

YKM INDUSTRIES LIMITED

BOARD OF DIRECTORS

Sri. YERABHAGHA MEERA REDDY
MANAGING DIRECTOR
Smt. Y. M. R. PRASOONA
Sri. N. G. ANBUMANI
Sri. D. LOGANATHAN

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, Jayalakshmipuram
1st Street, Nungambakkam
Chennai – 600 034.

YKM INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the members of the Company will be held on **Friday**, the **27.09.2013** at the registered office of the company situated at No.4, Jayalakshmipuram, 1st Street, Nungambakkam, Chennai 600034 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 2013** and Profit and Loss Account for the year ended **31st March 2013**, and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of, **Ms. YERABHAGHA MEERAREDDY PRASOONA**, who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint M/s. Ganesh Venkat & Co, Chartered Accountants (Registration No. 005293S), 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.

/By Order of the Board/

For **YKM INDUSTRIES LIMITED**

Place : Chennai.

Date : **May 28, 2013**

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.

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2. The Register of members and share transfer books of the company will be closed from **26.09.2013** to **27.09.2013** (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 are 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 Directors retiring by rotation and offering for reappointment is detailed in corporate governance report.
9. The Profile as required under clause 49 of the listing agreement, of Ms. Yerabhadra Meera Reddy Prasanna is given in corporate governance report.

**DIRECTORS REPORT &
MANAGEMENT DISCUSSION AND ANALYSIS**

The Directors present the 19th Annual Report of the Company together with the Audited accounts for the year-ended **31.03.2013**.

Financial Highlights

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

Particulars	31.03.2013 (Rs. In lakhs)	31.03.2012 (Rs. In lakhs)
Total Income	0.57	-
Total Expenditure	2.26	10.50
Profit / (Loss) before Tax	(1.69)	(10.50)
Deferred Tax Revenue / (Expenses)	2.00	0.82
Profit / (Loss) after Tax	0.31	(9.67)
Balance in P & L A/c. brought forward	(2.37)	7.29
Surplus Carried forward to Balance Sheet	(2.06)	(2.38)

Dividend

Due to non availability of profits during the financial year, your Directors do not recommend any dividend for the financial year 2012 - 2013.

Management Discussion and Analysis:***A. Industry Structure and Developments***

The real estate sector in India is being recognized as an infrastructure Service that is driving the economic growth of the country. Foreign Direct Investment (FDI) in the sector is expected to increase to US\$ 25 billion in the next 10 years, from present US\$ 4 billion, according to a latest industry body report. The market for building activities is growing steadily while competition also increases by many folds.

B. Performance

Your company has made income of ` 0.57 Lakhs during the financial year and reported no income in the previous year. Your company had incurred a net profit of ` 0.31 Lakhs as against a net loss of ` 9.67 Lakhs incurred during the previous year.

C. Segment Wise Performance

Your company operates in a single segment, i.e. development of infrastructure and as such segmental reporting is deemed to be not applicable.

D. Concerns

The Construction sector, however, continues to face challenges from land acquisition issues, adverse political and structural changes. Moreover, Profitability and liquidity could be adversely impacted during cyclical downturns.

E. Outlook

Your company is focusing on the domestic markets for increasing the Turnover and profitability. The company is trying to tie up with strategic partners to venture into allied activities.

F. Internal Control Systems

Your company had a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition.

G. Human Resources and Industrial Relations

Your company is operating with skeletal human resources. However there is adequate manpower to cater to its business requirements.

Operations

The Operations of the Company during the year under review was not quite satisfactory. 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, the Company has not ventured into such diversified business yet.

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

Audit Committee

The Company has constituted an Audit Committee comprising of Mr. D. Loganathan, Ms. Y. M. R. Prasoon and Mr. N.G. Anbumani as its members. The chairman of the

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committee is Mr. N. G. Anbumani. 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.

Directors

Ms. YERABHAGHA MEERAREDDY PRASOONA, Director liable to retire by rotation and 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.

Particulars of Employees

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;

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- 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

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.

Corporate Governance

The Corporate Governance report as set out in Annexure hereto form an integral part of this report. A Certificate from a Practicing Company Secretary, 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.

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Compliance Certificate :

Your directors have appointed M/s. S. Dhanapal & Associates, Practicing Company Secretaries to issue a Compliance Certificate as required under section 383A of the Companies Act, 1956. The Compliance Certificate issued by them is annexed to this report.

BUY BACK OF SHARES:

The company has not bought back any shares during the year.

Acknowledgement

Your Directors place on record their appreciation for the valuable services rendered by the Company's Shareholders, 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 and on behalf of the Board of Directors

Place : Chennai

Date : May 28, 2013

Managing Director

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

We have examined the compliance of the conditions of corporate governance by YKM INDUSTRIES LIMITED, Chennai for the year ended on 31st March 2013, 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 generally complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement except

- non submission of certain documents to the Madras Stock Exchange & the Bangalore Stock Exchange.
- Non payment of listing fee to Madras Stock Exchange & the Bangalore Stock Exchange since 2008-09.

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**

Place : Chennai
Date : May 28, 2013

N. RAMANATHAN
(Partner)
MEMBERSHIP NO. FCS 6665

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 an Executive Director. The composition of the Board of Directors of the Company is as follows :

Mr. Y. Meera Reddy	- Managing Director - Executive Director
Mr. D. Loganathan	- Non Executive Director
Mr. 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 Board Meetings Attended	Last AGM Attended	No of Directorships & Committee member in other Public Limited Companies	
				Directorships	Committee member
Y. Meera Reddy	Executive, Non Independent	6	Y	6	-
D. Loganathan	Non Executive, Independent	6	Y	1	-
Y. M. R. Prasoon	Non Executive, Non Independent	6	Y	5	-
N. G. Anbumani	Non Executive, Independent	6	Y	1	-