers as on 31.03.2010 - 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
2007	28.09.2007 10.00 A.M	No-4, Jayalakshmipuram 1st Street, Nungambakkam, Chennai – 600 034.
2008	30.09.2008 10.00 A.M	No-4, Jayalakshmipuram 1st Street, Nungambakkam, Chennai – 600 034.
2009	30.09.2009 10.00 A.M	No-4, Jayalakshmipuram 1st Street, Nungambakkam, Chennai – 600 034.

8. DISCLOSURES.

- a) 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.

YKM INDUSTRIES LIMITED

- b) 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.

9. MEANS OF COMMUNICATION

- a) Quarterly report is not being sent to each household of shareholders as shareholders are intimated through the press.
- b) 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 website.
- c) No official news releases are made and also no presentations have been made to institutional investors or to the analysts.
- d) The Management discussion and Analysis report is enclosed and forms part of Directors report.

10. GENERAL SHAREHOLDER INFORMATION

a) Date, time and venue of the Annual General Meeting.	Date : 30.09.2010 Time : 10.00 A.M Venue No- 4, Jayalakshmpuram, 1st Street, Nungambakkam, Chennai – 600 034
b) Financial Calendar	Financial year – 1st April to 31st March Unaudited Financial Results: Quarter ending 30th June'10 – Before 15.08.2010 Quarter ending 30th Sept'10 – Before 15.11.2010 Quarter ending 31st Dec'10 – Before 15.02.2011 *Quarter ending 31st Mar'11 – Before 15.05.2011 *In case Audited results are to be considered for the Financial Year 2010-2011, the same will be published before end May'11.

YKM INDUSTRIES LIMITED

c) Date of Book closure	29th September 2010 to 30th September 2010 (Both days inclusive)
d) Dividend payment date	No Dividend has been recommended.
e) Listing on Stock Exchange	Madras Stock Exchange Ltd., Chennai. Bombay Stock Exchange 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.
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.

YKM INDUSTRIES LIMITED

**j) Distribution of Share -
-holding as on 31.03.2010**

i) On the basis of quantum of Shares held

Share of Nominal value of	Shareholders		Share Value	
	Number	% of total	Number	%
Up to 5000	223	50.57	725100	1.62
5001-10000	102	23.13	846000	1.88
10001-20000	40	9.07	647000	1.44
20001-30000	30	6.80	771000	1.72
30001-40000	3	0.68	111000	0.25
40001-50000	3	0.68	134000	0.29
50001-100000	23	5.22	1621000	3.61
100000 & Above	17	3.85	40043900	89.19
Total	441	100	44899000	100

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

**k) Dematerialisation of
liquidity**

The Shares of the Company are in shares and 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, Jayalakshmpuram, 1st Street,
Nungambakkam Chennai – 600 034.
Phone : 044 - 42113810, Fax: 044 28212494

for & on behalf of the board

Place: Chennai
Date: 23.06.2010

**SD/-
Managing Director**

**SD/-
Director**

YKM INDUSTRIES LIMITED

SECRETARIAL COMPLIANCE CERTIFICATE

CIN No. of the Company : **L05001TN1994PLC028263**

Paid up Capital : **Rs. 47,449,500/-**

To,

The Members,
M/s. YKM INDUSTRIES LIMITED
Chennai

We have examined the registers, records, books and papers produced to us for our verification pertaining to the financial year **2009 - 2010** of **YKM INDUSTRIES LIMITED** as required to be maintained under the Companies Act, 1956, 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 **31.03.2010**. In our opinion and to the best of our information and according to the examinations carried out by us of the documents produced to us and explanations furnished to us by the Company, its officers and agents, we, on strength and reliance of the documents produced and information provided to us, pertaining to the financial year **2009 - 2010**, 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 under the Act and the rules made thereunder.
3. The Company being public limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met **6 (SIX)** times on **02.04.2009, 24.06.2009, 31.07.2009, 30.10.2009, 01.01.2010 and 30.01.2010** in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from **29th September 2009 to 30th September 2009** (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on **31.03.2009** was held on **30.09.2009**, 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 Meeting was held during the financial year.
8. As per information provided to us and explanation given to us, it appears that the Company has not advanced loan to companies referred in the Section 295 of the Act during the financial year as there are only some reimbursement expenses between its associate companies.

YKM INDUSTRIES LIMITED

9. As per information provided to us, the Company represents that there was no transactions necessitating the Company to enter into any contract falling within the purview of Section 297 of the Act.
10. The company has made necessary entries in the register maintained under Section 301 of the Act.
11. As explained to us, it seems that there were no instances falling within purview of Section 314 of the Act, owing to which Company has not obtained any approvals from the Board of Directors, members and previous approval of the Central Government, as the case may be. The company has paid remuneration to its directors during the financial year.
12. As per records shown to us, the Company has not issued any duplicate share certificates during the financial year.
13. As per the documents produced to us, the Company :
 - (i) Has not delivered any share certificate as there was no allotment/transfer/ transmission of securities during the financial year.
 - (ii) Has not deposited amount in a separate bank account as no dividend was declared during the financial year.
 - (iii) Has not posted dividend warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) Has not transferred the 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 as there was no such amount outstanding during the financial year under review
- (i) Has generally complied with the requirements of Section 217 of the Act.
14. Board of Directors of the Company is constituted and there was appointment of **Mr. N. G. Anbumani** as additional director with the effect from **01.01.2010** during the financial year.
15. The Company has not appointed any Managing Director/ Whole-time Director/Manager during the financial year under scrutiny.
16. The Company has not appointed any sole-selling agent during the financial year.
17. As per information provided to us and observations made by us of the records produced to us, no approval was taken by the Company from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as the Company represents that no occasions have arisen during the financial year.
18. As per the documents produced to us, 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.

YKM INDUSTRIES LIMITED

19. As per records of the Company, the Company has not issued any shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. As there was no preference shares/debentures issued, there was no redemption of preference shares/debentures during the year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares
23. As per information provided to us, the Company has not accepted deposit including any unsecured loans falling within the purview of Section 58A during the financial year.
24. As per information provided to us and documents produced to us, the Company has not made any borrowings during the financial year.
25. During the financial year under scrutiny the Company has not given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose, however the company has made investment amounting to Rs. 1,00,000/- which does not exceed the prescribed limit.
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 financial year under scrutiny.
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. As per explanations given to us, there was no prosecution initiated against or show cause notices received by the Company and fines/penalties or any other punishment imposed on the Company during the financial year for offences under the act.
32. The Company has not received any security deposit from its employees during the financial year under scrutiny.
33. The Company has not constituted any Fund under section 418 of the Act.

For **S DHANAPAL & ASSOCIATES**

Place: Chennai
Date: 23.06.2010

SD/-
R KANAKADURGA
(partner)
(C. P No.8741)

YKM INDUSTRIES LIMITED

ANNEXURE A

Registers as maintained by the Company

Sl. No.	Under Section	Name of the Register
1	150	Register of Members
2	193	Minutes of All meeting of Board of Directors
3	193(1)	Minutes of General Meeting
4	303	Register of Directors
5	307	Register of Directors' Share holding
6	301	Register of Contracts, Companies and firms in which the directors are interested.
7		Share Transfer register

ANNEXURE B

Returns/ Documents/ Forms as filed by the Company with the Registrar of Companies from 01.04.2009 to 31.03.2010.

Sl. No.	Form No.	Under Section	Description	Date of filing	Whether filed within prescribed time	If delay in filing whether requisite additional fee paid
1.	Form 23AC & ACA	220	Balance Sheet for the year ended 31.03.2009	27.01.2010	No	Yes
2.	Form 66	383A	Compliance Certificate for the year ended 31.03.2009	27.01.2010	No	Yes
3.	Form 20B	159	Annual Return for the Period ended 30.09.2009 (AGM date)	29.12.2009	No	Yes

Forms and Returns as filed by the Company with Regional Director during the financial year ending on 31st March 2010.

Nil

Forms and Returns as filed by the Company with Central Government or other authorities during the financial year ending on 31st March 2010.

Nil

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, 2010 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 statement 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**

Place : Chennai.
Date : 23.06.2010

SD/-
Managing Director

YKM INDUSTRIES LIMITED

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 2010 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;

YKM INDUSTRIES LIMITED

- 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 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 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 2010;
- 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,
Registration No.005293S

SD/-
L.S.Venkataramanan
Partner
Membership No.24965

Place : Chennai.
Date : 23.06.2010

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. As the Company does not have any inventory, paragraph 4(ii) of Companies (Auditor's Report) Order are not applicable for year under audit.
3. (a) As the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, clauses

iii (b),(c) and (d) of the Companies (Auditor's Report) Order 2003 are not applicable.

(e) During the year the company has taken unsecured loan from two Companies covered in the register maintained under section 301 of the Companies Act, 1956. The amount of loan taken during the year and the maximum amount outstanding at any time during the year was Rs.1000000 and year end balance was Rs.Nil.

(f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under section 301 of the companies Act, 1956 are prima facie not prejudicial to the interest of the company.

(g) The company was regular in repayment of principal amount and interest.
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

YKM INDUSTRIES LIMITED

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.

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 2010 for a period of more than six months from the date they became payable.

(c). According to the information and explanation given to us, there are no disputed statutory dues which have not been deposited on account of any dispute.
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.

YKM INDUSTRIES LIMITED

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,
Registration No.005293S

SD/-

L.S.Venkataramanan
Partner
Membership No.24965

Place : Chennai
Date : June 23, 2010

YKM INDUSTRIES LIMITED

**YKM INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010**

	Schedule No.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	47,449,500	47,449,500
Reserves & Surplus	2	1,069,925	852,456
Deferred Tax Liability (Net)	-	-	27,318
		48,519,425	48,329,274
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	2,778,911	2,916,999
Less : Depreciation		1,816,549	1,625,838
Net Block		962,362	1,291,161
Investments	4	100,000	100,000
Deferred Tax Asset (Net)	-	738,423	-
Current Assets, Loans & Advances			
Sundry Debtors	5	155,482	301,369
Cash & Bank Balances	6	175,213	253,921
Loans & Advances	7	46,464,620	46,460,631
		46,795,315	47,015,921
Less : Current Liabilities and Provisions			
Current Liabilities	8	76,675	44,465
Provisions	9	-	33,343
Net Current Assets		46,718,640	46,938,113
		48,519,425	48,329,274
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 **Ganesh Venkat & Co.**,
Chartered Accountants

For and on behalf of the Board of Directors

L.S.Venkataramanan
Partner

Y. Meera Reddy
Managing Director

Y.M.R.Prasoona
Director

Place : Chennai.
Date : June 23, 2010

U. Subramanian
Director

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule No.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
INCOME			
Income from Operations	10	-	1,688,912
Other Income	11	-	236,081
		-	1,924,993
EXPENDITURE			
Direct Expenses	12	-	331,595
Administrative Expenses	13	244,902	3,864,130
Selling Expenses	14	-	532,613
Loss on Sale of Assets	-	28,969	1,323,523
Depreciation	3	272,830	301,510
		546,701	6,353,371
Profit/(Loss) Before Taxation	-	(546,701)	(4,428,378)
<u>Less: Provision for Taxation</u>			
- Current Tax	-	-	-
- Fringe Benefit Tax	-	-	15,669
- Deferred Tax Revenue/(Expense)	-	765,741	264,048
<u>Less: Earlier Year Taxes Written-off</u>	-	1,571	4,027
Profit/(Loss) After Taxation	-	217,469	(4,184,026)
<u>Add: Surplus/(Deficit) B/fd from Previous Year</u>		852,456	5,036,481
Surplus/(Deficit) Carried to Balance Sheet	-	1,069,925	852,456
Earning per Equity Share of Rs.10/- each Basic and Diluted	-	0.05	(0.93)
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

Y. Meera Reddy
Managing Director

Y.M.R.Prasoona
Director

Place : Chennai.
Date : June 23, 2010

U. Subramanian
Director

YKM INDUSTRIES LIMITED

**YKM INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at	
	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
<u>Schedule- 1</u> <u>Share Capital</u>		
<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 (Of the above 154000 Equity Shares have been issued as fully paid for consideration other than cash.)	44,899,000	44,899,000
<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	1,069,925	852,456
<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	9,762,627
	100,000	100,000
<u>Schedule- 5</u> <u>Sundry Debtors</u> <u>(Unsecured, Considered Good)</u> Over Six Months	155,482	-
Other Debts	-	301,369
	155,482	301,369

YKM INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule- 3 Fixed Assets												
Particulars	Gross Block				Depreciation				Net Block			
	As at 01/04/2009	Additions	Deletions	As at 31/03/2010	As at 31/03/2009	For the Year	Deletions	Upto 31/03/2010	As at 31/03/2010	As at 31/03/2009		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Vehicles	2,916,999	-	138,088	2,778,911	1,625,838	272,830	82,119	1,816,549	962,362	1,291,161		
Total	2,916,999	-	138,088	2,778,911	1,625,838	272,830	82,119	1,816,549	962,362	1,291,161		
Previous year	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		

YKM INDUSTRIES LIMITED

**YKM INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at	
	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
Schedule- 6		
Cash on Hand	101,104	225,710
Balance with Scheduled Banks - in Current Accounts	74,109	28,211
	175,213	253,921
Schedule- 7		
Loans and Advances (Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	46,421,521	46,412,532
Deposits	43,099	48,099
	46,464,620	46,460,631
Schedule- 8		
Current Liabilities		
Sundry Creditors for Goods/Services Other Than Small Scale Industrial Undertakings	51,139	30,773
Other Liabilities	25,536	13,692
	76,675	44,465
Schedule- 9		
Provisions		
For Fringe Benefit Tax	-	15,669
For Gratuity	-	17,674
	-	33,343
Schedule- 10		
Income from Operations		
Export Sales & Incentives		
Wet Sting Ray	-	286,286
Export Incentive	-	1,402,626
	-	1,688,912
Schedule- 11		
Other Income		
Interest Income	-	150,998
Farm Lease Rental	-	70,000
Foreign Exchange Gain	-	15,083
	-	236,081

YKM INDUSTRIES LIMITED**YKM INDUSTRIES LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at	
	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
Schedule- 12		
Direct Expenses		
1. Cost of Goods Sold		
Wet Sting Ray		
Opening Stock	-	-
Add: Purchases	-	331,595
	-	331,595
Less: Closing Stock	-	-
Cost of Wet Sting Ray Sold	-	331,595
Schedule- 13		
Administrative Expenses		
Salaries and Other Benefits to Employees	-	1,097,756
Bank Charges	605	6,235
Communication Expense	3,676	50,887
Office Maintenance	13,636	13,503
Rates and Taxes	14,083	39,084
Professional Charges	18,778	70,244
Printing and Stationery	2,485	-
Lisiting Fee	13,953	27,100
Repairs and Maintenance	57,780	55,642
Provision for Impairment of Fixed Assets	-	1,291,104
Provision for Diminution in value of Investments	-	1,185,000
Foreign Exchange Loss	36,397	-
General Expense	31,752	-
Interest	29,697	-
Auditors' Remuneration	22,060	27,575
	244,902	3,864,130
Schedule- 14		
Selling Expenses		
Export Freight & Other Related Charges	-	20,921
Bad Debts Written-off	-	511,692
	-	532,613

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule- 15

Significant Accounting Policies and Notes on Accounts

(1).Significant Accounting Policies

(a).Basis for preparing of financial statements:

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.

(b).Revenue Recognition:

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.

(c).Fixed Assets:

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.

(d).Depreciation:

Depreciation on Fixed Assets is provided on straight line method as per the rates prescribed under schedule XIV to the Companies Act, 1956.

(e).Impairment of Assets

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.

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule- 15

(1).Significant Accounting Policies (Contd.)

(f).Foreign Currency Transaction:

Transactions in foreign 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.

(g).Investments:

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.

(h).Employee Benefits:

- (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.
- (ii). Liability in respect of Provident Fund is made on accrual basis.
- (iii). Liability in respect of Leave Encashment is made on the basis of actual calculation as per Company's policy.

(i).Taxes on Income:

Tax expense comprises of deferred tax. 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.

(j).Segment Report:

The Company operates in one segment namely Sea Food Export, hence there are no reportable segments under Accounting Standard-17 'Segment Reporting' as prescribed under Companies (Accounting Standards) Rules, 2006.

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule- 15

(1). Significant Accounting Policies (Contd.)

(k). 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
SKCL Property Management Services Pvt. Ltd.	Associate Company

- (ii) Key Management Personnel and their Relatives

Mr.Y.Meera Reddy Managing Director

- (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 2009-10	Total 2008-09
Farm rent receipt	-	-	-	70,000
Property advance paid	200,000	-	200,000	2,800,000
Property advances received back	700,000	-	700,000	-
Other advances received back	25,500	-	25,500	-
Loan borrowed & repaid	1,000,000	-	1,000,000	-
Interest paid	29,697	-	-	29,697
-	-	-	-	-
Reimbursement Expense	1,113,304	-	1,113,304	-
Repayment of rental advance	-	-	-	15,000
<u>Balances as at 31st March 2010</u>	-	-	-	-
Property advance receivable	45,300,000	-	45,300,000	45,800,000
Others Receivable	1,113,304	-	1,113,304	25,500

(l). 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.

	31/03/2010	31/03/2009
Number of shares at the beginning of the year	4,489,900	4,489,900
Shares issued during the year	-	-
Total equity shares outstanding at the year end	4,489,900	4,489,900
Weighted average number of equity shares outstanding during the year	4,489,900	4,489,900
Net Profit/(Loss)Rs.	217,469	(4,184,026)
Earning per share Rs.	0.05	(0.93)

YKM INDUSTRIES LIMITED

Schedule- 15

2. Notes on Accounts

(a). Earnings in Foreign Currency:	2009-10	2008-09
FOB Value of Exports	-	263,365

(b). Auditors' Remuneration:

For Statutory Audit including service tax	22,060	27,575
For Tax Audit including service tax	-	-
Other Services including service tax	-	35,562

(c). Quantitative Details:

	2009-10		2008-09	
	Qty.	Value	Qty.	
- (ii). Purchases				
Wet Stingray	(Pcs.)	-	3,029	331,595
- (iii). Sales				
Wet Stingray	(Pcs.)	-	2,922	286,286
- (iv). Closing Stock				
Wet Stingray	(Kgs)	-	-	-

Note:-

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

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

(f). 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

Y. Meera Reddy
Managing Director

Y.M.R.Prasoona
Director

Place : Chennai.
Date : June 23, 2010

U. Subramanian
Director

YKM INDUSTRIES LIMITED

YKM INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
Cash Flow from Operating Activities:		
Net Profit/(Loss) Before Tax	(546,701)	(4,428,378)
<u>Adjustments for:</u>		
Depreciation	272,830	301,510
Interest & Other Receipts	-	(236,081)
Profit/Loss on Sale of Assets	28,969	1,323,523
Provisions	-	(15,669)
Provision for Impairment of Fixed Assets	-	1,291,104
Interest Paid	29,697	-
Earlier Years' Taxes Written-off	(1,571)	(4,027)
Operating Profit Before Working Capital Changes	(216,776)	(1,768,018)
Increase/Decrease in Sundry Debtors	145,887	(298,762)
Increase/Decrease in Loans & Advances	(3,989)	20,791
Increase/Decrease in Current Liabilities & Provisions	(1,133)	(223,025)
Net Cash from Operating Activities	(76,011)	(2,269,014)
Cash Flow from Investing Activities :		
Increase/Decrease in Investments	-	1,185,000
Sale of Fixed Assets	27,000	43,222
Other Income	-	236,081
Net Cash Flow from Investing Activities	27,000	1,464,303
Cash Flow from Financing Activities :		
Interest Paid	(29,697)	-
Net Cash Used in Financing Activities	(29,697)	-
Net Increase/Decrease in Cash & Cash Equivalents :	(78,708)	(804,710)
Cash & Cash Equivalents at the beginning of the Year	253,921	1,058,631
Cash & Cash Equivalents at the End of the Year	175,213	253,921

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
Partner

Y. Meera Reddy
Managing Director

Y.M.R.Prasoona
Director

Place : Chennai.
Date : June 23, 2010

U. Subramanian
Director

YKM INDUSTRIES LIMITED

**AUDITORS' CERTIFICATE OF CORPORATE GOVERNANCE
TO THE MEMBERS FOR 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, 2010, 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

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

Place : Chennai
Date : June 23, 2010

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 2010
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	48,596	Total Assets	48,596
Source of Funds		Application of Funds	
Paid-up capital	47,450	Net Fixed Assets	962
Reserves & Surplus	1,070	Investments	100
Deferred Tax Asset	738	Net Current Assets	46,719

IV Performance of Company (Amount in Rs. Thousands)

Gross Revenue	-	Total Expenditure	547
Profit/(Loss) Before Tax (547)		Profit/(Loss) After Tax	217
Earnings per Share in Rs.0.05		Dividend Rate %	Nil

**V Generic name of principal product / service of Company
(as per monetary terms)**

ITC Code

Product Description Real Estate

For and on behalf of the Board

L.S.Venkataramanan
Partner

Y. Meera Reddy
Managing Director

Y.M.R.Prasoona
Director

Place : Chennai.
Date : June 23, 2010

U. Subramanian
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 16th Annual Meeting of the Company to be held on Thursday 30th September 2010 at 10.00 a.m. and at any adjournment thereof

Signed this..... Day of 2010

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 16th Annual General Meeting of the Company at Regd. Office No.4, Jayalakshmipuram, 1st Street, Nungambakkam, Chennai-600 034 at 10.00 a.m. on Thursday of 30th September 2010.

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

.....
(Signature)

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

.....
(Signature)

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.