

YKM INDUSTRIES LIMITED

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), Chengalvayan 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, Jayalakshmipuram, 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:

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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.

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EXPLANATORY STATEMENT

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

Item No. 4:

Mr. N.G. ANBUMANI was co-opted as as 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.Prasoon 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

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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. Prasoon, 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.

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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 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 |

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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