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<b>Subsidiary Company :</b>	
Hooghly Printing Company, Limited.	

**BOARD OF DIRECTORS**

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Arindom Mukherjee - (*Chairman and Managing Director*)

D.R.S. Chaudhary

Subir Das

Dipak Dutta

S. Muralidharan

Amitava Ray

Ardhendu Sen

Ranabir Sen

Indrajit Sengupta

**COMPANY SECRETARY**

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Debabrata Bandyopadhyay

**REGISTERED OFFICE**

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'Yule House'  
8, Dr. Rajendra Prasad Sarani,  
Kolkata - 700 001.

**Offices at :**

404, Guru Angad Bhavan,  
71, Nehru Place,  
New Delhi - 110 019.

**Auditors**

**MOOKHERJEE BISWAS & PATHAK**

Chartered Accountants,  
5 & 6, Fancy Lane,  
5th Floor,  
Kolkata - 700 001.

**N. SARKAR & CO.,**

Chartered Accountants,  
21, Prafulla Sarkar Street,  
2nd Floor,  
Kolkata - 700 072.

**KUNDU HOSSAIN KARMAKAR**

Chartered Accountants,  
48, A. J. C. Bose Road,  
1st Floor,  
Kolkata - 700 016.

**Principal Bankers**

Allahabad Bank

Bank of Baroda

State Bank of India

Union Bank of India

United Bank of India

**NOTICE TO MEMBERS**

NOTICE is hereby given that the Annual General Meeting of the members of Andrew Yule & Company Limited will be held at the Williamson Magor Hall of The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata-700 001 on Friday, the 15th of September, 2006 at 11-00 a.m. to transact the following business :

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2006, Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To fix the remuneration payable to the statutory Auditors of the Company for the financial year ending 31st March, 2007.
3. To appoint a Director in place of Shri Ardhendu Sen who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modifications the following resolutions :-

As Ordinary Resolutions :

4. "Resolved that Shri Amitava Ray be and is hereby appointed a Director of the Company."
5. "Resolved that Shri Ranabir Sen be and is hereby appointed a Director of the Company."
6. "Resolved that Shri Dipak Dutta be and is hereby appointed a Director of the Company."
7. "Resolved that Shri Subir Das be and is hereby appointed a Director of the Company."

The Registers of Members and Transfer Registers of the Company will remain closed from 8th September to 15th September, 2006, both days inclusive.

Registered Office :  
"Yule House",  
8, Dr. Rajendra Prasad Sarani,  
Kolkata-700 001.  
14th August, 2006.

By Order of the Board,  
Debabrata Bandyopadhyay,  
Company Secretary.

## *ANDREW YULE & CO. LTD.*

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- Notes:
1. A member who is entitled to attend and vote at this Meeting may appoint a proxy to attend and vote in his stead. Proxies, in order to be effective must be received at the Company's Registered Office not less than forty-eight hours before the commencement of the Meeting.
  2. In terms of Clause (aa) to Sub-Section 8 of Section 224 of the Companies Act, 1956 (Act) the remuneration payable to the auditor(s) appointed under Section 619 of the Act by the Comptroller & Auditor General of India shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine.
  3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the items of Special Business is annexed.
  4. Particulars of Directors retiring by rotation and seeking re-appointment of the ensuing Annual General Meeting (pursuant to Clause 49 of the Listing Agreement) :-  
  
Shri Ardhendu Sen, aged about 56 years, a member of Indian Administrative Service (IAS) has been on the Board of Directors of the Company since 1st September, 2005. He is a M.Sc. and at present is the Principle Secretary to the Govt. of West Bengal, Industrial Reconstruction & Public Enterprises Department.
  5. The Register of Members and Share Transfer Registers of the Company will remain closed from 8th September to 15th September, 2006, both days inclusive.
  6. Members holding shares in more than one account are requested to intimate the Share Department of the Company, the Ledger Folios to enable the Company to consolidate the same into one account.
  7. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company for admission to the meeting hall.
  8. Members, who hold shares in de-materialised form are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
  9. Members holding shares in physical form are requested to notify immediately any changes in their address to the Company or its Registrar & Share Transfer Agent. In case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants without any delay.
  10. Pursuant to Section 205A(5) of the Companies Act, 1956 all unclaimed/unpaid dividends upto the financial year ended 31st March, 1994 have been transferred to General Revenue Account of the Central Government. Members concerned are requested to claim such dividends from the Registrar of Companies, West Bengal, Nizam Palace, II MSO Building, 234/4, A.J.C. Bose Road, Kolkata-700 020 by submitting an application in prescribed form.
  11. KINDLY BRING YOUR COPY OF THE ANNUAL REPORT TO THE MEETING.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ItemNos. 4 & 5 : Sarbashi Amitava Ray and Ranbir Sen were appointed on 18th November, 2005 as additional part time Non-Official Directors of the Company in terms of Section 260 of the Companies Act, 1956. Both Shri Ray and Shri Sen vacate their offices at this Annual General Meeting pursuant to the provisions of Section 260 of the Act. Notices under Section 257 of the Act along with requisite fee have been received from members proposing the appointments of Shri Ray and Shri Sen as Directors of the Company and both Shri Ray and Shri Sen have agreed to act as Director, if appointed.

None of the Directors other than Shri Ray and Shri Sen are interested in these Resolutions.

The Board recommends these Resolutions for approval by the Shareholders.

ItemNos. 6 & 7 : Sarbashi Dipak Dutta and Subir Das were appointed on 21st July, 2006 as additional part time Non-Official Directors of the Company in terms of Section 260 of the Companies Act, 1956. Both Shri Dutta and Shri Das vacate their offices at this Annual General Meeting pursuant to the provisions of Section 260 of the Act. Notices under Section 257 of the Act along with requisite fee have been received from members proposing the appointments of Shri Dutta and Shri Das as Directors of the Company and both Shri Dutta and Shri Das have agreed to act as Director, if appointed.

None of the Directors other than Shri Dutta and Shri Das are interested in these Resolutions.

The Board recommends these Resolutions for approval by the Shareholders.

Details of Directors seeking appointment in forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) :

Name of Directors	Date of Birth	Date of Appointment	Expertise in specific areas	Qualification	Other Companies in which Directorship held
Shri Amitava Ray	30 Aug 1945	18 Nov 2005	Profit Centre Management, Marketing, International Business Development, Growth and expansion keeping in focus "GLOBAL MARKET", achieving turnarounds, sales and acquisitions, Technology and process, Financial Controls and Management, etc.	Schooled at St. Xavier's and La Martiniere, Graduated, Economics (Hons) from Presidency College and PGDBM from C.U.	Flex Group of Companies.
Shri Ranbir Sen	18 Oct 1945	18 Nov 2005	Tea Testing, Auctioning, manufacturing of Tea particularly Darjeeling, and Orthodox and also in South Indian type of manufacture.	Education from St. Joseph's College, Darjeeling.	i) McLeod Russel India Ltd. ii) DLX Ltd.
Shri Dipak Dutta	19 Oct 1947	21 July 2006	Finance, Accounts, Audit, Consultancy, etc.	Chartered Accountant.	i) Pathfinders Consultancy Services Pvt. Ltd. ii) Spearhead Consultants and Evaluators Pvt. Ltd. iii) Ubix Farms Pvt. Ltd. iv) Eastern Medical Research Inst. Pvt., Ltd. v) Promark Pvt. Ltd. vi) WIMCO Ltd.
Shri Subir Das	24 Nov 1958	21 July 2006	Finance, Accounts, Audit, Consultancy, manufacturing, selling and quality control of tea.	Schooling from Don Bosco. B.Com from Xavier's College. Chartered Accountant.	

**REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS**

Your Directors have pleasure in presenting the Annual Report and Accounts of the Company for the financial year ended 31st March, 2006.

**1.0 FINANCIAL RESULTS :**

	(Rs. in lakhs)
Loss for the year before adjustment	(-) 7334.70
Add: Provision for Taxation :	
(a) Wealth Tax	2.25
(b) Fringe Benefit Tax	29.02
(c) Income Tax - earlier years	32.00
(d) Deferred Tax	<u>9.37</u>
	<u>72.64</u>
Loss for the year	(-) 7407.34
Add: Loss brought forward from last account	(-) 29294.19
	(-) 36701.53
Less: Transfer from General Reserve	<u>2467.00</u>
Balance Carried over to Balance Sheet	<u><u>(-) 34234.53</u></u>

Throughout the year under review, the Company faced a very difficult situation. The performance of all the Divisions suffered adversely mainly due to persistent shortage of working capital in all the Divisions and extreme unfavourable market condition for the tea industry as a whole, leading to lower price realization. A rehabilitation scheme of the Company is presently under consideration of the Government of India which envisages comprehensive financial and business restructuring through which the Company will be in a position to overcome its present financial difficulties. This would also enable the Company to make a turnaround. The revival scheme of the Company has been duly approved by the Board for Reconstruction of Public Sector Enterprises (BRPSE) on 9th May, 2006 and the same is now awaiting final Government approval.

Among the Group Companies, the performance of Tide Water Oil Co. (I) Ltd. (TWOL) and Hooghly Printing Co., Ltd. (HPC) were satisfactory during 2005-06. Despite intense competition amongst the existing market players and rising trends of cost of inputs, TWOL achieved a profit before Tax (PBT) of Rs.10.09 crores and declared dividend @ 150% on equity share capital.

Hooghly Printing Co., Ltd. (HPC) recorded a turnover of Rs.508.49 lakhs and a PBT of Rs.38.86 lakhs during 2005-06.

**2.0 DIVIDEND :**

In view of the loss incurred by the Company your Directors are unable to recommend any dividend for the year ended 31st March, 2006.

**3.0 CONTRIBUTION TO NATIONAL EXCHEQUER :**

Your Company contributed Rs.599.35 lakhs during the year to national exchequer by way of tax, duties, levies, cess, etc.

**4.0 BUSINESS SEGMENTS :**

**4.1 Engineering:**

During the period under review the Division achieved a turnover of Rs.1397.00 lakhs, production worth Rs.1357.00 lakhs and suffered a loss of Rs.832.00 lakhs.

The Division was able to establish its creditability through execution of water pollution control project. This had helped the Division to improve its performance and reduce the loss compared to the previous financial year.

However, the Division continued to suffer due to acute shortage of working capital and hence larger volume of business opportunities could not be availed of as the timely execution of the jobs become uncertain.

Every endeavour is being made to provide requisite financial support for gradual improvement in the performance of the Division as a whole and is expected that the activity level of the overall Performance of the Division will improve.

**4.2 Electrical :**

During the year the Division achieved a turnover of Rs.3959.00 lakhs, production worth Rs.3748.00 lakhs and incurred a loss of Rs.3174.00 lakhs.

The performance of the Division was affected seriously during the year under review due to the liquidity constraints following the delayed realization of dues from the core sector industries. The market environment in the electrical industry continued to be fiercely competitive and the margins are under constant pressure due to fall in prices and entry of new competitors in the field.

Accordingly, the Division is making all out efforts to gear up its activities and focus its attention to all major areas including marketing, reduction in manufacturing cycle, value engineering cost control, product development, up-gradation, etc.

**4.3 Tea :**

The Tea Division achieved turnover Rs.5824.00 lakhs, production worth Rs.6021.00 lakhs and incurred a loss of Rs.3355.00 lakhs. In spite of 10 days strike in Doars Gardens during peak harvesting month of July, 2005, production

during the year under review increased marginally. However, the overall average price realization was lower compared to 2004-05, due to slackness in demand from both the export and the domestic markets. The prevailing prices fell well below the garden cost.

The Tea Division of your Company is in the process of implementing Comprehensive Development Programme with greater emphasis on quality and yield per hectare. The other measures include cost reduction through optimum deployment of permanent Hazrees, rationalization of manpower through Voluntary Retirement Scheme and adoption of integrated software system for better control of operation.

**5.0 BIFR STATUS :**

The Company had been referred to Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). BIFR at its hearing held in September, 2004 declared the Company as a "Sick" Company and appointed Industrial Development Bank of India (IDBI) as Operating Agency (OA). The Draft Rehabilitation Scheme of the Company, prepared by the consultant, was duly circulated by the OA to all the stakeholders of the Company and several Joint Meetings have been conducted by IDBI following which all the stakeholders have by and large given their consent to the various relief and concessions, as proposed in the Updated Draft Rehabilitation Scheme. The Board for Reconstruction of Public Sector Enterprises (BRPSE) has duly approved the scheme and the same is now awaiting final Government approval.

**6.0 FIXED DEPOSIT :**

Deposits from the public and others amounted to Rs.321.74 lakhs as on 31st March, 2006 out of which deposits totaling Rs.0.94 lakh became due for repayment which has not been claimed by the depositors as yet.

**7.0 EXPORT :**

The Company's exports during the year were Rs.80.24 lakhs on F.O.B basis. All out efforts are being made to ensure increase in export performance during the year 2006-07.

**8.0 PROSPECTS :**

Under the revival scheme as approved by BRPSE, the Company would be trifurcated into three companies with a cut-off date 1st April, 2006. While tea business will be retained with the Company, the Engineering and Electrical Divisions will be spun off as 100% subsidiaries

of the Company. The Company with its inherent strength, proper planning and dedicated workforce expects to implement the Rehabilitation Scheme and achieve its major objectives once appropriate approvals are obtained.

DRS also envisages launching of Packet Tea Business under 'YULE' brand to reinforce the viability of Tea Division.

**9.0 SUBSIDIARY :**

The performance of Hooghly Printing Co., Ltd. the wholly owned subsidiary continued to be profitable. The sales achieved was Rs.508.49 lakhs compared to Rs.883.00 lakhs in the previous year. The profit before tax recorded was Rs.38.86 lakhs as against Rs.150.00 lakhs in the year 2004-2005. It also declared a dividend @ 25% on the Ordinary Shares.

**10.0 CONSERVATION OF ENERGY, TECHNOLOGY ADOPTION AND FOREIGN EXCHANGE EARNINGS :**

As required under Section 217(1)(e) of the Companies Act, 1956 (Act) read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule 1988, the information is annexed.

**11.0 AUDITORS' REPORT :**

In respect of the comments made by the statutory Auditors in their report, your Directors have to state as under :

11.1 The Draft Rehabilitation Scheme with cut-off date as on 31st March, 2006 has been approved by the Board for Reconstruction of Public Sector Enterprises on 9th May, 2006 and the same has been disclosed in Note No.30 in Schedule 20 to the Accounts.

11.2 The enhancement of the Authorised Capital from Rs.75.00 crores to Rs.200.00 crores pursuant to resolution passed in the Annual General Meeting held on 30th September, 2004 has not been given effect to in the Accounts as explained in Note No.25 in Schedule 20.

11.3 The reasons for writing back of an amount worth Rs.872.58 lakhs in respect of pay revision of employees has been given in Note No. 7 in Schedule 20.

11.4 The reason for non-provision of Rs.70.00 lakhs in respect of Bank Guarantee invoked by TICI has been given in Note No.8 in Schedule 20.

11.5 The reason for non-adjustment of loss against capital reserve arising out of arbitration award in the matter of Hooghly Docking and Port Engineering Co., Ltd. has been disclosed in Note No.9(a) in Schedule 20.

11.6 The reason for non-provision of possible loss on

- investment in Bengal Coal Co., Ltd., WEBFIL Ltd. and Yule Financing & Leasing Co., Ltd. aggregating to Rs.42.89 lakhs has been given in Note No.27 in Schedule 20.
- 11.7 The reason for non-provision of interest free advance amounting to Rs.115.08 lakhs for Agro Projects to Yule Agro Industries Ltd., has been disclosed in Note No.10 in Schedule 20.
- 11.8 Non-confirmation and non-reconciliation of year end balance in respect of Sundry Debtors, Creditors, Bank Balance have been disclosed in Note No.17 in Schedule 20.
- 11.9 The reason for non-charging of gratuity and leave encashment to employees retired under VRS amounting to Rs.109.60 lakhs to Profit and Loss Account has been disclosed in Note No.26 in Schedule 20.
- 11.10 The reason for non-provision of Rs.85.72 lakhs included in work-in-progress for manufacture of Air Handling Equipment has been given in Note No.22 in Schedule 20.
- 11.11 The reason for calculating interest @ 8.5% p.a. for delayed Provident Fund Payment and non-provision of liability in respect of damage and penalty has been given in Note No.6 in Schedule 20.
- 11.12 Accounting of Tea cultivation expenses in cold weather has been explained in Note No.4 in Schedule 20.
- 12.0 **COMPTROLLER & AUDITOR GENERAL OF INDIA'S REVIEW AND COMMENTS:**
- The Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the Accounts of the Company for the year ended 31st March, 2006. Review of the Accounts by the Comptroller and Auditor General of India is annexed to this report.
- 13.0 **HUMAN RESOURCES DEVELOPMENT :**
- The Company consider that the human resources are valuable assets for the Company and its Group. The Company endeavour to provide an environment where each employee is motivated to contribute his best to achieve the Company's objective. Training and development of its personnel is a priority and is ensured through succession planning, job rotation, on the job training, training programme workshops. Total number of training, mandays during 2005-06 were 213 (2004-05 : 87) imparted in house, at some professional institutes in India and at Chambers of Commerce & Industry.
- The total number of employees of the Company and its subsidiaries as on 31st March, 2006 stood at 15902.
- 14.0 **MAJOR ACCOUNTING POLICIES :**
- The major accounting policies of the Company are annexed to the Accounts.
- 15.0 **CORPORATE GOVERNANCE REPORT :**
- As per Clause 49 of the Listing Agreement with the Stock Exchanges a Report on Corporate Governance together with a certificate from the Auditors regarding compliance of conditions of Corporate Governance is annexed and forms part of this Annual Report.
- Ceasation of Audit Committee for the period from 30th December, 2004 to 9th December, 2005 as observed by the Auditors, was because of Non-availability of requisite number of Non-Executive Directors on the Board. The Company being a Government of India Enterprise, the appointment and/or removal of any member (Executive/Non-Executive) of the Board of Directors of the Company are being done by Government of India only and communicated through Department of Heavy Industry (DHI). Thus ceasation of Audit Committee during the period 30th December, 2004 to 9th December, 2005 was beyond the control of the Company.
- 16.0 **DIRECTORS' RESPONSIBILITY STATEMENT :**
- In terms of Section 217(2AA) of the Companies Act, 1956, your Directors confirmed that :
- (a) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures wherever applicable.
- (b) The Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the Accounting year and of the profit/loss of the Company for that period.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting for and other irregularities.
- (d) The Directors have prepared annual accounts on a going concern basis.



**17.0 AUDITORS :**

The Comptroller and Auditor General of India appointed Messrs. Mookherjee Biswas & Pathak, Messrs. N. Sarkar & Co. and Messrs. Kundu Hossain Kamakar, Chartered Accountants as Joint Auditors for the year ended 31st March, 2006.

The Auditors for the year ending 31st March, 2007 will be appointed by the Comptroller & Auditor General of India.

**18.0 DIRECTORS :**

Shri Asok Basu, Director (Personnel) of the Company resigned from the Board of Directors of the Company with effect from 26th September, 2005. The Board of Directors place on record the valued guidance received from him during his tenure of the Directorship of the Company.

The Central Government has appointed Shri Indrajit Sengupta, General Manager (CP&HRD) as Director (Personnel) of the Company for a period of five years with effect from 27th June, 2006 or till the date of his superannuation or until further orders, whichever is the earliest.

Shri Ardhendu Sen retires from the Board by rotation and being eligible offers himself for re-appointment.

Shri Amitava Ray and Shri Ranabir Sen were appointed as Additional Directors on the Board of the Company with effect from 18th November, 2005. They vacate office at the forthcoming Annual General Meeting. Notices in writing under Section 257 of the Companies Act, 1956 have been received from two members signifying their intention to propose the appointment of Shri Amitava Ray and Shri Ranabir Sen as Directors of the Company at the forthcoming Annual General Meeting.

Shri Dipak Dutta and Shri Subir Das were appointed as Additional Directors with effect from 21st July, 2006. Accordingly, they will hold office upto the date of the forthcoming Annual General Meeting. The Company has received notices in writing under Section 257 of the Companies Act, 1956 from two members proposing the appointments of Shri Dipak Dutta and Shri Subir Das as Directors of the Company at the forthcoming Annual General Meeting.

**19.0 ROLE OF VIGILANCE :**

The focus of the Vigilance Department of your Company was to create awareness amongst the employees to ensure transparency in all their activities and dealings.

More thrust is being given on preventive vigilance. CVC guidelines received from time to time were followed as preventive measures.

On the punitive side, confidential enquiries and investigations were initiated on verifiable complaints brought to the notice of Vigilance Department and appropriate disciplinary action setting motion as and when mis-conduct were prima facie established.

**20.0 RAJBHASA :**

Your Company is committed to the implementation of the Official Language Policy of Government of India and has complied with the requirements under the Official Language Act, 1963 and the rules thereunder.

**21.0 PARTICULARS OF EMPLOYEES :**

No employee of the Company received remuneration in excess of the limit prescribed in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

**22.0 ACKNOWLEDGEMENT :**

Your Directors place on record their appreciation of the endeavour of the employees at all levels and the services rendered by them.

The Board also gratefully acknowledges the valuable guidance, support and co-operation received from Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India as well as other Ministries in both Central and State Governments.

The Board is also thankful to the Company's valued shareholders, esteemed customers for their valued patronage and for the support received from the bankers, financial institutions, bond-holders and suppliers in India and abroad.

Kolkata,  
14th August, 2006.

On behalf of the Board,  
ARINDOM MUKHERJEE  
*Chairman and Managing Director.*

# ANDREW YULE & CO. LTD.

## INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

### 1. CONSERVATION OF ENERGY :

#### A. Energy Conservation Measures taken :

(i) Internal Training Programme to develop awareness among the employees for Energy Conservation is continuing. Division is maturing benefit out of this continuous effort.

(ii) The LT Capacitor has been installed at Togami Unit during 2004-05 and reduction of "demand load factor" of Brentford Unit during 2004-05 is continuously adding benefit in terms of reduction of power bills.

#### B. Proposal under Implementation for Reduction in Energy Consumption :

The Company has been able to reduce its energy consumption by installing Energy Saving Equipment and inducting Energy Audit. Further, on consolidation of all the factories of Kolkata at Mayurbhanj Factory is going on full swing and it is expected that by installing modern equipment for energy conservation the Company will gain a lot. Expected completion of Consolidation Work is by the middle of 2007-08.

#### C. Impact of Measures at "A" and "B" above.

Out of existing conservation measures, Company has been able to reduce its energy bill to Rs.65.09 lakhs during 2005-06 compared to Rs.69.22 lakhs during 2004-05 and expecting more improvement in the conservation energy after completion of consolidation activity.

## F O R M A FOR TEA ESTATES ONLY

### A. Power and Fuel Consumption

		<u>31st March, 2006</u>	<u>31st March, 2005</u>
1	Electricity		
	(a) Purchased		
	Unit K W H	66,06,233	70,49,702
	Total Amount	Rs. 3,97,74,435	4,11,92,740
	Rate/Unit	Rs. 6.02	5.84
	(b) Own Generation		
	(i) Through Generator (Diesel)		
	Unit	K W H 18,27,781	21,54,875
	Unit/ Ltr. of Diesel	K W H 1.21	1.50
	Rate/Unit	Rs. 8.38	8.55
	(ii) Through Generator (Natural Gas)		
	Unit	K W H 1,38,230	1,00,575
	Unit/Scm of Gas	K W H 0.64	0.82
	Rate/Unit	Rs. 2.70	3.08
2	Coal		
	Quantity	M.T. 7,366	7,829
	Total Cost	Rs. 1,93,68,169	1,95,12,530
	Rate	Rs./MT 2,629.30	2,492.34
3	Furnace Oil		
	Quantity	Ltrs. 1,93,339	2,66,238
	Total Cost	Rs. 30,99,802	39,60,738
	Rate	Rs./Ltr. 16.03	14.88
4	Use of Gas for Processing		
	Quantity	Scm 31,20,839	31,63,289
	Total Cost	Rs. 1,29,52,049	1,14,04,599
	Rate/Unit	Rs. 4.15	3.61

### B. Consumption per Unit of Production

#### Products - Black Tea

Electricity	KWH/Kg.	0.91	1.02
Furnace Oil	Ltr./Kg.	0.03	0.03
Coal	Kg./Kg.	1.47	1.55
Natural Gas	Scm./Kg	0.73	0.87

**F O R M B**

**A. PARTICULARS FOR TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D) :**

- [i] Specific areas in which R&D was carried out by the Company :
- [a] Engineering Division has developed in the Industrial Fan Series FSB-11
- FSBA-11 - Flat shroud backward aerofoil.
  - FSB-11 - Flat shroud backward laminar bladed.
  - YSBT-1250 - 5 HP Yule efficiency low cost trough fan for Tea.
- [b] Electrical Division has carried out R&D activities in the following areas :
- [i] Upgradation of Vacuum Circuit Breaker (VCB) has successfully done and its type testing for short circuit test at 25K Amps for 1 second on 12KV, 1250A VCB has been completed in November '05.
- [ii] Development of "Design optimization software" for AVC Transformer is under progress.
- [iii] Upgradation of Auto Reclosure with standard control panel has been completed and successfully tested at CPRI, Bangalore in September, 2005.
- [iv] Development of indigenous Meter Relay for Capacitor Switch which was earlier use to be imported from Togami, Japan, has been successfully completed and tested at ERTL.
- [v] Division already upgraded Moulded Case Circuit Breaker type NFC SH 253/403/603.
- [ii] Benefit derived as well as results of the above R&D Works :
- Due to above R&D work Engineering Division achieved significant cost savings and Electrical Division expects cost reduction during the coming years out of development of indigenous Meter Relay and during 2005-06, the Division received order from TLK and other customers worth Rs.100 lakhs of the upgraded product of Auto Reclosure.
- [iii] Future Plan of Action :
- [a] Engineering Division has entered into pre-engineering and post-engineering tie-ups with leading consultancy organizations for projects relating to Atomic Energy Sector and Pollution Control System.
- [b] In respect of Electrical Division
- New version of 300 Amps Contractor and development of proto type and testing to be completed during 2006-07.
  - Drawing for 9 Amps and 12 Amps Contractor with DIN RAIL MOUNTING facilities for DOL Starter has been completed and expected to use commercially during 2006-07.
  - Prototype development of Bolted designed VCB & VCB Panel (12KV 1250 A) and testing at CPRI is expected to be completed in 2006-07.
- [iv] Expenditure on R & D :
- (Rupees in lakhs)
- |               |       |
|---------------|-------|
| [a] Capital   | Nil   |
| [b] Recurring | 25.00 |
| [c] Total     | 25.00 |

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

- [i] Efforts Made :
- Technical know-how from the Collaborators were absorbed systematically and subsequently imported components have been substituted by indigenously developed components.
- [ii] Benefits derived :
- The R&D effort helped to cater the need of present days requirements of the industry and achieving extra edge on this competitive market.
- [iii] Particulars of Imported Technology in the last 5 years : Nil.

**C. FOREIGN EXCHANGE EARNING AND OUTGO :**

Foreign Exchange earnings were : Rs. 80.24 lakhs  
Foreign Exchange outflow were : Rs. 56.03 lakhs

Kolkata,  
14th August, 2006.

On behalf of the Board,  
ARINDOM MUKHERJEE  
Chairman and Managing Director.

**REPORT ON CORPORATE GOVERNANCE**

**1. Company's Philosophy :**

The Company is committed to attain the highest standard of Corporate Governance by placing emphasis on transparency, professionalism, accountability, integrity and to promote ethical conduct throughout the Organization with the main object to enhance the value of all stakeholders namely shareholders, customers, creditors, employees and bankers.

**2. Board of Directors :**

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board of Directors to enable it to discharge its responsibilities of strategic supervision of the Company as trustees of the Shareholders.

**2.1 Composition :**

The Board of Directors of the Company comprises of eminently qualified Executive and Non-Executive Directors. The total number of Directors of the Company as on 31st March, 2006 was six of which two (2) were whole-time Directors viz. Chairman and Managing Director and Director (Finance), and Four (4) were part-time Non-Executive Independent Directors.

The composition of the Board of Directors and the number of other Directorship and Membership/ Chairmanship held by the Directors in the Committees of various Companies are given below :

<u>Name of Directors</u>	<u>Category of Directorship</u>	<u>No. of other Directorship held as on 31st March 2006</u>	<u>Committee Membership held in other Companies. xx</u>	
			<u>As Member</u>	<u>As Chairman</u>
1. Shri Arindam Mukherjee	Chairman and Managing Director	4	Nil	Nil
2. Shri S.Muralidharan	Director (Finance)	5	1	Nil
3. Shri D.R.S.Chaudhary	Independent Non-Executive Director	3	Nil	Nil
4. Shri Ardhendu Sen	Independent Non-Executive Director	3	Nil	Nil
5. Shri Ranabir Sen	Independent Non-Executive Director	2	Nil	Nil
6. Shri Amitava Ray	Independent Non-Executive Director	Nil	Nil	Nil
7. Shri Asok Basu	Director(Personnel)	-	Nil	Nil
8. Shri Sunil Mitra	Independent Non-Executive Director	-	-	-

Exclude Directorship in Private Limited Companies, foreign companies and companies under Section 25 of the Companies Act, 1956 and memberships of Managing Committees of various Chambers/bodies.

xx Represents Membership/Chairmanship of Audit Committee, Investors Grievance Committee and Remuneration Committee.

Notes: Shri S. Muralidharan, Director (Finance) was appointed on 29<sup>th</sup> August, 2005.  
 Shri Asok Basu was a Whole- Time Director of the Company upto 26<sup>th</sup> September, 2005.  
 Shri Ranabir Sen was appointed on 18<sup>th</sup> November, 2005.  
 Shri Amitava Ray was appointed on 18<sup>th</sup> November, 2005.  
 Shri Sunil Mitra was a Non-Executive Director upto 21<sup>st</sup> July, 2005.  
 Shri Ardhendu Sen was appointed on 1<sup>st</sup> September, 2005.  
 Shri Indrajit Sengupta was appointed on 27<sup>th</sup> June, 2006.

**2.2 Board Meetings :**

Dates of Board Meetings are fixed in advance and agenda papers are circulated to Directors at least seven days before the meeting.

**Meetings and Attendance :**

During the financial year ended 31st March, 2006 six Meetings of the Board of Directors were held on 27th May, 2005, 15th July, 2005, 28th October, 2005, 9th December, 2005, 8th February, 2006 and 24th March, 2006.

## ANDREW YULE & CO. LTD.

Attendance of Directors at the Board Meetings and at the Annual General Meeting (AGM) :-

<u>Name of Directors</u>	<u>No. of Board Meetings Attended</u>	<u>Attendance of the Last Annual General Meeting held on 26th September, 2005</u>
Shri Arindom Mukherjee	6	Yes
Shri Asok Basu	2	Yes
Shri D.R.S Chaudhary	5	No
Shri S. Muralidharan	4	Yes
Shri Ardhendu Sen	1	No
Shri Amitava Ray	3	No
Shri Ranabir Sen	3	No
Shri Sunil Mitra	NIL	No

Notes: Shri S. Muralidharan, Director (Finance) was appointed on 29<sup>th</sup> August, 2005.

Shri Asok Basu was a Whole- Time Director of the Company upto 26<sup>th</sup> September, 2005.

Shri Ranabir Sen was appointed on 18<sup>th</sup> November, 2005.

Shri Amitava Ray was appointed on 18<sup>th</sup> November, 2005

Shri Sunil Mitra was a Non-Executive Director upto 21<sup>st</sup> July, 2005.

Shri Ardhendu Sen was appointed on 1<sup>st</sup> September, 2005.

### 3. **Committee of the Board of Directors :**

The Company is having a Committee of the Board of Directors, duly constituted by the Board of Directors, for last several years to supervise smooth functioning of the day to day operations of the Company and some of the major powers/authorities delegated to the said Committee are as under :

- (i) General powers of management.
- (ii) To borrow monies upto the specified limit from Banks, Financial Institution and others for working capital purposes.
- (iii) To authorise creation of securities including Equitable mortgage on the immovable properties of the Company, execution of security documents pertaining to term loan, bridge loan, working capital loan, etc.
- (iv) To issue Indemnity Bonds and Powers of Attorney.
- (v) Opening of Accounts with Banks.
- (vi) To approve overseas tour for official purpose.
- (vii) Sale of Fixed Assets.
- (viii) To invest funds of the Company in Government Securities, Postal Securities, long term deposit with Banks/Financial Institutions etc.
- (ix) To approve appointment of Consultants/Architects.
- (x) Approve transfer/transmission of shares.
- (xi) Carryout the function of Shareholders/Investors Grievance Redressal Committee.

The Committee of the Board of Directors were comprised of the following :

<u>Directors</u>	<u>Designation</u>	<u>Status in the Committee</u>	<u>Number of Meetings held 2005-06</u>	<u>Number of Meetings Attended</u>
Shri Arindom Mukherjee	Chairman & Managing Director	Chairman	19	19
Shri Asok Basu	Director (Personnel)	Member	19	10
Shri S.Muralidharan	Director (Finance)	Member	19	11

The Minutes of the Committee of the Board of Directors are circulated as separate agenda item in the next meeting of the Board of Directors of the Company for noting and approval.

Notes: Shri Asok Basu was a Whole- Time Director of the Company upto 26<sup>th</sup> September, 2005.

Shri S. Muralidharan, Director (Finance) was appointed on 29<sup>th</sup> August, 2005.

### 4. **Audit Committee :**

#### (a) **Terms of reference :**

The role and terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreements with the Stock Exchanges and Section 292A of the Companies Act, 1956 besides other terms as may be referred to it by the Board of Directors.

(b) **Composition of the Audit Committee :**

The Directors on 9th December, 2005 had reconstituted the Audit Committee comprising of Shri Amitava Ray as Chairman, Shri D.R.S Chaudhary, Jt. Secretary to the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry , and Shri Ranabir Sen as members thereof. Director (Finance) and Senior Manager (Internal Audit) are the permanent invitees to the Committee and the Company Secretary acts as the Co-ordinator of the meeting of Audit Committee.

During the financial year ended 31<sup>st</sup> March, 2006, the Audit Committee met once on 24<sup>th</sup> March, 2006 as under :

Shri Amitava Ray	-	Chairman.
Shri D.R.S. Chaudhary	-	Member.
Shri Ranabir Sen	-	Member

5 **Remuneration Committee :**

(a) The need for constitution of a Remuneration Committee is not felt by the Company in view of the fact that the Company is a Government Company in terms of Section 617 of the Companies Act, 1956. The remuneration of the whole-time Functional Directors and other terms and conditions are fixed by the Government of India.

(b) The remuneration of the whole-time Functional Directors include basic salary, allowances and perquisites as determined by the Government of India and also as per rules of the Company. The details of remuneration paid to all the whole-time Functional Directors during the year ended 31st March, 2006 are given below :

(Rs.000's)			
<u>Name of the Directors</u>	<u>Salary</u>	<u>Perquisite</u>	<u>Total</u>
Shri Arindom Mukherjee	680	51	731
Shri Ashok Basu	291	36	327
Shri S.Muralidharan	410	15	425

The whole-time Functional Directors are appointed for a period of five years or upto the date of Superannuation, whichever event occurs earlier. The appointment may, however, be terminated during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.

No stock option Scheme is prevalent in the Company.

(c) The remuneration paid to part-time independent Non-official Directors for attending the Board and Audit Committee Meetings consists only of sitting fees -

<u>Name of the Directors</u>	<u>Sitting Fees</u>
Shri Ranabir Sen	Rs.7,000/-
Shri Amitava Ray	Rs.7,000/-

6 **Shareholders Grievance Redressal Committee :**

The matters relating to redressal of shareholders' complaints viz transfer/transmission of shares, non-receipt of copy of Annual Report etc. , are being looked after by the Committee of the Board of Directors as mentioned under paragraph 3 of this Report. Fourteen complaints were received from the shareholders during the year 2005-06 and all of them have been attended to.

There is no complaint lying pending.

Number of shares pending transfer as on 31st March, 2006 was : Nil.

Shri Debabrata Bandyopadhyay, Company Secretary is the Compliance Officer of the Company.

7 **Code of Conduct :**

The Code of Conduct for the Directors and the Employees of the Company has been laid down by the Board and the same is posted on the website of the Company.

8 **Disclosure :**

There were no transactions of material nature with its promoters, the Directors or their relatives etc. that may have potential conflict with the interests of the Company at large.

There were no instance of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to Capital markets, during the last three years.

9 The necessary certificates under Clause 49V of the Listing Agreement has been placed before the Board of Directors.

CERTIFICATE ON COMPLIANCE FROM AUDITORS AS STIPULATED IN CLAUSE 49  
OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.

To the Members of Andrew Yule & Co., Ltd.

We have examined the compliance of conditions of Corporate Governance by Andrew Yule & Co., Ltd. for the year ended 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the 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 except **(a) publication of quarterly results in newspapers, (b) that the Audit Committee ceased to exist from 30th December, 2004 to the date of reconstitution on 9th December, 2005, (c) that in the absence of any Audit Committee during the period mentioned above (i) the Company could not comply the requirements of Clause 49(II)(A)(iv) of the Listing Agreement regarding presence of the Chairman of the Audit Committee in the Annual General Meeting held on 26th September, 2005 and (ii) during the year only one meeting of Audit Committee was held on 24th March, 2006 and as such the Company could not comply the requirements of Clause 49(II)(B) of the Listing Agreement regarding minimum number of Audit Committee Meetings in a year.**

We state that in respect of investor grievances received during the year ended 31st March, 2006 no investor grievances are pending against the Company as per the records maintained by the Company.

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 MOOKHERJEE BISWAS & PATHAK  
*Chartered Accountants,*  
(S. P. MUKHERJEA)  
*Partner.*  
Membership No.10807

For N. SARKAR & CO.,  
*Chartered Accountants,*  
(M. RAY)  
*Partner.*  
Membership No.12940

For KUNDU HOSSAIN KARMAKAR  
*Chartered Accountants,*  
(H. BHATTACHARYYA)  
*Partner.*  
Membership No.13479

Kolkata - 4th July, 2006.

# ANDREW YULE & CO. LTD.

## GENERAL INFORMATION FOR SHAREHOLDERS

REGISTRATION NO.021-003229

### CIN of the Company - U63090WB1919PTC003229

- Corporate and Registered Office : 'Yule House'  
8, Dr. Rajendra Prasad Sarani,  
Kolkata - 700 001  
Tel : 2242-8210, 2242-8550  
E-mail : yulecp@cal2.vsnl.net.in/yulesecy@vsnl.net  
Telegram: "YULETIDE"  
Fax : 91-33-2242-9770/2243-4741
- Date of Annual General Meeting,  
Time, Venue : 15th September, 2006 at 11.00 A.M.,  
At the Williamson Magor Hall of The Bengal Chamber of  
Commerce & Industry,  
Royal Exchange,  
6, Netaji Subhas Road,  
Kolkata - 700 001.
- Financial Calender : April to March
- Date of Book Closure : From 8th September to 15th September, 2006  
(Both days inclusive).
- Listing on Stock Exchange : The Stock Exchange, Mumbai.
- The Listing Fees for the financial year 2005-06 has been paid to the Stock Exchange, Mumbai only as the Company have applied for delisting its shares from the Calcutta Stock Exchange Association Ltd. and Delhi Stock Exchange Association Ltd. under the provisions of SEBI (Delisting of Securities) Guidelines, 2003 and prior approval of the shareholders of the Company by a Special Resolution at the Annual General Meeting held on 26th September, 2005 and compliance of other formalities applicable.
- Market price Data, High, Low during the  
month in the last Financial Year (2005-2006)  
traded at BSE : Please See Annexure "A".
- Registrar and Transfer Agents (For both  
Physical and Dematerialized Shares) : MCS Limited  
77/2A, Hazra Road,  
3rd and 5th Floor,  
Kolkata - 700 029  
Phone: 2476-7350/54, 2454-1892/93
- Share Transfer System : Transfer of shares in physical form are registered and despatched  
within 30 days from the date of their receipt, in case documents  
are complete in all respects. The Committee of the Board of  
Directors is empowered to approve transfers.
- Shares Transferred during the year : Total number of Shares transferred in physical form during the  
year was 62,560 Shares (Previous year - 24,205 Shares).
- Dematerialisation of Shares : 5.31% Equity Shares have been dematerialised upto 31st March,  
2006 and held with National Securities Depository Limited (NSDL)  
and Central Depository Services (India) Ltd. (CDSL).



## ANDREW YULE & CO. LTD.

ISIN : INE 449C01017

Distribution of Shareholding and Shareholding pattern as on 31st March, 2006. : Please See Annexure "B".

Address for correspondence : Shareholder's Correspondence should be addressed to :-  
Andrew Yule & Co., Ltd.  
Share Department  
8, Dr. Rajendra Prasad Sarani,  
Kolkata - 700 001  
Telephone : 2242-8210/2242-8550  
Fax : 2242-9770  
E-mail : yulecp@cal2.vsnl.net.in/yulesecy@vsnl.net

### **MEANS OF COMMUNICATION**

As required by SEBI, information/documents are filed in EDIFAR System from time to time.

#### **General Body Meetings :**

Details of the General Meeting held in last three years :

##### **[i] Annual General Meeting :**

FINANCIAL YEAR	DATE	TIME	LOCATION
2004-2005	26th September, 2005	11-00 A.M.	Shripati Singhania Auditorium of Rotary Sadan, 94/2, Chowringhee Road, Kolkata-700 020.
2003-2004	30th September, 2004	11-00 A.M.	At the Auditorium of Indian Chamber of Commerce, 10th Floor, India Exchange, 4, India Exchange Place, Kolkata-700 001.
2002-2003	30th September, 2003	11-00 A.M.	-DO-

##### **[ii] Extra Ordinary General Meeting :**

FINANCIAL YEAR	DATE	TIME	LOCATION
2003-2004	30th December, 2003	11-00 A.M.	At the Auditorium of Indian Chamber of Commerce, 10th Floor, India Exchange, 4, India Exchange Place, Kolkata-700 001.

#### **Plant Locations :**

The Company's plants are located at (i) 16A and B, Block "D", Kalyani, West Bengal, (ii) 14, Mayurbhanj Road, Kolkata - 700 023, (iii) Mahatma Gandhi Road, Thakurpukur, Joka, 24 Parganas (South), West Bengal, (iv) P-25, Transport Depot Road, Kolkata - 700 088, (v) 5/346, Old Mahabalipuram Road, Perungudi, Chennai - 600 096 and (vi) 19, Muthulakshmi Salai, Adyar, Chennai - 600 020.

The Company's Tea Gardens are located at Jalpaiguri and Darjeeling Districts, West Bengal and at Assam.

**ANDREW YULE & CO. LTD.**

**ANNEXURE - "A"**

MARKET PRICE DATA : HIGH/LOW DURING EACH MONTH IN THE LAST FINANCIAL YEAR (2005-06)

Month	The Stock Exchange, Mumbai		B.S.E. Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2005	26.80	21.45	6649.42	6118.42
May, 2005	32.75	21.55	6772.74	6140.97
June, 2005	36.75	24.60	7228.21	6647.36
July, 2005	42.50	28.15	7708.59	7123.11
August, 2005	42.90	32.50	7921.39	7537.50
September, 2005	43.15	30.70	8722.17	7818.90
October, 2005	34.00	22.40	8821.84	7656.15
November, 2005	30.10	22.55	9033.99	7891.23
December, 2005	32.15	26.00	9442.98	8769.56
January, 2006	32.40	26.60	9945.19	9158.44
February, 2006	33.10	26.05	10422.65	9713.51
March, 2006	29.85	22.05	11356.95	10344.26

**ANNEXURE - "B"**

**(i) DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH, 2006.**

Shares Holding (Range)		No. of	% of Total	No. of	% of Total
From	To	Shares	Shares	Shareholders	Shareholders
0	500	9,53,317	1.64	9,107	89.16
501	1000	5,18,429	0.89	620	6.07
1001	2000	3,62,820	0.62	232	2.27
2001	5000	5,47,331	0.94	168	1.65
5001	10000	4,30,934	0.74	58	0.57
10001	Above	5,54,54,247	95.17	29	0.28
<b>TOTAL</b>		<b>5,82,67,078</b>	<b>100.00</b>	<b>10,214</b>	<b>100.00</b>

**(ii) SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2006**

CATEGORY	No. of Shares	% of total Shares
CENTRAL GOVERNMENT	5,43,38,306	93.26
FINANCIAL INSTITUTIONS	4,54,952	0.78
NATIONALISED BANKS	19,829	0.03
MUTUAL FUNDS	950	0.00
DOMESTIC COMPANIES	3,99,686	0.69
NON-DOMESTIC COMPANIES	500	0.00
RESIDENT INDIVIDUAL	30,09,935	5.16
NON-RESIDENT INDIVIDUALS (INDIAN)	20,449	0.04
NON-RESIDENT INDIVIDUALS (FOREIGN NATIONAL)	22,471	0.04
DIRECTOR AND THEIR RELATIVES	...	0.00
	<b>5,82,67,078</b>	<b>100.00</b>

AUDITORS' REPORT

We have audited the attached Balance Sheet of Andrew Yule & Company Limited as at 31st March, 2006 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto, which we have signed this day under reference to this report. 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.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform our audit to obtain reasonable assurance as to whether the aforesaid financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences 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 expressing our opinion on the aforesaid financial statements of the Company.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report the following :-

1. The accounts are prepared on the principle applicable to a going concern despite heavy accumulated past losses and loss for the year which have totally eroded the net worth of the Company and reference had been made to the Board for Industrial and Financial Reconstruction (BIFR). In the proceedings of hearing held on 20th September, 2004 before the BIFR Bench, the Company was declared as Sick and BIFR had appointed IDBI as the Operating Agency for submission of a Revival Package. The Draft Rehabilitation Scheme with cut-off date as 31st March, 2006 has been approved by the Board of Reconstruction of Public Sector Enterprises on 9th May, 2006. The proposal is awaiting final clearance from the Government of India. The operational existence of the Company is dependent on the implementation of the Revival Package. (Refer to Note No.30 in Schedule 20).
2. Authorised Share Capital of the Company has been increased to Rs.20000.00 lakhs vide a

TO THE MEMBERS OF  
ANDREW YULE & COMPANY LIMITED

Resolution passed in its Annual General Meeting held on 30th September, 2004. Pending filing of the necessary documents with the Registrar of Companies, the effect of the same has not been given in the Accounts. (Refer to Note No.25 in Schedule 20).

3. Non-provision of Liability in respect of pay revision of employees and Directors amounting to Rs.872.58 lakhs for earlier period has resulted in understatement of accumulated loss and year end liability (Refer to Note No.7 in Schedule 20).
4. No provision has been made in respect of bank guarantee of Rs.70.00 lakhs invoked by Tea Trading Corporation of India Ltd., the recovery of which is doubtful and the loss is not ascertainable at this stage. (Refer to Note No.8 in Schedule 20).
5. Non-adjustment of loss against Capital Reserve that may arise out of arbitration award in the matter of Hooghly Docking and Port Engineering Co. Ltd. The quantum of loss has not been ascertained [Refer to Note No.9(a) in Schedule 20].
6. Non-provision of possible loss on investments in Bengal Coal Co. Ltd., WEBFIL Ltd., and Yule Financing & Leasing Co. Ltd. aggregating to Rs.42.89 lakhs resulting in understatement of loss and overstatement of assets [Refer to Note No.27 in Schedule 20].
7. Non-provision of interest free advance amounting to Rs.115.08 lakhs to a Company floated by two Associate Companies in the Group where the recovery is doubtful and the loss is not ascertainable at this stage (Refer to Note No.10 in Schedule 20).
8. Non-confirmation and non-reconciliation of year end balances in respect of Sundry Debtors, Deposits, Advances, Creditors, Bank Balances etc. (Refer to Note No.17(a) and (b) in Schedule 20).
9. Non-charging of gratuity and leave encashment paid to employees retired under Voluntary Retirement Scheme amounting to Rs.109.60 lakhs to Profit and Loss Account resulting in understatement of loss and over statement of assets to that extent (Refer to Note No.26 in Schedule 20).
10. Non-provision of Rs.85.72 lakhs included in Capital Work-in-Progress in respect of an abandoned project for manufacture of Air Handling Equipment, resulting in understatement

- of loss and overstatement of Capital Work-in-Progress (Refer to Note No.22 in Schedule 20).
11. Liability in respect of interest for delayed payment of Provident Fund dues has been computed @ 8.5% p.a. instead of actual applicable rates, taking the rates considered in computing this liability in Draft Rehabilitation Scheme (DRS) submitted by the Operating Agency appointed by BIFR. Further, no liability in respect of damages/penalty has been considered in this regard as waiver has been sought for in DRS. Impact of the same could not be ascertained pending final approval of the DRS (Refer to Note No.6 in Schedule 20).
  12. Unamortised Tea Cultivation Expenses incurred in Cold Weather amounting to Rs.1102.82 lakhs (including Rs.604.73 lakhs in respect of earlier years) included under Loans and Advances in Schedule 10, is not in conformity with Accounting Standard 1 and 26, resulting in understatement of loss for the year and accumulated loss and overstatement of assets to that extent. (Refer Accounting Policy No.9(j) and Note No.4 in Schedule 20).
  13. Penalty/interest for non-deduction of Income Tax and non-collection of income tax at source has not been ascertained and not provided for.
  14. Effect of changes in Accounting Policy during the year is disclosed in Note No.3 in Schedule 20.
  15. Subject to our above comments :-
    - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit **except our comments in Item No.8 above;**
    - (b) 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;
    - (c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
    - (d) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards (AS) referred to in Section 211(3C) of the Act, **except AS-13 Accounting for investments (refer to our comments in Item No.6 above), AS-15 Accounting for retirement benefits (Refer to**
  - our comments in Item No.9 above), AS-1 and AS-26 Intangible Assets (Refer to our comments in item No.12 above) and AS-9 on matters dealt with in paragraphs 7 and 9 of Major Accounting Policy regarding certain income which are accounted for on actual receipt basis and certain expenses which are accounted for on cash basis respectively.
  16. In terms of Notification No.G.S.R.829(E) dated 21st October, 2003, issued by the Central Government, the requirement of Clause (g) of Sub-section (1) of Section 274 of the Act is not applicable to a Government Company.
  17. Without considering the items mentioned in Paragraphs 1,2,4,5,7,8,11 and 13 above, the effect of which could not be determined, had the observations in paragraphs 3,6,9,10 and 12 above been considered, the loss for the year would have been Rs.8034.04 lakhs as against the reported figures of Rs.7407.34 lakhs, accumulated loss net of General Reserve would have been Rs.36448.14 lakhs as against the reported figures of Rs.34234.53 lakhs, net current assets would have been Rs. (-)4572.66 lakhs as against the reported figures of Rs.(-)2597.26 lakhs the total net assets would have been reduced to Rs.13226.49 lakhs as against the reported figures of Rs.15330.50 lakhs and miscellaneous expenditure to the extent not written off or adjusted would have been reduced to Rs.298.91 lakhs as against the reported figures of Rs.408.51 lakhs.
  18. In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the accounting policies, notes on accounts in Schedule 20 and **subject to the observations in foregoing paragraphs 1 to 13 and 17 and our comments in paragraph 1, 7, 8, 9(i) and 11 in the annexure to this report,** give the information required by the Act 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, 2006;
    - (b) in the case of the Profit and Loss Account of the loss of the Company for the year ended on that date.and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For MOOKHERJEE BISWAS & PATHAK  
*Chartered Accountants,*  
(S. P. MUKHERJEA)  
*Partner.*  
Membership No.10807

For N. SARKAR & CO.,  
*Chartered Accountants,*  
(M. RAY)  
*Partner.*  
Membership No.12940

For KUNDU HOSSAIN KARMAKAR  
*Chartered Accountants,*  
(H. BHATTACHARYYA)  
*Partner.*  
Membership No.13479

Kolkata - 4th July, 2006.

ANNEXURE TO AUDITORS' REPORT 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 its fixed assets. **However, the Fixed Assets Registers require to be modified and updated.**
- (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which is considered to be reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a physical verification was carried out by the Company, during the year of all its Plant and Machinery (year end book value Rs.1067.79 lakhs). In respect of Engineering and Tea Divisions of the Company, discrepancies noticed on such verification were not material and have been properly dealt with in the Books of Accounts. **However, reconciliation between the book records and the physical inventory in respect of Electrical Division of the Company is in progress. Pending reconciliation, discrepancies, if any, could not be ascertained.**
- (c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
2. (a) The inventory of the Company has been verified by the management during the year and at the year end. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and book records has been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Clause (iii)(b) to (d) are not applicable to the Company.
- (c) The Company has taken unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The outstanding balance of such loan taken including interest as at the year end is Rs.12.52 crores.
- (d) In our opinion, the rate of interest and other terms and conditions on which loan have been taken from a Company listed in the register maintained under section 301 of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
- (e) According to the revised terms of repayment, the principal and interest have not become due for payment as at 31st March, 2006.
- (f) Paragraph 4(iii)(g) of the Order is not applicable in respect of loans taken.
4. In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets, for sale of goods and for services. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanations given to us, 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 the value of five lakh rupees in respect of any party during the year have been made at prices, which are reasonable having regard to prevailing market price at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, as applicable, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. The Company has its own Internal Audit Department and the Company has appointed outside agencies in certain Tea Estates. In our opinion, **the present internal audit system is generally commensurate with the size of the Company and nature of its business. However, internal audit department needs to be strengthened. The frequency and the area of coverage need to be extended.**

8 We have broadly reviewed the books of account maintained by the Company relating to the manufacture of industrial fans and power transformers pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. **In respect of manufacture of Tea, records of expenses etc. are being maintained but not as per the requirement of the rules made by the Central Government under section 209(1)(d) of the Companies Act, 1956.** However, we are informed that effective steps have been initiated in this regard. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for any other products of the Company.

9 (i) According to the information and explanations given to us and according to the books and records of the Company as produced and examined by us, in our opinion, the **undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, excise duty, cess and other material statutory dues as applicable have not been deposited regularly by the Company during the year with appropriate authorities. The arrears of statutory outstanding dues as mentioned above as at 31st March, 2006 for a period more than six months from the date they became payable are furnished below :**

(a) Provident Fund (including interest)	Rs. 307.52 lakhs
(b) Cess on Green Leaf (including interest)	Rs. 347.68 lakhs
(c) Cess on Royalty	Rs. 1.65 lakhs
(d) Municipal Tax	Rs. 21.62 lakhs
(e) Income Tax deducted at source	Rs. 24.89 lakhs
(f) Professional Tax	Rs. 7.94 lakhs
(g) Sales Tax (including interest)	Rs. 263.41 lakhs
(h) Excise Duty (including interest)	Rs. 73.22 lakhs
(i) Interest payable to SSI Units	Rs. 106.55 lakhs
(j) Service Tax	Rs. 0.94 lakh
(k) Lease Renewal Fees	Rs. 11.40 lakhs

(ii) As at 31st March, 2006 according to the records of the Company and the information and explanations given to us, the particulars of dues on account of sales tax, entry tax, agricultural income tax, professional tax and excise duty that have not been deposited on account of any dispute are furnished below :

Name of Statute	Nature of dues	Amount (Rs. lacs)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act.	Income Tax	45.88	1988-89	Commissioner of Income Tax.
Sales Tax Laws	Sales tax	27.53	Preamalgamation period of Tea Divn	Appellate Authority Tribunal.
		337.72	1973-74, 1986-87, 1992-93 & 1997-98	Appellate Authority Tribunal
		124.69	to 2002-03	Adil. Commissioner (Settlement of Dispute).
			1979-80 to 1985-86	High Court.
		314.14	1992-93	Appellate Authority upto Additional Commissioner level.
		2852.92	1997-98 to 2002-03 & 2004-05	Board of Revenue.
		75.36	1996-97, 1998-99	Assessing Authority.
		981.78	1994-95, 1996-97, 1999-2000, 2000-01 & 2003-04	Assessing Authority
West Bengal Agricultural Income Tax Act.	Agricultural Income Tax	336.77	1998-99	Assessing Authority
Assam Agricultural Income Tax Act. 1939	Agricultural Income Tax	37.08	1989-90, 1990-91 and 1992-93	Appellate Authority Deputy Commissioner Supreme Court.
Central Excise Act.	Excise Duty.	19.54	1995 to 1999	CESTAT
		718.92	1986 to 2002	Appellate Authority Commissioner Level.
		106.39	1985 to 1990, 1995 to 1998	Assessing Authority.
		82.06	1983, 1993 to 1998, 2000 to 2004	Assessing Authority.
Employment Tax on Profession, Trade and Callings	Professional Tax	3.50	1979-80	Commissioner of Professional Tax.

10. In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth. The Company has incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to a financial institution and banks. **The loan (Interest free) from West Bengal Industrial Development Corporation Ltd. amounting to Rs.268.86 lakhs, which, we are informed, was due for repayment in earlier year, has not yet been repaid. Further, in respect of cash credit accounts with the following banks, frequent excess drawing were noticed during the year. The year end balance in these accounts exceeded the limit by the amount indicated below :-**
- |  |                  |
|--|------------------|
| (a) State Bank of India,<br>Park Street, Kolkata<br>(including uncharged interest of<br>Rs. 737.79 lakhs)  | Rs.1007.19 lakhs |
| (b) Bank of Baroda,<br>India Exchange Place,<br>Kolkata (including uncharged interest of Rs.1180.42 lakhs) | Rs.2137.54 lakhs |
| (c) Allahabad Bank<br>Adyar Branch<br>Chennai  | Rs. 204.12 lakhs |
| (d) United Bank of India<br>N.C.Dutta Sarani<br>Kolkata  | Rs. 145.67 lakhs |
| (e) Allahabad Bank<br>IFB Branch,<br>Kolkata   | Rs. 18.65 lakhs  |
- The Company has not issued any debenture.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute as specified under Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
15. According to the information and explanations given to us, the terms and conditions of the guarantee given by the Company amounting to Rs.90.00 lakhs and outstanding as at 31st March, 2006, for loans taken from bank by Hooghly Printing Co. Ltd. and Tide Water Oil Co. (I) Ltd., in our opinion, are not prima facie prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained **except that out of term loan received from Government of India Rs.1063.00 lakhs have not been utilised upto 31st March, 2006.**
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.

For MOOKHERJEE BISWAS & PATHAK  
Chartered Accountants,  
(S. P. MUKHERJEA)  
Partner.  
Membership No.10807

For N. SARKAR & CO.,  
Chartered Accountants,  
(M. RAY)  
Partner.  
Membership No.12940

For KUNDU HOSSAIN KARMAKAR  
Chartered Accountants,  
(H. BHATTACHARYYA)  
Partner.  
Membership No.13479

Kolkata - 4th July, 2006.

**Statement of Major Accounting Policies forming part of the Accounts as at and for the year ended 31st March, 2006.**

**1. Reserves :**

- (a) Central and State Subsidies received by the Company are retained in Special Reserve until the conditions stipulated in the respective schemes are complied with, and the same are credited to Profit and Loss Account or Capital Reserve after the expiry of the specified period depending upon the nature of the subsidy.
- (b) Sales value of fixed assets and investments to the extent it exceeds the original cost of the relevant asset is credited to Profit and Loss Account. Provided, however, loss/diminution in value of assets acquired through amalgamation/merger are adjusted against the Capital Reserve created out of the same.

**2. Fixed Assets :**

- (a) The Physical verification of fixed assets is carried out in a phased manner so as to cover each item of the fixed assets over a period of 3 years.
- (b) Machinery manufactured by one Unit/ Division for use of another Unit/Division are accounted for at **Works/Factory cost of the Transferor Unit.**
- (c) The gross fixed assets are valued at acquisition cost and other related expenses incurred to bring them to their present condition. The gross amount of interest on loans utilised for various expansion/diversification schemes is capitalised till the commissioning of the projects. Further, no interest for inter-unit transfer of funds on Capital Account is considered for the above purpose.
- (d) Depreciation is provided on the Assets other than Estate on straightline method in accordance with the provisions of Section 205(2)(b) read with Schedule XIV of the Companies Act, 1956.
- (e) No amortisation of cost of long-term leasehold land is done.
- (f) **Fee payable for renewal of lease of land is charged as expenditure in the Profit and Loss Account as and when the payment is due.**

- (g) Benefit of **CENVAT/VAT** relating to any Fixed Asset, is adjusted with the cost of assets capitalised.
- (h) Liquidated damages received by the Company for delayed construction and delayed supply of equipment are set-off against the capital expenditure to which it relates.
- (i) **Grant/Subsidy in respect of capital expenditure is accounted for as per applicable Accounting Standard.**

**3. Inventories :**

- (a) The stocks of stores, spares and raw materials etc., barring small and insignificant items, are physically verified in a phased manner at least once in a year.
- (b) Stocks of stores, spares, raw materials etc., are valued at weighted average cost.
- (c) Work-in-Progress is valued at Works Cost. All losses on Work-in-Progress incurred upto the end of the year and losses estimated for further Works Cost to be incurred on such jobs are taken into account and duly provided for.  
  
While valuing the contract jobs in progress (excluding systems and turnkey jobs) at the close of the year, future estimated losses are considered only in respect of jobs valued at Rs.25.00 lakhs or more and/or physical progress whereof as per technical estimate, is minimum 50%.
- (d) Royalty liabilities calculated with reference to Sales as per the collaboration agreements are considered as selling expenses and thus, have not been considered for the purpose of valuation of stocks of Work-in-Progress and finished goods.
- (e) Excise Duty, Insurance and Freight outward in connection with transfer of finished goods from factories to branches have been considered for valuation of branch stock at the close of the year.
- (f) Stocks of finished goods including Finished goods-in-transit are valued at garden cost/ estimated total cost or net realisable value,



whichever is lower. Estimated total cost covers all costs excluding interest, general administration overheads and selling and distribution expenses. In case of Packet Tea, all expenses relating to packeting including freight are also considered.

- (g) Imported materials lying in bonded warehouse and at Port are valued at cost including Customs Duty, Port Charges etc.
- (h) Inter-Unit transfers of own manufactured stores, spares, raw materials etc., if lying in stock at the close of the year, are valued at estimated Works/Factory cost of the Transferor Unit.
- (i) Excise Duty on finished goods lying at Works is provided and as such, the valuation of finished goods includes Excise Duty.
- (j) Benefit of CENVAT/VAT is adjusted in the cost of materials.
- (k) Loose Tools are amortised over a period of 5 years.
- (l) Stock of scrap as per stock records, is valued on the basis of estimated realisable value. However, tea waste is not valued.
- (m) Export benefits against Advance Licences are considered at the time of actual consumption of the imported materials. Advance Licences in hand at the close of the year are not accounted for.

#### 4. Investments :

Investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary nature in the opinion of the Management.

#### 5. Sales :

- (a) (i) Sales against Ex-Works/FOR Contracts are booked on the basis of deliveries to transport carriers upto 31st March, irrespective of whether the goods have been received by the customers by 31st March or not. Sales in respect of transactions against FOR destination contracts are booked for the goods actually received by customers by 31st March.
- (ii) Despatches against FOR destination contracts not reaching the customers

within the close of the year, are shown as Finished goods-in-transit.

- (b) Partial deliveries are accounted for in accordance with the billing schedule as per the terms of Sales Contract. Income from engineering service charges on composite contracts is apportioned proportionately to the value of bills in respect of supplies/erection work completed.
- (c) Tea sales against contracts are accounted for on the basis of delivery orders and on completion of sale in auction centres in accordance with the norms of tea trade.
- (d) Sales returns, if any, upto the cut-off date i.e. 30th April, are accounted for.
- (e) Excise Duty together with freight and other charges recoverable under the terms of the sale contracts are included in sales, but Excise Duty separately recoverable on sales are deducted from gross sales.
- (f) Except in disputed cases, escalation/de-escalation claim bills are accounted for on the basis of the terms of the relevant contracts.
- (g) Export sales are accounted for with reference to the date of Bill of Lading.

#### 6. Dividend Receipts :

Dividends declared within the close of the accounting year only are accounted for in respect of investments held by the Company.

#### 7. Other Income :

- (a) The following items are accounted for in the books on actual receipt basis :
  - (i) Fees receivable by the Directors and/or employees from Subsidiary and other Companies;
  - (ii) Interest on late retirement of bills by customers;
  - (iii) Interest on loans to employees as per approved Schemes, other than under House Building Loan Scheme, is recovered and accounted for after repayment of the principal amount.
- (b) (i) Insurance and other claims are accounted for on the basis of amounts admitted;

- (iii) Sales Tax, Excise Duty and Customs Duty refunds are accounted for on the basis of assessment/refund orders received;
  - (iii) Central/State Subsidies from Government and Tea Board are accounted for on the receipt of intimation of grant.
  - (c) Interest receivable from customers as per stipulation of the Sales Contract on account of late receipt of full/proportionate payments are accounted for to the extent of such interest is ascertainable with respect to the payment so far received.
  - (d) Liquidated Damages received by the Company for delayed execution and delayed supply of equipment/spares are set-off against the expenditure to which it relates.
  - (e) Export/Deemed Export benefits are accounted for on completion of despatches in terms of the contract.
- 8. Purchases :**
- (a) Insurance charges incurred in relation to the incoming goods where materials are directly relatable are accounted for in respect of individual items; otherwise, such insurance premium is charged off to Profit and Loss Account.
  - (b) In case of goods purchased from overseas, the shipment is treated as goods-in-transit (import):
    - (i) in case of both CIF and C&F Contracts, from the date of intimation received from bank;
    - (ii) in case of FOB Contracts, from the date of actual shipment as per Bill of Lading.Customs Duty is charged on the basis of the date of arrival in port.
- 9. Other Expenses :**
- (a) Issue of materials/components as free replacements during the guarantee period which can not be provided being unknown, is accounted for on actual despatches. Known free replacements upto the close of the accounting year are provided for.
  - (b) Liability in respect of rectification work/replacement as at the close of the accounting year is booked as per claims received from the customers and accepted by the Company.
- 10. Deferred Revenue Expenditure :**
- (c) Liabilities in respect of Liquidated Damages are provided if and to the extent, not disputed by the Company. Liquidated Damages disputed by the Company are treated as contingent liability. The amount of liability/contingent liability is estimated on the basis of contracted terms and the facts of each case to the extent of revenue recognised.
  - (d) Liability in respect of commission is provided in proportion to sales.
  - (e) Interest on overdue bills is accounted for on the basis of debit advices received from the bank or claims received upto the cut off date.
  - (f) Interest on delayed payments of Taxes is accounted for on the basis of assessment orders of the Tax Authorities, if not disputed by the Company or actual payment effected, as the case may be.
  - (g) Provisions made and Provisions no longer required written back during the year are netted against in respect of each individual items.
  - (h) Payment of Technical Know how Fees is treated as Deferred Revenue Expenditure in compliance with the relevant Accounting Standard.
  - (i) Leave Travel Concession and profitability linked incentive are accounted for on cash basis.
  - (j) Tea cultivation expenses incurred in Cold Weather, the benefit of which are derived over a period of five seasons are carried forward and amortised over a period of five years.
  - (k) Provision for unrealised profit is made in respect of partially completed composite/turnkey contracts on basis of proportionate direct cost on the revenue recognised.

Division and written off over a period of five years commencing from the year in which it is disbursed.

- (b) The balance of deferred revenue expenditure as on 31st March, 2003 are written off over a period of five years as under :

(i) 10% of the expenditure during the first year on which these were incurred;

(ii) remaining 90% are written off pro-rated during the next four years.

- (c) In case of new project, and for launching of new products, other initial expenditure, are written off in compliance with the provision of AS-26.

**11. Contingent Liabilities/Capital Losses and Contingent Assets :**

- (a) Disputed liabilities and claims against the Company including claims by Tax Authorities (for example, Income-tax, Sales tax etc.) pending in appeal, are treated as contingent liabilities. Contingent assets are not accounted for.

- (b) Contingent Capital losses are adjusted against realised Capital Reserves as and when they occur.

- (c) Expenditure incurred/capitalised in respect of Projects abandoned/to be abandoned are written off/provided for proportionately over a period of seven years on the basis of decision to withdraw from such projects.

**12. Booking/Writing Back of Liabilities:**

- (a) For providing liabilities, cut-off date is 30th April but all known liabilities, if material, are booked as far as practicable.

- (b) Liabilities which are more than 3 years old and not likely to materialise are written back. In case of extraordinary items only, separate disclosure is given in the accounts.

**13. Conversion of Foreign Currencies:**

- (a) Foreign currency loans to finance fixed assets including technical know-how fees are converted either at the exchange parity rate ruling at the close of the accounting year or at the fixed rate when the exchange is booked in advance, as the case may be.

Necessary adjustments with regard to such exchange rate difference are made to secured loans, fixed assets and depreciation.

- (b) Receivables and Payables in foreign currency are converted either at the parity rate ruling at the close of the financial year or at the fixed rate where the exchange is booked in advance. The exchange difference, if any, arising therefrom is accounted for in Profit and Loss Account.

- (c) In respect of any import of materials both under CIF, FOB and C&F Contracts, purchases are booked at the exchange rates as per fixed rate contracts. Where the exchange rate is not fixed, the purchases are booked at the ruling rate of exchange on the date of Bill of Entry. The exchange difference, if any, arising from the difference between the above rate and the rate at which the actual payment is made or at the rate prevailing on 31st March, whichever is earlier, is accounted for in the Profit and Loss Account.

- (d) Exports/Overseas Sales are booked at the rates ruling on the date of bill of lading except in the case of exports/overseas sales covered by forward exchange contracts which are booked on the basis of rates negotiated with the Bankers. Exchange difference relating to such bills arising either on realisation of the proceeds or on conversion thereof at the exchange rate ruling at the close of the year, is charged to Profit and Loss Account.

**14. Research and Development Costs:**

Expenditure in relation to Research and Development activities are treated in accordance with the relevant provision of AS-26.

**15. Retirement Benefits :**

- (a) Gratuity contribution is made to an approved Gratuity Fund on the basis of actuarial valuation.

- (b) Liabilities in regard to accrued pension and leave encashment on retirement in respect of employees are determined on the basis of actuarial valuation and provided for in the Accounts.

**ANDREW YULE & CO. LTD.**

**BALANCE SHEET AS AT 31ST MARCH, 2006**

		(Rupees in lakhs)	
	Schedules	2005-06	2004-05
<b>SOURCES OF FUNDS</b>			
<b>(1) Shareholders' Funds :</b>			
(a) Share Capital	1	16130.61	15491.61
(b) Reserves and Surplus	2	10835.31	10835.31
		<u>26965.92</u>	<u>26326.92</u>
<b>(2) Loan Funds :</b>			
(a) Secured Loans	3	14744.80	12733.22
(b) Unsecured Loans		7842.41	5727.20
		<u>22587.21</u>	<u>18460.42</u>
<b>(3) Deferred Tax Liability (Net)</b>			
[Note No.29(a) on Schedule 20]		420.41	411.04
<b>TOTAL</b>		<u>49973.54</u>	<u>45198.38</u>
<b>APPLICATIONS OF FUNDS</b>			
<b>(1) Fixed Assets :</b>			
(a) Gross Block	4	20444.80	20124.15
(b) Less: Depreciation and Impairment of Assets		4579.48	4177.01
(c) Net Block		15865.32	15947.14
(d) Capital work-in-progress (Net of Impairment of Assets)		418.57	293.70
		16283.89	16240.84
(e) Pre-operative Expenditure (Pending Allocation)		113.85	113.85
		<u>16397.74</u>	<u>16354.69</u>
<b>(2) Investments</b>			
	5	<u>1530.02</u>	<u>1530.02</u>
<b>(3) Current Assets, Loans and Advances :</b>			
(a) Inventories	6	2176.29	2435.32
(b) Sundry Debtors	7	4440.64	4960.23
(c) Cash and Bank Balances	8	2110.12	1933.94
(d) Other Current Assets	9	0.69	0.69
(e) Loans and Advances	10	8507.45	8953.30
		<u>17235.19</u>	<u>18283.48</u>
<b>Less: Current Liabilities and Provisions :</b>			
(a) Current Liabilities	11	14790.21	13663.85
(b) Provisions	12	5042.24	4935.26
		<u>19832.45</u>	<u>18599.11</u>
Net Current Assets		<u>(-)2597.26</u>	<u>(-) 315.63</u>
<b>(4) (a) Miscellaneous Expenditure to the extent not written off or adjusted</b>			
		408.51	802.11
<b>(b) Profit and Loss Account</b>			
		34234.53	26827.19
<b>TOTAL</b>		<u>49973.54</u>	<u>45198.38</u>
<b>NOTES ON ACCOUNTS</b>			
	20		

STATEMENT ON ACCOUNTING POLICIES AND SCHEDULES  
1 TO 20 FORM AN INTEGRAL PART OF THE ACCOUNTS.

D. BANDYOPADHYAY,  
Company Secretary.  
KOLKATA - 4th July, 2006.

On behalf of the Board,  
A. MUKHERJEE, *Chairman and Managing Director.*  
S. MURALIDHARAN, } *Directors.*  
I. SENGUPTA.

In terms of our attached Report of even date.

For MOOKHERJEE BISWAS & PATHAK  
*Chartered Accountants,*  
(S. P. MUKHERJEA)  
*Partner.*

For N. SARKAR & CO.,  
*Chartered Accountants,*  
(M. RAY)  
*Partner.*

For KUNDU HOSSAIN KARMAKAR  
*Chartered Accountants,*  
(H. BHATTACHARYYA)  
*Partner.*

Kolkata - 4th July, 2006.

**ANDREW YULE & CO. LTD.**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

(Rupees in lakhs)			
	Schedules	2005-06	2004-05
<b>INCOME</b>			
Sales	13	11179.95	11732.60
Interest and Dividend on Investments (Gross)		31.92	49.35
Other Income	14	584.63	341.98
Accretion/Decretion (-) in Stocks	15	(-) 53.39	233.44
		11743.11	12357.37
<b>EXPENDITURE</b>			
Materials Consumed	16	3946.97	4349.53
Salaries, Wages and Bonus	17	5955.74	6577.36
Interest	18	2942.70	2341.36
Other Expenses	19	5829.93	6340.85
Depreciation	4	402.47	245.04
Impairment of Assets		-	24.72
		19077.81	19878.86
Loss before Extra-ordinary item		(-) 7334.70	(-) 7521.49
Add : Extra-ordinary item :			
Investment written off		-	(-) 10.49
<b>Loss for the year</b>		(-) 7334.70	(-) 7531.98
Add : Provision for Taxation :			
[a] Wealth Tax	2.25		2.00
[b] Income Tax (In respect of earlier years)	32.00		-
[c] Fringe Benefit Tax	29.02		-
[d] Deferred Tax	9.37		12.07
		72.64	14.07
		(-) 7407.34	(-) 7546.05
Less : Provision for wealth tax written back		-	2.44
<b>Loss for the year after provision</b>		(-) 7407.34	(-) 7543.61
Loss brought forward from last account		(-) 29294.19	(-) 21630.93
Add : Impairment of Assets as on 1st April, 2004		-	(-) 119.65
		(-) 29294.19	(-) 21750.58
		(-) 36701.53	(-) 29294.19
Less : Balance in General Reserve (Per Contra)		2467.00	2467.00
Balance carried to Balance Sheet		(-) 34234.53	(-) 26827.19
Basic Earnings per share (Note No.33 on Schedule 20)		Rs. (-)12.71	Rs. (-)12.95

NOTES ON ACCOUNTS 20

STATEMENT ON ACCOUNTING POLICIES AND SCHEDULES  
1 TO 20 FORM AN INTEGRAL PART OF THE ACCOUNTS.

D. BANDYOPADHYAY,  
Company Secretary.  
KOLKATA - 4th July, 2006.

On behalf of the Board,  
A. MUKHERJEE, *Chairman and Managing Director.*  
S. MURALIDHARAN, } *Directors.*  
I. SENGUPTA.

In terms of our attached Report of even date.

For MOOKHERJEE BISWAS & PATHAK  
*Chartered Accountants,*  
(S. P. MUKHERJEA)  
*Partner.*

For N. SARKAR & CO.,  
*Chartered Accountants,*  
(M. RAY)  
*Partner.*

For KUNDU HOSSAIN KARMAKAR  
*Chartered Accountants,*  
(H. BHATTACHARYYA)  
*Partner.*

Kolkata - 4th July, 2006.

# ANDREW YULE & CO. LTD.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

(Rupees in lakhs)

	2005-06	2004-05
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and extraordinary items	(7334.70)	(7531.98)
<b>Adjustments for</b>		
Depreciation/Impairment of Assets	402.47	269.76
Miscellaneous Expenditure written off	393.60	699.48
Interest charged	2942.70	2341.36
Investment Income	(139.54)	(147.69)
Profit/Loss on sale of Fixed Assets	-	(0.36)
<b>Operating profit before changes in amount of Current Liabilities and Current Assets</b>	<u>(3735.47)</u>	<u>(4369.43)</u>
<b>Adjustments for</b>		
Trade Receivables	519.59	1830.78
Loans and Advances	465.95	(13.68)
Inventories	259.03	(229.16)
Current Liabilities and Provisions	990.87	58.63
<b>Cash Generated from Operations</b>	<u>(1500.03)</u>	<u>(2722.86)</u>
Deferred tax liability	(9.37)	(12.07)
Income Tax	(32.00)	-
Wealth Tax	(2.25)	(0.44)
Fringe Benefit Tax	(29.02)	-
Deferred Revenue Expenditure	-	(87.60)
<b>Cash-flow before Extraordinary Items</b>	<u>(1572.67)</u>	<u>(2822.97)</u>
Extraordinary Items :		
Investment Written off	-	(10.49)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<u>(1572.67)</u>	<u>(2833.46)</u>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (including Capital WIP and Pre-operative Expenditure)	(445.52)	(659.33)
Loans and Advances	(24.57)	174.38
Investment and Other Income	144.01	141.09
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<u>(326.08)</u>	<u>(343.86)</u>

**ANDREW YULE & CO. LTD.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)**

	(Rupees in lakhs)	
	2005-06	2004-05
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Net Proceeds from borrowings	1774.47	4324.51
Interest paid	(338.54)	(2211.05)
Advance against equity	639.00	400.00
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>2074.93</b>	<b>2513.46</b>
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)	176.18	(663.86)
<b>CASH AND CASH EQUIVALENT Opening Balance as at 1st April, 2005.</b>	1933.94	2597.80
<b>CASH AND CASH EQUIVALENT Closing Balance as at 31st March, 2006.</b>	2110.12	1933.94

1. For a detailed list of cash balances please refer Schedule-8 to the Accounts.
2. Only balances lying in cash and deposits with banks as cash and cash equivalent have been considered.
3. Suitable modifications have been made in the prescribed form to provide for adequate information.
4. Figures of the previous year have been re-grouped/re-arranged wherever necessary.
5. Cash Flow Statement has been prepared by following Indirect Method mentioned in AS-3.

D. BANDYOPADHYAY,  
Company Secretary.  
KOLKATA - 4th July, 2006.

On behalf of the Board,  
A. MUKHERJEE, *Chairman and Managing Director.*  
S. MURALIDHARAN, } *Directors.*  
I. SENGUPTA.

In terms of our attached Report of even date.

For MOOKHERJEE BISWAS & PATHAK <i>Chartered Accountants,</i> (S. P. MUKHERJEA) <i>Partner.</i>	For N. SARKAR & CO., <i>Chartered Accountants,</i> (M. RAY) <i>Partner.</i> Kolkata - 4th July, 2006.	For KUNDU HOSSAIN KARMAKAR <i>Chartered Accountants,</i> (H. BHATTACHARYYA) <i>Partner.</i>
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# ANDREW YULE & CO. LTD.

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

	(Rupees in lakhs)	
	2005-06	2004-05
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
7,50,00,000 Equity Shares of Rs.10 each	7500.00	7500.00
<b>Issued, Subscribed and Fully Paid-up :</b>		
5,82,67,078 Equity Shares of Rs.10 each [Of the above, 6,00,000 Shares issued as Bonus Shares by capitalisation of General Reserve, 21,35,344 Shares issued pursuant to a Contract without payment being received in cash and 11,57,600 Shares issued to Government of India in the name of The President of India pursuant to Transformer & Switchgear Ltd. (Acquisition and Transfer of Undertakings) Act, 1983 and Brentford Electric (India) Ltd. (Acquisition and Transfer of Undertakings) Act, 1987 against compensation money paid by them.]	5826.71	5826.71
	5826.71	5826.71
<b>Shares pending issue to Government of India Against money received/conversion of loan during the year :</b>		
10,30,39,000 Equity Shares of Rs.10 each (9,66,49,000)	10303.90	9664.90
	16130.61	15491.61
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve :</b>		
<b>General :</b>		
Balance as per last account	10735.16	10811.53
Less: [a] Adjustment in respect of Pre-amalgamation period of erstwhile Subsidiaries :		
[i] Calcutta Discount Co. Ltd.	-	38.16
[ii] Clive Row Investment Holding Co. Ltd. and Chitpore Golabari Co. Ltd.	-	21.86
	-	60.02
[b] Brentford Electric India Ltd.	-	16.35
	-	76.37
	10735.16	10735.16
<b>Special :</b>		
Central/State Subsidy for Capital Assets :		
Balance as per last account	11.40	11.40
State Housing Subsidies	4.06	4.06
	15.46	15.46
	10750.62	10750.62
<b>Preference Share Capital Redemption Reserve :</b>		
Balance as per last account	84.69	84.69
<b>General Reserve :</b>		
Balance as per last account	2467.00	2467.00
Less: Shown as deduction from balance in Profit and Loss Account (Per Contra)	2467.00	2467.00
	-	-
	10835.31	10835.31



**ANDREW YULE & CO. LTD.**

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

		(Rupees in lakhs)	
		2005-06	2004-05
<b>SCHEDULE</b>	<b>3</b>		
<b>LOANS</b>			
<b>Secured Loans :</b>			
<b>Loans and Advances from Banks :</b>			
State Bank of India	1239.40	1240.50	
Add: Interest accrued and due thereon	<u>737.79</u>	<u>479.75</u>	
		1977.19	1720.25
Bank of Baroda	3682.12	4106.86	
Add: Interest accrued and due thereon	<u>1191.50</u>	<u>-</u>	
		4873.62	4106.86
Allahabad Bank		1020.13	726.39
(The above loans are secured by the whole of the Company's present and future stocks of raw materials, work-in-progress, finished goods and manufactured goods and articles, stores, components and spares, other movable properties wherever situate, book debts and all other current assets, claims, rights to movable properties by way of first charge ranking pari-passu inter-se without any preference to one over the other.)			
United Bank of India		1411.93	1239.12
(for Desam, Khowang, New Dooars and Choonabhutti Tea Estates.)			
Union Bank of India		853.51	733.40
(for Banarhat, Karballa, and Hoolungooree Tea Estates.)			
Allahabad Bank	1654.83	1591.92	
(for Tinkong, Basmatia, Rajgarh, Murphulani and Mim Tea Estates.)			
Add: Interest accrued and due thereon	<u>0.52</u>	<u>-</u>	
(The above loans are secured by Hypothecation of the whole of crop, book-debts and all other movable assets both present and future, and by equitable mortgage of all immovable properties of the Estates.)			
		1655.35	1591.92
<b>Other Loans and Advances :</b>			
Tea Board Hire-purchase Loan			
(Secured by hypothecation of the movable Assets acquired under the Tea Machinery and Irrigation Equipment Loan Scheme.)			
	3.39	0.38	
Add: Interest accrued and due thereon	<u>0.53</u>	<u>5.66</u>	
		3.92	6.04
West Bengal Government Sales Tax Loan			
(To be secured by a residuary charge over certain immovable property ranking next only to the charges in favour of the Banks.)			
	250.00	250.00	
Add: Interest accrued and due thereon	<u>131.29</u>	<u>109.42</u>	
		381.29	359.42
Others (Secured by hypothecation of certain immovable properties)			
		200.00	-
14% Secured Redeemable Non-convertible Bond			
(Secured by creation of 2nd charge on mortgage of Banarhat and Karballa Tea Estates.)			
	2000.00	2000.00	
Add: Interest accrued and due thereon	<u>367.86</u>	<u>249.82</u>	
		2367.86	2249.82
Carried over		14744.80	12733.22

**ANDREW YULE & CO. LTD.**

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006 - (Contd.)**

		(Rupees in lakhs)	
		2005-06	2004-05
<b>SCHEDULE 3 - (Contd.)</b>			
<b>LOANS - (Contd.)</b>			
<b>Secured Loans - (Contd.)</b>	Brought forward	14744.80	12733.22
<b>Unsecured Loans :</b>			
From Bodies Corporate		1000.00	1013.00
Fixed Deposits		321.74	321.78
From Govt. of India	5464.24		4103.24
Add : Interest accrued and due thereon	<u>786.08</u>		<u>18.63</u>
		6250.32	4121.87
From West Bengal Industrial Development Corpn. Ltd. (Interest free)		268.86	268.86
West Bengal Govt. Subsidised Housing Scheme Loan for Plantation Workers	0.61		0.84
Add: Interest accrued and due thereon	<u>0.88</u>		<u>0.85</u>
		1.49	1.69
		<u>7842.41</u>	<u>5727.20</u>
		<u>22587.21</u>	<u>18460.42</u>

**SCHEDULE 4**

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

(Rupees in Lakhs)

**FIXED ASSETS**

Description of Assets	GROSS BLOCK		DEPRECIATION			IMPAIRMENT OF ASSETS		NET BLOCK	
	Cost/Book Value as at 31st March, 2005	Additions/ Adjustments during the year	Less: Sales/ Adjustments during the year	Upto 31st March, 2005	For the year	Upto 31st March, 2005	During the year	As at 31st March, 2006	As at 31st March, 2005
Land (including cost of development and leasehold land Rs. 4.31 Lakhs; 2004-05 Rs. 4.31 Lakhs)	175.43	"	"	"	"	"	"	175.43	175.43
Estates (leasehold (including garden development expenses))	12356.20	30.73	"	151.39	44.27	"	"	12191.27	12204.81
Buildings	2624.70	32.09	"	926.81	49.92	"	"	1680.06	1697.89
Roads and Culverts	53.61	"	"	11.68	0.88	"	"	41.05	41.93
Plant and Machinery	3144.17	215.32	"	2024.43	208.26	"	"	1067.79	1060.73
Drawings, Designs and Tracings etc.	74.99	"	"	40.91	"	"	"	"	"
Electrical Installations	550.84	7.53	"	292.94	27.50	"	"	237.93	257.90
Water Installations	395.22	7.71	"	146.61	15.85	"	"	240.47	248.61
Furniture, Fittings and Office Equipments	371.15	4.09	"	281.17	15.84	"	"	78.23	89.98
Vehicles	377.84	23.18	"	207.98	39.95	"	"	153.09	169.86
Capital Work-in-Progress	20124.15	320.65	"	4083.92	402.47	"	"	15865.32	15947.14
TOTAL	344.98	196.99	72.12	"	"	"	"	418.57	293.70
PREVIOUS YEAR'S TOTAL	20469.13	517.64	72.12	4083.92	402.47	4486.39	144.37	16283.89	16240.84
	19810.01	749.25	90.13	3839.04	245.04	4083.92	144.37	16240.84	
							119.65		
							24.72		

Less: Impairment of Assets as on 1st April, 2004  
Charged to Profit and Loss Account

(Contd.)

# ANDREW YULE & CO. LTD.

## SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

### SCHEDULE 4 - (Contd.)

#### FIXED ASSETS - (Contd.)

- Notes :**
1. Land valuing Rs.1.84 lakhs has been acquired by the Government of West Bengal under the West Bengal Estate Acquisition Act, 1953 but pending finalisation of the compensation amount, no adjustment thereof has been made in these accounts.
  2. Estates include lease-hold land, fencing and expenses on extension Planting/Maintenance and Up-keep expenses on immature plants.
  3. Renewal lease agreement for Banarhat and Choonabhutti Tea Estates covering a grant area of 1336.24 hectares is pending.
  4. Following leasehold land of the Company have been acquired by various Government Authorities and other agencies :

<u>Name of Gardens</u>	<u>Land (Bighas) Approx.</u>	
Basmatia	310	(310)
Hoolungooree	2	(2)
Murphulani	2475	(2475)
Khowang	18	(18)
Rajgarh/Tinkong	61	(61)
M i m	20	(20)
New Dooars	145	(145)
Hingrijan	16	(...)

Against the above acquisitions, part compensation aggregating to Rs.14.03 lakhs (Rs.14.03 lakhs) has been received by the Company which is included under the head "Sundry Creditors". Appropriate adjustment entries in this regard would be made in the Accounts after settlement of the Final Compensation in respective cases.

5. Buildings include Rs.15.66 lakhs representing the cost of structures on rented land (Rs.15.66 lakhs).
6. Capital Work-in-Progress includes capital advances Rs.99.50 lakhs (Rs.99.50 lakhs) after adjustment of provision for doubtful advances of Rs.13.78 lakhs (Rs.13.78 lakhs).
7. Depreciation for the year includes Rs.80.63 lakhs relating to earlier years.

**ANDREW YULE & CO. LTD.**

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

		(Rupees in lakhs)			
		No. of Shares/ Units	Face Value per Share/ Unit	Book Value	
				2005-06	2004-05
<b>SCHEDULE 5</b>					
<b>INVESTMENTS</b> (Long Term)					
(At Cost less written off)					
<b>1. Equity Shares in Subsidiary Company :</b>					
<b>Unquoted :</b>					
	Hooghly Printing Co. Ltd.	10,27,128	10	103.20	103.20
<b>2. In Other Companies - Non-Trade Investments :</b>					
<b>Equity Shares</b> (Fully Paid) :					
<b>Quoted :</b>					
	Yule Financing & Leasing Co. Ltd.	3,00,000	10	27.88	27.88
	Dishergarh Power Supply Co. Ltd.	3,01,269	10	12.50	12.50
	Tide Water Oil Co. (India) Ltd.	2,28,390	10	141.07	141.07
	WEBFIL Ltd.	1,45,000	10	14.50	14.50
	Fort Gloster Industries Ltd.	1,040	10	0.13	0.13
	Gloster Jute Mills Ltd.	208	10	-	-
	Exide Industries Ltd.	19,942	10	0.23	0.23
	The Gillapukri Tea & Industries Ltd.	26	10	-	-
<b>Unquoted :</b>					
	*The Bengal Coal Co. Ltd.	10,305	100	0.51	0.51
	*Katrass Jherriah Coal Co. Ltd.	60,260	10	6.95	6.95
	*The New Beerbhoom Coal Co. Ltd.	1,05,355	10	12.27	12.27
	The Statesman Ltd.	9,966	100	4.70	4.70
	ABC Tea Workers Welfare Services	750	10	0.08	0.08
	Phoenix Yule Ltd.	1,19,43,074	10	1194.31	1194.31
<b>Debentures</b> (Fully Paid) :					
<b>Unquoted :</b>					
	Woodlands Hospital & Medical Research Centre Ltd. (formerly The East India Clinic Limited) Rs.65,200 - 5% Non-Redeemable Registered Mortgage Debenture Stock, 1957	-	-	0.65	0.65
	Woodlands Hospital & Medical Research Centre Ltd. (formerly The East India Clinic Limited) Rs.600 - 1/2% Registered Mortgage Debenture Stock	-	-	0.01	0.01
<b>3. Units</b> (Fully Paid) :					
<b>Quoted :</b>					
<b>Unit Trust of India</b>					
	Unit Scheme - 2000	1,81,022	10	11.03	11.03
				<u>1530.02</u>	<u>1530.02</u>
				<u>1530.02</u>	<u>1530.02</u>
<b>S U M M A R Y</b>					
<b>1. Subsidiary Company - Equity Shares</b>					
				<u>103.20</u>	<u>103.20</u>
<b>2. Other Companies</b> (Non-Trade Investments) :					
Equity Shares				1415.13	1415.13
Debentures				0.66	0.66
				<u>1415.79</u>	<u>1415.79</u>
<b>3. Unit Trust of India</b>					
Unit Scheme - 2000				11.03	11.03
				<u>1530.02</u>	<u>1530.02</u>

# ANDREW YULE & CO. LTD.

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

	2005-06		2004-05	
	Book Value	Market Value	Book Value	Market Value
<b>SCHEDULE 5 - (Contd.)</b>				
<b>INVESTMENTS - (Contd.)</b>				
<b>SUMMARY - (Contd.)</b>				
<b>Aggregate Value of Investments :</b>				
Quoted	207.34	2547.82	207.34	2519.60
Unquoted	1322.68		1322.68	
	<u>1530.02</u>		<u>1530.02</u>	

**Notes:** 1 \* The Coal mines of these Companies have been nationalised. Pending finalisation of compensation rolls by the Commissioners of Payments, the Company is not in a position to estimate the amount receivable on its holding in these Companies. However, losses, if any, in this regard will be adjusted against Capital Reserve.

3 The following Investments having been written down to a nominal value of Re. 1/- each, do not appear in the details given above :

Name of the Company	No. of Shares	Face Value per Share
Unquoted - Preference Shares :		
Transformer & Switchgear Ltd.		
7 <sup>1</sup> / <sub>2</sub> % Tax-free Redeemable Cumulative Preference Shares	1000	100
Unquoted - Equity Shares :		
Transformer & Switchgear Ltd.	22395	10
Hoghly Docking & Engineering Co. Ltd.	4410	50
Brentford Electric (India) Ltd.	52500	10
India Paper Pulp Co. Ltd.	439675	10

## SCHEDULE 6

### INVENTORIES

#### At or under cost :

	2005-06	2004-05
Raw materials, Components and Packaging Materials (Includes Raw Materials-in-Transit Rs.26.43 lakhs ; 2004-05 Rs.24.00 lakhs)	735.57	865.78
Stores and Spare parts (Includes Stores-in-Transit Rs.0.16 lakh; 2004-05 Rs.24.00 lakhs)	439.01	509.73
Food-stuff	20.98	20.64
Loose tools	4.44	4.57

#### At Cost or net realisable value whichever is lower :

Finished goods	500.49	332.76
Finished goods-in-transit	12.60	126.66
Work-in-Progress	460.91	574.05
Scrap (at estimated realisable value)	2.29	1.13
	<u>2176.29</u>	<u>2435.32</u>

**Note: The unit-wise break-up of the inventories is as follows :**

Sirocco Unit	177.68	214.48
Switchgear Unit	197.41	309.27
Electrical System Group	203.61	42.80
Electronics Unit	71.95	71.82
Togami Unit	289.07	446.22
Transformer and Switchgear Unit	157.02	403.18
Brentford Unit	89.47	80.51
Project	43.89	43.89
Tea Division	946.19	823.15
	<u>2176.29</u>	<u>2435.32</u>

**ANDREW YULE & CO. LTD.**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

(Rupees in lakhs)

	<u>2005-06</u>	<u>2004-05</u>
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
<b>Unsecured :</b>		
<b>Debts outstanding for a period exceeding six months :</b>		
Considered good	2827.05	3409.77
Considered doubtful	5177.43	4415.13
	<u>8004.48</u>	<u>7824.90</u>
<b>Other Debts :</b>		
Considered good	1613.59	1550.46
	9618.07	9375.36
Less: Provision for doubtful debts	5177.43	4415.13
	<u>4440.64</u>	<u>4960.23</u>
<b>Note: The Unit-wise Break-up of Sundry Debtors is as follows :</b>		
General Division	3.16	7.69
Sirocco Unit	592.22	722.64
APC Unit	214.32	143.72
Switchgear Unit	207.95	271.70
Electrical System Group	1660.33	2482.47
Electronics Unit	3.87	23.75
Togami Unit	230.13	190.99
Transformer and Switchgear Unit	1290.38	855.92
Brentford Unit	50.97	67.00
Project	38.54	38.54
Belting Division	65.00	99.02
Tea Division	83.77	56.79
	<u>4440.64</u>	<u>4960.23</u>

**SCHEDULE 8**

**CASH AND BANK BALANCES**

Cash-in-hand	30.40	23.61
Postage and Stamps-in-hand	0.09	0.10
Cheques-in-hand	21.19	1.64
Remittances-in-transit	41.49	60.33
<b>Balances with Scheduled Banks :</b>		
On Current Account (Net)	1377.49	1181.52
<b>On Deposit Account :</b>		
Employees' Security Deposit	0.06	0.06
* Others	<u>638.60</u>	<u>665.88</u>
	638.66	665.94
Unclaimed Preference Share Redemption Account	0.80	0.80
	<u>2110.12</u>	<u>1933.94</u>

**Note:** \*1. (a) Includes Bank deposits of Rs.10.00 lakhs (Rs.10.00 lakhs) pledged with United Industrial Bank Ltd., (since amalgamated with Allahabad Bank) as a lien against clean cash credit facilities to the extent of Rs.10.00 lakhs provided by them to Brentford Electric (India) Ltd., (BEIL). Following the take over of undertakings of BEIL, the pledge stands vacated and the return of deposit receipts is awaited.

(b) Includes Rs.171.02 lakhs (Rs.191.05 lakhs) pledged with Banks against Letter of Credit, Bank Guarantee and Overdraft facilities.

**ANDREW YULE & CO. LTD.**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

(Rupees in lakhs)

	<u>2005-06</u>	<u>2004-05</u>
<b>SCHEDULE 9</b>		
<b>OTHER CURRENT ASSETS</b>		
<b>Considered Good</b>		
Deposits with National Bank for Agricultural and Rural Development under Tea Development Account Scheme, 1985 and 1990	0.69	0.69
	<u>0.69</u>	<u>0.69</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
<b>Secured</b>		
Loans	79.86	87.09
<b>Unsecured</b>		
Loans	201.13	197.19
Advances recoverable in cash or in kind or for value to be received (including Rs.2.19 lakhs due from Subsidiary; 2004-05 Rs.0.61 lakh).	3032.49	3567.70
Advance Payment of Income/Wealth-tax and F.B.Tax (including Income Tax deducted at source)	4932.49	4863.23
Balance with Government Authorities	44.74	19.73
Interest accrued on Loans, Deposits etc.	9.24	13.71
Deposits - lodged with various authorities (including National Plan Savings Certificates Rs.0.70 lakh; 2004-05 Rs.0.70 lakh)	207.50	204.65
	<u>8427.59</u>	<u>8866.21</u>
	<u>8507.45</u>	<u>8953.30</u>
<b>Notes:</b>		
1. <b>Classification of Loans and Advances :</b>		
(A) Secured Considered Good	79.86	87.09
(B) Unsecured Considered Good	8427.59	8866.21
Considered Doubtful	1495.32	1107.24
	9922.91	9973.45
Less: Provision	1495.32	1107.24
	<u>8427.59</u>	<u>8866.21</u>
	<u>8507.45</u>	<u>8953.30</u>

- 2 Secured Loans represent House Building and Car Loans (including loan of Rs.1.44 lakhs to a Director; 2004-05 Rs.1.61 lakhs - Maximum amount due at any time during the year Rs.1.61 lakhs; 2004-05 Rs.1.79 lakhs) secured against mortgage of Land, Buildings, Flats and Cars etc.



**ANDREW YULE & CO. LTD.**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

(Rupees in lakhs)

<b>SCHEDULE 11</b>	<u>2005-06</u>	<u>2004-05</u>
<b>CURRENT LIABILITIES</b>		
<b>Sundry Creditors and Other Liabilities :</b>		
Due to Small Scale Industries	252.48	427.00
Others (including Rs.6.80 lakhs due to Subsidiary and Rs.457.23 lakhs being Earnest Money and Security Deposits; 2004-05 Rs.0.74 lakh and Rs.4.87 lakhs respectively)	12882.09	12106.55
Advances and Deposits received from Customers and others (including Rs.89.40 lakhs being Security Deposits; 2004-05 Rs.0.41 lakh)	1249.86	976.36
Employees' Security Deposits	0.06	0.06
Interest accrued but not due on loans and deposits	404.92	153.08
Unclaimed Redeemed Preference Shares	0.80	0.80
	<u>14790.21</u>	<u>13663.85</u>

**SCHEDULE 12**

**PROVISIONS**

**For Taxation :**

Income Tax	2574.68	2574.68
Agricultural Tax	1498.64	1466.64
Wealth Tax	6.75	4.50
Fringe Benefit Tax	<u>29.02</u>	<u>-</u>
	4109.09	4045.82
" Superannuation and Pension	233.28	249.46
" Stock Obsolescence	345.76	316.67
" Contingencies	99.41	99.30
" Unrealised Profit	15.87	1.72
" Aqua-culture Project	222.29	222.29
" Foodstuff Stock	16.54	-
	<u>5042.24</u>	<u>4935.26</u>

# ANDREW YULE & CO. LTD.

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	(Rupees in lakhs)	
	2005-06	2004-05
<b>SCHEDULE 13</b>		
<b>SALES</b>		
Sales and Work done (after adjusting Rs.314.87 lakhs being returns/adjustments in respect of earlier year; 2004-05 Rs.Nil)	11880.68	12476.53
Add : Inter Unit Transfer of Capital Goods manufactured	124.64	66.29
	12005.32	12542.82
Less : Excise Duty recovered on sales	658.81	646.01
Trade and Other Discount	152.41	165.81
Provision for Unrealised Profit on partial deliveries against Composite Contracts	14.15	(-)1.60
	825.37	810.22
	11179.95	11732.60
<b>SCHEDULE 14</b>		
<b>OTHER INCOME</b>		
Interest on Loans, Advances, Deposits etc. (Gross)	107.69	98.34
Profit on Sale/Adjustments of Fixed Assets (Net)	-	0.36
Profit on Sale of stores	0.41	-
Sundry Receipts (including insurance claims of Rs.50.29 lakhs; 2004-05 Rs.11.83 lakhs)	60.21	51.89
Tea Board Replantation Subsidy	3.38	-
Rent and Hire charges	48.04	58.10
Fees and Commission received by Directors and Employees	4.08	0.32
Scrap/Tea waste sale	36.53	36.18
Service charges	19.77	12.50
Export incentives	6.98	7.92
Items relating to previous years	82.75	25.27
Liabilities no longer required written back	194.58	50.39
<b>Provisions no longer required written back :</b>		
Superannuation and Pension	20.21	0.14
Contingencies	-	0.57
	20.21	0.71
	584.63	341.98

**ANDREW YULE & CO. LTD.**

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

		(Rupees in lakhs)	
		<u>2005-06</u>	<u>2004-05</u>
<b>SCHEDULE 15</b>			
<b>ACCRETION / DECRETION (-) IN STOCKS</b>			
<b>Opening Stock :</b>			
Finished goods	332.76	400.68	
Finished goods-in-transit	126.66	51.57	
Semi-Finished Articles	18.63	33.70	
Work-in-Progress	555.42	314.30	
Scrap	<u>1.13</u>	<u>0.91</u>	
	1034.60	801.16	
Less: CENVAT/VAT on Opening Stock	<u>4.92</u>	-	
	1029.68	801.16	
<b>Closing Stocks</b>			
Finished goods	500.49	332.76	
Finished goods-in-transit	12.60	126.66	
Semi-Finished Articles	181.37	18.63	
Work-in-Progress	279.54	555.42	
Scrap	<u>2.29</u>	<u>1.13</u>	
	976.29	1034.60	
	<u>(-)53.39</u>	<u>233.44</u>	
<b>SCHEDULE 16</b>			
<b>MATERIALS CONSUMED</b>			
<b>Stocks as at 1st April, 2005 :</b>			
Raw materials, components and packaging materials	815.34	835.84	
Materials-in-transit	50.44	26.43	
Stores and spare parts	509.73	510.36	
Loose tools	<u>4.57</u>	<u>5.61</u>	
	1380.08	1378.24	
Less: Book value of Stocks sold/adjusted/written off	<u>4.88</u>	<u>12.65</u>	
	1375.20	1365.59	
Add : Adj. of previous year	<u>23.02</u>	-	
	1398.22	1365.59	
<b>Purchases during the year :</b>			
Raw materials, components and packaging materials (including erection expenses in case of composite contracts and processing charges)	3278.83	3621.68	
Stores and spare parts	1294.27	1569.09	
Loose tools	<u>2.73</u>	<u>2.89</u>	
	4575.83	5193.66	
	5974.05	6559.25	
<b>Less: Stocks as at 31st March, 2006 :</b>			
Raw materials, components and packaging materials	709.14	815.34	
Materials-in-transit	26.43	50.44	
Stores and spare parts	439.01	509.73	
Loose tools	<u>4.44</u>	<u>4.57</u>	
	1179.02	1380.08	
Raw materials and stores used on Capital Jobs Rs.0.03 lakh and on Repair Jobs, Advertising, Transport, Power and Fuel, Research and Development etc. Rs.848.03 lakhs; 2004-05 Rs.68.89 lakhs and Rs.760.75 lakhs.	<u>848.06</u>	<u>829.64</u>	
	2027.08	2209.72	
	<u>3946.97</u>	<u>4349.53</u>	

# ANDREW YULE & CO. LTD.

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	(Rupees in lakhs)	
	<u>2005-06</u>	<u>2004-05</u>
<b><u>SCHEDULE 17</u></b>		
<b>SALARIES, WAGES AND BONUS</b>		
Salaries, Wages, Bonus and Gratuity	4866.03	4934.20
Contribution to Provident and Other Funds	574.32	1166.28
Welfare and Other Expenses	<u>688.34</u>	<u>703.00</u>
	6128.69	6803.48
Less: Incurred on Capital jobs, Repair Jobs, Research and Development, Advertising, Transport etc.	172.95	226.12
	<u>5955.74</u>	<u>6577.36</u>
<b><u>SCHEDULE 18</u></b>		
<b>INTEREST</b>		
Fixed Deposits	38.68	38.23
Term Loans	844.82	512.55
Others	<u>2059.20</u>	<u>1790.58</u>
	<u>2942.70</u>	<u>2341.36</u>

**ANDREW YULE & CO. LTD.**

**SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

	(Rupees in Lakhs)	
	2005-06	2004-05
<b>SCHEDULE 19</b>		
<b>OTHER EXPENSES</b>		
Power and Fuel	1226.34	1142.97
Miscellaneous Tea Cultivtion and Manufacturing Expenses	103.26	103.74
Research and Development Expenses	2.05	-
Directors' Salaries	11.85	15.13
Directors' Fees	0.14	0.18
Rent (Net)	44.98	57.62
Rates and Taxes	30.21	32.52
<b>Repairs and Maintenance :</b>		
Buildings	144.43	113.51
Plant and Machinery	167.66	154.66
Others	39.26	33.80
	351.35	301.97
Travelling Expenses and Upkeep of Vehicles	302.76	281.19
Insurance	33.46	38.54
Brokers' Commission	78.42	68.28
<b>Selling Expenses :</b>		
Selling Agents' Commission	21.60	50.48
Others	279.23	285.37
	300.83	335.85
Miscellaneous Expenses	532.87	525.68
Commission against Govt. Guarantee	35.20	35.20
Loss on sale/written off of investments	-	1.40
Excise Duty	(-)7.64	119.68
Turnover Tax	15.50	-
Assam Cess on Green Tea Leaf	73.32	67.60
West Bengal Primary Education Cess	7.50	7.63
West Bengal Rural Employment Cess	14.99	15.26
Tea Cess	27.44	26.68
Assam Entry Cess	0.57	1.74
Education Cess	0.55	1.64
Bank Charges	78.34	168.07
<b>Auditors' Remuneration :</b>		
Audit Fees	3.10	3.10
<b>In Other Capacity :</b>		
Tax Audit Fees	0.61	0.61
For Certificates etc.	1.80	0.95
Out of Pocket Expenses	0.54	0.18
	6.05	4.84
<b>Miscellaneous Expenditure Written off :</b>		
Other Expenses	393.60	394.18
Net Loss on Exchange Fluctuation	-	2.28
Items relating to previous years	669.30	486.16
Liquidated Damages and Penalty etc.	199.58	128.04
Rectification/Replacement	101.29	13.73
<b>Provision for :</b>		
Doubtful Debts	762.30	1262.92
Doubtful Loans, Advances and Deposits	388.08	508.77
Stock Obsolescence	29.09	97.25
Aqua-culture Project	-	94.47
Contingencies	0.11	-
Foodstuff	16.54	-
	1196.12	1963.41
	5830.23	6341.21
Less: Amount transferred to Capital jobs etc.	0.30	0.36
	5829.93	6340.85

# ANDREW YULE & CO. LTD.

## NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006

(Rupees in lakhs)

### **SCHEDULE 20**

1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.105.67 lakhs (Rs.124.37 lakhs).
2. Contingent liabilities not provided for in respect of :
  - (a) Claims against the Company not acknowledged as debts :
    - (i) Disputed labour matters (amount not ascertainable).
    - (ii) Others Rs.967.98 lakhs (Rs.967.11 lakhs).
  - (b) Guarantees and Indemnities given to various Institutions and Authorities in connection with Company's operations amounting to Rs.2297.65 lakhs (Rs.2278.38 lakhs).
  - (c) Bills Discounted/Purchased by banks and others remaining outstanding as on 31st March, 2006 Rs.Nil (Rs.184.33 lakhs).
  - (d) Legal cases U/s.138 and 141 of Negotiable Instruments Act., remaining outstanding as on 31st March, 2006 Rs.29.10 lakhs (Rs.4.10 lakhs).
  - (e) Guarantees given to banks in favour of other Group and/or Associate Companies :
    - (i) The Bengal Coal Co. Ltd. - Rs.115.00 lakhs (Rs.115.00 lakhs).
    - (ii) India Paper Pulp Co. Ltd. - Rs.265.00 lakhs (Rs.265.00 lakhs).
    - (iii) Other Companies - Rs.60.00 lakhs (Rs.60.00 lakhs) in favour of Hooghly Printing Co. Ltd., a Subsidiary of the Company.  
Rs.30.00 lakhs (Rs.30.00 lakhs) in favour of Tide Water Oil Company (India) Ltd., an Associate Company.

In respect of item Nos.(i) and (ii) above, the guarantees have already been invoked by the banks but not provided for as the matters are still subjudice.

  - (f) Disputed Sales Tax/Professional Tax matters including pending Declaration Forms aggregating to Rs.4717.64 lakhs (Rs.4063.63 lakhs).
  - (g) Aggregate Income Tax demands amounting to Rs.45.88 lakhs (Rs.Nil) not admitted, against which appeals have been preferred by the Company.
  - (h) Agricultural Income Tax demands amounting to Rs.373.85 lakhs (Rs.37.08) not admitted, against which appeals have been preferred by the Company.
  - (i) Disputed Excise/Customs Duty matters Rs.926.91 lakhs (Rs.781.45 lakhs).
  - (j) Disputed liquidated damages on account of delayed despatches - Rs.Nil (Rs.232.69 lakhs), against debts of the like amount which have been withheld by the customers.
  - (k) Unexpired Letter of Credit opened by the Company's bankers - Rs.429.69 lakhs (Rs.483.44 lakhs).
3. Consequent to change in the Accounting Policy No.2(b) in order to comply with AS-10, addition to Plant and Machinery and Electrical Installations have been lesser by Rs.7.11 lakhs and Rs.8.33 lakhs respectively during the year with corresponding reduction in charge of Depreciation of Rs.0.10 lakh in the Profit and Loss Account and Turnover in respect of Inter Unit Transaction of Capital Goods manufactured is lesser by Rs.15.44 lakhs.
4. Out of the total Tea Cultivation Expenses in Cold Weather incurred during the year amounting to Rs.622.61 lakhs, an amount of Rs.124.52 lakhs being 1/5th of such expenses has been debited to Profit and Loss Account and the balance amount of Rs.498.09 lakhs has been carried forward. Further, out of Rs.848.19 lakhs being the carried forward amount of Cold Weather Expenses from earlier year, Rs.243.46 lakhs has been debited to Profit and Loss Account and balance of Rs.604.73 lakhs has been carried forward.
5. In the Profit and Loss Account Rs.342.20 lakhs has been charged as expenditure on account of payment to Yule Agency Superannuation Fund in respect of the liability of short funding relating to earlier years, but not provided for eligible existing employees.
6. Liability on additional interest payable due to delay in deposit of Provident Fund contributions to Provident Fund Authorities has been computed considering a rate at par with the rate considered in computing this liability in Draft Rehabilitation Scheme submitted to the Operating Agency appointed by BIFR. No liability has also been provided for damages as waiver has been asked for in DRS.
7. The estimated arrear liability on account of pay revision of Officers and Non-unionised Supervisory Staff with effect from 1st August, 1997 and in respect of Directors from 1st January, 1997 is Rs.872.58 lakhs (net of payment of Interim Relief). In terms of Accounting Standard 5 this obligation will be accounted for in the Profit and Loss Account for the period during which such payment will actually be made.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

**SCHEDULE 20** - (Contd.)

8. The Company had furnished a Performance Bank Guarantee of Rs.70.00 lakhs to Tea Trading Corporation of India Ltd. (TTCI) along with a bid for purchase of a Tea Estate. Although the sale could not be completed due to legal complications, the said Bank Guarantee was invoked and encashed by TTCI. Since the TTCI has been ordered to be wound up by Hon'ble High Court, Calcutta, and an Official Liquidator has been appointed, the Company has lodged its claim for recovery of this Rs.70.00 lakhs with the Official Liquidator. The Claim is pending before the Liquidator and no provision has been considered necessary at this stage.
9. (a) In the matter of dispute between the Company and Hooghly Docking and Port Engineering Company Ltd. (HDPE) on the Award made by the Sole Arbitrator published on 18<sup>th</sup> December, 1994 the Arbitrator admitted the claims of Rs.53.40 lakhs of HDPE and Rs.13.74 lakhs of the Company. In this award, the Sole Arbitrator determined the total loss on ship building at Rs.42.49 lakhs although the Company contended that they were not liable for any over-run in the cost beyond the revised price fixed through negotiation by and between Hooghly Docking and Engineering Co. Ltd. (HDE) and its customers. In this award, the Sole Arbitrator also declined to set off the claims of the Company with the claims of HDE/HDPE on the ground that HDPE (Acquisition and Transfer of Undertaking) Act, 1984 did not permit such adjustment and observed that the Company could prefer its claim against HDPE before the Commissioner of Payments appointed under the Act for this purpose. Aggrieved by this order, the Company filed an application before the Hon'ble Delhi High Court U/s. 30 of the Arbitration Act, 1940, for setting aside the said Award. The Company's said application is pending. Meanwhile, after the Company was declared a sick Company under SICA and was eligible for protection against any recovery action U/s. 22(2) of SICA, the Company filed an application before Hon'ble Delhi High Court for stay of the said pending case. Hearing on this application is in progress. Pending disposal of the Company's petition for setting aside the said Award, the extent of loss, if any, in this regard is not ascertainable at this stage. However, loss, if any, arising on disposal of the Company's said application before the Hon'ble Delhi High Court will be adjusted against Capital Reserve.
- (b) State Bank of India (SBI) filed a suit before Hon'ble Madras High Court for enforcement of the guarantee of Rs.190.00 lakhs given by AYCL in favour of SBI as collateral security for the Cash Credit facilities advanced by SBI to the erstwhile Transformer & Switchgear Ltd., which was subsequently transferred to Debt Recovery Tribunal (DRT), Chennai. DRT, Chennai passed a decree in favour of SBI against which the Company has preferred an appeal which is now pending. Meanwhile in response to SBI's proposal for One Time Settlement, the Company made an offer for Rs.62.00 lakhs, to be paid from fund available with the Commissioner of Payments (COP). In spite of initial disinclination of agreeing to this settlement, SBI has now agreed to re-consider this proposal subject to COP's clearance for releasing this fund. Reply from COP is awaited.
10. Loans and Advances in Schedule 10 includes an interest-free amount of Rs.115.08 lakhs (Rs.119.14 lakhs) incurred for the Agro Projects, which was subsequently transferred to Yule Agro Industries Ltd. (YAIL), a Company promoted by the two Associate Companies in the Group. This advance is recoverable from YAIL. YAIL has since informed that pending implementation of the aforesaid Agro Project, they have in the meantime engaged in the activities of Oyster Mushroom, Vermiculture and Tea Nursery. As reported earlier, YAIL has confirmed to the Company to repay the balance advance in a phased manner out of the aforesaid activities.
11. Pursuant to an arrangement with Yule Agro Industries Limited (YAIL) regarding takeover of Telepara Unit of the Company by them all the expenses incurred during the year amounting to Rs.20.69 lakhs (Rs.20.78 lakhs) (net of income) has been charged to Profit and Loss Account of the Company pending implementation of the Agro Projects on commercial scale.
12. An amount of Rs.60.93 lakhs (Rs.60.93 lakhs) has been paid/payable till 31st January, 1999 to the Gayeshpur Municipality (GM) erstwhile Gayeshpur Notified Area Authority (GNAA) being rates and taxes according to the order issued on 8th April, 1986, by the Hon'ble Calcutta High Court upon the writ application filed by the Company challenging the enhancement of the rates by the GM. The Court has further directed that the amount paid in excess shall be refunded by GM to the Company with 18% interest p.a. in the event the Company succeeds in the writ application. Appropriate adjustment entries in this regard will be made in the accounts in the year of final decision of the Court. The writ is still pending without any further order.
13. (a) Unpaid overdue amount as on 31st March, 2006 payable to Small Scale and/or ancillary industrial suppliers as defined under the "Interest on delayed payments to Small Scale and Auxilliary Industries Undertakings Act, 1993" amounts to Rs.254.36 lakhs on account of principal and Rs.152.76 lakhs on account of interest. This

(Contd.)

# ANDREW YULE & CO. LTD.

## NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

### SCHEDULE 20 - (Contd.)

disclosure is based on the information available with the Company regarding the status of suppliers as defined under the said Act.

- (b) Small Scale Industrial Units to whom the Company owes a sum exceeding Rs.1.00 lakh and outstanding for more than 30 days as on 31st March, 2006 are CA Enterprises, Mukherjee Engg. Works, Metafab Engg. Co., Delta Controls Pvt. Ltd., Eastern Electricals, Fibroplast, India Technicians, Machinery Engg. Enterprises, Northern Engineering Works, Powermec India, Precisions Instruments, Rakshit Engg. Works, Sarco, Star Engineering Works, Orion Electric Controls (P) Ltd., Rima Transformers and Conductors (P) Ltd., Saravana Casting Works, Sukrut Udyog, Transgears., A.K.M.Metal Industries, On Load Gears, G.R.Ghosh and Sons Electronics, M. Engineering Industries, M.B.Enterprise, N.P.Chatterjee, Quality Engineering Enterprise, CMC Manufacturing Co., Ess Pee Electricals, Gulf Oil India Ltd., Industrial Electrical Equipment, Sansons (India), Maheswari Udyog, Multi Cables Pvt. Ltd., New Modern Technomech Private Ltd., R. N. Mishra, SEBA Engineering Pvt. Ltd., CII Porcelain (P) Ltd., B.M.Enterprises (P) Ltd., Teeknotronix, APAR Industries Ltd., Alco Wire Products (P) Ltd., Almental Industries, Invotech Engineers, Madras Wire Products, Ma Tara Engineering, Veer Steel Procesors and Electromagnetic Co.

This disclosure is based on the information available with the Company regarding the status of suppliers.

#### 14. Directors' Remuneration :-

	For the year ended 31st March, 2006	For the year ended 31st March, 2005
Salaries	11.85	15.13
Directors' Fees	0.14	0.18
Contribution to Provident Fund/Superannuation Fund	1.96	2.62
Other Perquisites/benefits	1.01	0.89
	<u>14.96</u>	<u>18.82</u>

#### 15. Details of Expenses incurred under the head "Miscellaneous Expenditure to the extent not written off or adjusted", which also include expenses incurred on development of new products are as follows :-

OTHER EXPENSES	2005-06	2004-05
Salaries, Wages and Bonus	80.42	80.42
Contribution to Provident and other Funds	6.63	6.63
Welfare and Other Expenses	23.89	23.89
Material consumption	32.44	32.44
Advertisement and Publicity	381.31	381.31
Market Survey Expenses	15.81	15.81
Travelling Expenses	13.52	13.52
Interest (Others)	0.05	0.05
Vehicle Expenses	1.38	1.38
Sales Promotion Expenses	109.82	109.82
Purchase of Tender	0.03	0.03
Insurance	0.01	0.01
Power and Fuel	1.02	1.02
*Miscellaneous Expenses [including training expenses Rs.10.41 lakhs (Rs.10.41 lakhs)]	35.80	35.80
Research and Development Expenses[includes cost of proto-type Rs.34.82 lakhs (Rs.34.82 lakhs)]	129.12	129.12
Testing Fees	116.79	116.79
Voluntary Retirement	<u>1965.04</u>	<u>1965.04</u>
	2913.08	2913.08
Less: Written Off :		
As per last account	2110.97	1411.49
Written off during this year [including items relating to previous year Rs. Nil (Rs.305.30 lakhs)]	<u>393.60</u>	<u>699.48</u>
	<u>2504.57</u>	<u>2110.97</u>
	<u>408.51</u>	<u>802.11</u>

- \* Include Rs.9.00 lakhs (Rs.9.00 lakhs) spent for development of a Proto-type Fan out of grant received under DSIR Scheme.



NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

**SCHEDULE 20** - (Contd.)

16. Inventories include Rs.73.18 lakhs (Rs.65.13 lakhs) worth of stocks lying with third parties for which confirmations are awaited and/or under reconciliation and the same has been provided for to the extent considered necessary.
17. [a] Sundry debtors, claims receivable, deposits and advances to parties, sundry creditors and other liabilities as well as Loans from Financial Institutions, loan from WB Govt. under Subsidised Housing Scheme and Bodies Corporate, in the absence of confirmations, wherever necessary, are taken as per book balances and are subject to reconciliation and adjustments thereon having an impact of revenue nature, if any, will be made in the year in which those are finally settled.  
[b] Balance confirmation in respect of an aggregate amount of Rs.0.22 lakh (Rs.0.36 lakh) remaining in Seven Bank Accounts which are inoperative, with different Banks, and in respect of a fixed deposit amounting to Rs.10.00 lakhs (Rs.10.00 lakhs) are awaited.
18. The Company had revalued its Tea Estates in the year 1994-95 on the basis of Revaluation Report by an approved valuer. Accordingly, Capital Reserve of Rs.10,735.16 lakhs under Schedule 2 includes a sum of Rs.10,332.52 lakhs as Revaluation Reserve arising out of above revaluation. No Depreciation is charged on such revalued assets, as the original cost of the said assets is also not being depreciated.
19. For the purpose of valuation of stock of bulk tea, minimum bonus @ 8.33% under Payment of Bonus Act, 1965 is considered on a consistent basis irrespective of the provision made.
20. The Company has paid in full the purchase consideration for acquisition of Bogijan Tea Estate (BTE) from Gohain Borbora Tea Co. Ltd. (GBT) as per agreement dated 11th April, 2001 and 26th October, 2004 and permission for transfer of the remaining 52 Bighas land from appropriate authority is awaited.
21. In course of execution of a contract received from Oil and Natural Gas Corporation Ltd. (ONGC), the Company had to undertake some additional work beyond the scope of the contract. Though the official bill for the main work was duly raised on ONGC, final bill for additional work could not be raised because of a dispute between the Company and ONGC about the value of the additional work. After the matter was referred to the Sole Arbitrator appointed by the Ministry of Heavy Industries, the Company submitted its final claim on 9th January 2001, of Rs.431.42 lakhs together with an interest, as may be admissible, at the direction of the Sole Arbitrator; but the matter was contested by ONGC. Till date, the Company has received Rs.70.00 lakh from ONGC as interim payment by two orders of the Sole Arbitrator made on 20<sup>th</sup> June '01 and 8<sup>th</sup> May '02. The arbitration proceeding is in progress.
22. Capital Work-in-Progress includes Rs.85.72 lakhs being payment of two instalments of Licence Fees of US \$ 27,000 and Training Fee of US \$ 15,000 paid to Mandl Heat Transfer Products Ltd. (Mandl), Canada, pursuant to failed Technology Transfer Agreement for manufacture of Air Handling Equipment. As the Company rejected the claim of Mandl for payment of 3rd instalments and royalty in respect of the products allegedly to be manufactured by the Company by application of Mandl technology, Mandl filed a suit before the Hon'ble High Court at Calcutta claiming a decree for Rs.62.69 lakhs towards the 3rd instalments and other charges. The Company disputed the claim, denied any liability and has made a claim of US \$ 2,97,627 and Rs.11.89 lakhs towards refund of the payments already made to Mandl and other damages in the same suit as a counter claim and prayed for a decree for the same amount with interest in favour of the Company on depositing requisite fee. The matter is pending before the Hon'ble High Court, Calcutta, the Company does not consider it necessary to make any provision in this respect.
23. (a) Provision for Liquidated damages amounting to Rs.1215.31 lakhs (Rs.1135.48 lakhs) have been set off against Sundry Debtors.  
(b) Sundry Debtors include Rs.284.86 lakhs (Rs.229.37 lakhs) withheld by Customers for non-furnishing of performance guarantees in respect of completed jobs.
24. The Company has filed a Special Leave Petition before the Hon'ble Supreme Court of India on 11th July, 2005 against the Order dated 10th September, 2004 passed by Hon'ble High Court at Calcutta for Rs.300.71 lakhs awarded in favour of Orissa Cement Ltd. The petition is pending before Hon'ble Supreme Court for hearing. As the matter is sub-judice, no provision for the said amount has been made in the Accounts.
25. Pending enhancement of Authorised Share Capital, money received from Govt. of India as consideration towards Equity Share is included in Schedule-1 as "Shares pending issue" amounting to Rs.10303.90 lakhs.
26. "Miscellaneous Expenses to the extent not written off or adjusted" includes a sum of Rs.109.60 lakhs (Rs.293.67 lakhs) being the unamortised portion of payment of gratuity and leave encashment to employees retired under

# ANDREW YULE & CO. LTD.

## NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

### SCHEDULE 20 - (Contd.)

- Voluntary Retirement Scheme made out of Company's own fund/loan funds as such payments have been treated as deferred revenue expenditure in the earlier years.
27. No provision is made in the books for possible losses that may arise in respect of long term investments made in the Bengal Coal Co. Ltd., WEBFIL Ltd., and Yule Financing and Leasing Co. Ltd., totalling to Rs.42.89 lakhs (Rs.42.89 lakhs). The possible loss if any, is, however, fully covered by the Capital Reserve and the same will be adjusted as and when it arises.
28. No provision for Agricultural Income Tax has been made in this account as the final liability can not be ascertained pending settlement of Appeals and Assessments pending with the Appropriate Authorities in this regard except in respect of the Assessment year 1999-2000 for which a provision of Rs.32.00 lakhs has been made in the Profit and Loss Account.
29. (a) During the financial year 2005-06, opening deferred tax liability has been reviewed and necessary effect of changes thereof has been given in the Accounts. The balance of deferred tax liability as on 31st March, 2006 stood at Rs.420.41 lakhs (Rs.411.04 lakhs).
- (b) The Company is not required to make any provision for current income tax for the financial year 2005-06 due to current year's business loss and carry forward of unabsorbed depreciation together with unabsorbed business loss.
30. The Company was referred to Board for Industrial & Financial Reconstruction (BIFR) under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). BIFR at its meeting held on 20th September, 2004, declared the Company as "Sick" and appointed Industrial Development Bank of India (IDBI) as the Operating Agency for finalization of Rehabilitation Scheme of the Company. The Draft Rehabilitation Scheme with the cut-off date as on 31st March, 2006, duly consented by all the Secured Creditors, has been duly approved by the Board for Reconstruction of Public Sector Enterprises (BRPSE) on 9th May, 2006. The proposal is now awaiting final clearance from the Government of India. In view of the above, the financial statement has been prepared considering the Company as a going concern.
31. Segment Reporting

The Company's segment information as at and for the year ended 31st March, 2006 are as below :-

Business Segment	Electrical	Tea	Engineering	Segment Total	Elimination	Consolidated
1. Segment Results						
- External sales	3923.47 [4538.52]	5823.85 [6228.31]	1307.98 [897.89]	11055.30 [11664.72]		
- Inter Segment sales	10.10 [0.61]	1.26 [0.88]	22.95 [0.45]	34.31 [1.94]		
- Inter Segment Sale of Capital Goods	35.37 [...]	...	89.27 [66.29]	124.64 [66.29]		
- Total Revenue	3968.94 [4539.13]	5825.12 [6229.19]	1420.20 [964.63]	11214.26 [11732.95]	34.31 [1.94]	11179.95 [11731.01]
2. Segment Results						
- Unallocated Corporate expenses net of unallocated income	(-)2007.70 [(-)2347.60]	(-)1803.57 [(-)1679.86]	(-)458.72 [(-)1031.12]	(-)4269.99 [(-)5058.58]	...	(-)4269.99 [(-)5058.58]
- Operating Profit	...	...	...	...	...	(-)261.61 [(-)269.24]
- Interest expenses	...	...	...	...	...	(-)4531.60 [(-)5327.82]
- Interest/dividend income	...	...	...	...	...	(-)2942.70 [(-)2341.36]
Profit from ordinary activities	...	...	...	...	...	139.60 [147.69]
- Extra-ordinary items	...	...	...	...	...	(-)7334.70 [(-)7521.49]
						...
						[(-)10.49]

**ANDREW YULE & CO. LTD.**

**NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)**

(Rupees in lakhs)

**SCHEDULE 20 - (Contd.)**

Business Segment	Electrical	Tea	Engineering	Segment Total	Elimination	Consolidated
- Net Profit ...	...	...	...	...	...	(-)7334.70
	...	...	...	...	...	[(-)7531.98]
- Segment Assets	5946.03	22859.32	2036.28	30841.63	...	30841.63
	[7424.44]	[22377.68]	[2182.75]	[31984.87]	...	[31984.87]
- Unallocated corporate Assets	...	...	...	...	...	4321.32
	...	...	...	...	...	[4183.32]
- Total Assets	...	...	...	...	...	35162.95
	...	...	...	...	...	[36168.19]
- Segment Liabilities	6991.36	9490.74	2077.02	18559.12	...	18559.12
	[7321.42]	[7997.80]	[1989.33]	[17608.55]	...	[17308.55]
- Unallocated corporate Liabilities	...	...	...	...	...	1273.33
	...	...	...	...	...	[1290.56]
- Total Liabilities	...	...	...	...	...	19832.45
	...	...	...	...	...	[18599.11]
- Capital Expenditure	10.58	433.85	...	444.43	...	...
	[5.57]	[650.02]	[2.68]	[658.27]	...	...
- Depreciation including Impairment	46.44	339.20	10.53	396.17	...	...
	[49.08]	[177.68]	[36.01]	[262.77]	...	...
- Non-Cash expenses other than depreciation	836.41	33.72	296.98	1167.11	...	...
	[1388.49]	[119.90]	[392.35]	[1900.74]	...	...

Notes: (1) The business segments comprise of the following major product groups :-

- Engineering
  - Industrial Fans.
  - Tea Machinery.
  - Air Pollution and Water Pollution Control equipments.
  - Turn-key projects involving the above products.
- Electrical
  - HT and LT Switchgears.
  - Transformers
  - Relay and Contactors
  - Turn-key projects on power distribution.
- Tea
  - Tea growing and manufacturing.

(2) The information relating to erstwhile Belting Division has been considered as part of the corporate information for the purpose of the above reporting as the related business has been discontinued earlier.

(3) Information relating to "Project" has been reported after being clubbed with Engineering Division.

32. Related party disclosure

(i) Names of Related Parties with whom Company had transactions during the year :

- |                     |  |
|---------------------|--|
| Associate Companies | <ul style="list-style-type: none"> <li>- Tide Water Oil Co. (I) Ltd.</li> <li>- Dishergarh Power Supply Co. Ltd.</li> <li>- Bengal Coal Co. Ltd.</li> <li>- New Beerbhoom Coal Co. Ltd.</li> <li>- Katras Jherriah Coal Co. Ltd.</li> <li>- Yule Agro Industries Ltd.</li> <li>- WEBFIL Ltd.</li> <li>- Yule Financing and Leasing Co. Ltd.</li> </ul> |
| Joint Venture       | <ul style="list-style-type: none"> <li>- Phoenix Yule Ltd.</li> </ul>  |

# ANDREW YULE & CO. LTD.

## NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

### SCHEDULE 20 - (Contd.)

(iii) Key Management Personnel :

- (a) Arindom Mukherjee - Chairman and Managing Director
- (b) Asok Basu - Director (Personnel) [till 26th September, 2005]
- (c) S. Muralidharan - Director (Finance) [since 29th August, 2005]
- (d) S. Lahiry - Chief Executive, Engineering Division
- (e) R. K. Babaycon - Chief Executive, Tea Division
- (f) R. K. Sikdar - Chief Executive, Electrical Division

(iii) Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 31st March, 2006.

	Associates		Joint Venture		Key Management Personnel and Relatives	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Purchase of goods	19.45	35.39	-	-	-	-
Purchase of services	-	0.10	-	-	-	-
Sale of goods	51.66	4.38	0.84	1.00	-	-
Sale of services	0.14	0.57	-	-	-	-
Interest income	4.50	4.12	-	-	-	-
Dividend income	5.71	22.84	-	-	-	-
Interest expenses	80.00	90.00	-	-	-	-
Rent / Hire charges received	48.34	47.97	-	-	-	-
Miscellaneous Receipt	7.09	6.83	-	2.11	0.20	0.05
Expenses recovered	301.94	379.39	-	-	-	-
Loan given	8.00	-	-	-	-	-
Remuneration to Directors	-	-	-	-	14.82	18.64
Remuneration to Others	-	-	-	-	12.25	13.83
<u>Balances as on 31st March, 2006</u>						
Debtors / Receivable	116.04	124.67	0.13	1.42	-	-
Advance recoverable in cash	861.53	812.23	1.64	1.64	-	-
Creditors / Payable	57.76	0.78	-	-	-	-
Deposit From	29.05	29.05	-	-	-	-
Loan given	83.00	75.00	-	-	1.44	1.61
Loan taken	1000.00	1000.00	-	-	-	-
Interest payable	251.71	171.71	-	-	-	-

33. Earning per share

	For the year ended 31st March, 2006	For the year ended 31st March, 2005
(a) Number of Equity Share :-		
At the beginning of the year	5,82,67,078	5,82,67,078
At the end of the year	5,82,67,078	5,82,67,078
Weighted average number of		
Equity Shares outstanding during the year	5,82,67,078	5,82,67,078
Face value of each Equity Share	Rs.10.00	Rs.10.00
(b) Profit after Tax available for Equity Shareholders	Rs.(-)74,07,34,135.32	Rs.(-)75,43,60,987.19
(c) Basic earnings per Share	Rs.(-)12.71	Rs.(-)12.95

Note: Since the Company has incurred loss from its normal continuing operation diluted earnings per share has not been computed.

## ANDREW YULE & CO. LTD.

### NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

#### **SCHEDULE 20** - (Contd.)

34. Company's interest in joint venture :

The Company's interest as a joint venture, in jointly controlled entity is :

Name	Country of incorporation	Percentage of ownership interest as at 31st March, 2006
Phoenix Yule Limited	India	26%

The Company's interest in this joint venture entity are reported as "Non-Trade Investments in Other Companies" (Schedule-5) and stated at cost. The Company's share of each of the assets, liabilities, income and expenses etc. (each without elimination of the effect of transaction between the Company and the Joint Venture) related to its interest in the joint venture are as follows :-

	As at 31st December, 2005	As at 31st December, 2004
<b>1. Assets</b>		
(a) Fixed Assets	682.46	736.25
(b) Current Assets, Loans and Advances		
(i) Inventories	329.65	299.90
(ii) Sundry Debtors	855.19	754.02
(iii) Cash and Bank Balances	605.29	316.87
(iv) Loans and Advances	314.95	366.50
<b>2. Liabilities</b>		
(a) Current Liabilities and Provisions		
(i) Liabilities	668.18	549.34
(ii) Provisions	101.67	61.30
(b) Deferred Tax Liability (Net)	61.27	82.22
	For the year ended 31st December, 2005	For the year ended 31st December, 2004
<b>1. Income</b>		
(a) Sales	3819.48	3371.14
(b) Other Income	70.83	12.32
(c) Accretion/Decretion in Stocks	(-) 16.91	6.14
<b>2. Expenditure</b>		
(a) Raw Materials, Components and Packing Materials	2453.97	2290.07
(b) Salaries, Wages and Bonus	314.04	280.44
(c) Interest	0.18	6.12
(d) Other Expenses	627.83	528.15
(e) Depreciation	137.78	105.08
(f) Extra-Ordinary Expenses net of Extra-ordinary item	37.12	6.10
(g) Provision for Taxation -		
(i) Current	143.14	73.29
(ii) Deferred	(-) 20.96	(-) 24.09

As the financial year of the joint venture ends on 31st December every year, the financial statement of the joint venture prepared for the year ended 31st December, 2005, being the latest available financial statement of the joint venture, has been considered for the purpose of adoption under Accounting Standard 27 - Financial Reporting of interests in Joint Venture.

35. The Company has obtained exemption from the Company Law Board in respect of disclosure of quantitative information relating to production/sale of spares and components.
36. (a) Previous year's figures have been re-arranged or re-grouped wherever necessary.
- (b) The figures in these accounts have been rounded off to nearest lakhs of rupees and, as such, the balances in certain heads of account amounting to Rs.500 or less, although maintained in the books of accounts of the Company, do not appear in these accounts.

(Rupees in lakhs)

**SCHEDULE 20 - (Contd.)**  
37. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 :

(a) Particulars in respect of Goods manufactured :

Class of Goods	Unit	Capacity		Actual Production	
		Licensed 2005-06	Installed 2005-06	2005-06	2004-05
<b>A. ENGINEERING DIVISION</b>					
<b>I SIROCCO UNIT :</b>					
(1) Tea Machinery :					
Tea Drying Machines	Nos.	120	120	-	1
Tea Leaf Processing Machines	"	24	24	1	-
Green Leaf Shifters	"	24	24	-	-
Tea Packing Machines	"	12	12	-	-
Tea Leaf Rolling Machines	"	24	24	-	-
Rootes Rotary Blowers	"	12	12	-	-
Oil Fuel Burning Equipment	"	48	48	-	-
Tea Fluff Removal Plant	"	24	24	-	-
Multi Air Heaters	"	48	48	1	1
Tea Machinery Spares	Rs.	Worth about Rs.10.08 Lakhs	Worth about Rs.10.08 Lakhs	Rs.50.30 Lakhs	Rs.36.42 Lakhs
(2) Industrial Fans and Blowers :					
Assorted Fans	Nos.	900	900	16	42
Dust/Dumpy Collectors	"	108	108	-	-
Air Washers for Evaporating, Cooling and Humidification Plants	"	36	36	-	-
(3) Core Lamination	M.T.	2200	1800	-	-
(4) Flanged Pipes	Nos.	N.A.	As required	-	-
(5) Ladle Car	"	N.A.	As required	-	-
(6) Compac Space Fan System	"	N.A.	As required	-	-
<b>II AIR POLLUTION CONTROL UNIT :</b>					
(1) Air Pollution Control Equipment :					
Cyclones	Sets	100	100	-	-
Cellulars					
Scrubbers					
Bag Filters					
Electrostatic Precipitators					
Pneumatic Conveying Systems					
Classifiers for Materials Sorting					
Paper Machine Hoods					
Spray Booths					
Cooling Tower					
Fume Extraction					
Ventilation system including Marine components and allied accessories for above					
(2) Water Pollution Control Equipment					
	Sets	N.A.	As required	-	-

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

Class of Goods	Unit	Capacity		Actual Production	
		Licensed 2005-06	Installed 2005-06	2005-06	2004-05
<b>B. ELECTRICAL DIVISION</b>					
<b>I SWITCHGEAR UNIT :</b>					
(1) Various Switchgear Items :					
Low Tension Iron Clad Combination Switch Fuse Unit	Nos.	3600	3600	-	-
Flame Proof Air Circuit Breakers upto 500 Volts	"	100	100	-	-
Distribution Board (including Small Board Boxes)	"	2364	2364	-	-
Motor Control Centre Panels	"	191	191	4	6
Circuit Breakers upto 660 Volts Unit Rating	"	600	600	16	172
Flame Proof Air Break Gate Erd Boxes and Starters upto 250 HP	"	1800	1800	-	-
Flame Proof Air Cooled Signalling and Lighting Transformer	"	300	300	-	-
Flame Proof Control Switches etc.	"	800	800	-	-
Flame Proof Drill Control Panel	"	1200	1200	90	382
Flame Proof 3.3 KV Oil/Air Break Starters (upto 1200HP)	"	300	300	-	-
Flame Proof Transwitch Unit	"	100	100	-	11
Circuit Breakers above 660 Volts Rating	"	600	600	121	221
6.6 KVA Vacuum Contactors upto 400 Amps.	"	50	50	2	4
LT Motor Control Centres	"	200	200	-	-
(2) Shaft and Cage Communication System					
(3) Face Signalling Unit					
(4) Intrinsically Safe Telephone Systems					
(5) Pre-start Alarm to indicate status of the machine					
(6) Intrinsically Safe Insulation Tester					
<b>II TOGAMI UNIT :</b>					
Electromagnetic Contactors upto 600 Amps	Nos.	84,000	84,000	13,705	14,748
Bi-metallic Overload Relays upto 600 Amps	"	68,000	68,000	1,859	1,028
Moulded Case Circuit Breakers upto 1200 Amps	"	12,000	9,000	1,240	2,928
Industrial Motor Starters	"	25,000	25,000	268	273
11 KV Pole Mounted Sectionalizer	"	500	500	12	9
11 KV Pole Mounted Capacitor Switch	"	1,500	1,500	164	318
Pole Mounted Vacuum Circuit Breakers/Auto Reclosure/ Vacuum Capacitor Switch	"	125	50	156	205
Switch Fuse Unit	"	N.A.	As required	-	-
<b>III TRANSFORMER AND SWITCHGEAR UNIT :</b>					
Current and Potential Transformers	Nos.	4,050	1,500	-	-
Power and Distribution Transformers	KVA	5,00,000	5,00,000	4,87,300	6,36,700
Control Panel and Systems	Nos.	350	350	14	58
Air Break Switches upto 12 KV and 630 Amps	"	500	500	-	-
Air Break Load Interruptors upto 33 KV and 830 Amps	"	500	500	-	-
		Worth	Worth	Rs. 7.76 lakhs	Rs. 0.58 lakhs
		Rs. 300.00 lakhs	Rs. 300.00 lakhs		

(Rupees in lakhs)

(Contd.)

SCHEDULE 20 - (Contd.)

37. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 - (Contd.)

(a) Particulars in respect of Goods manufactured - (Contd.)

**SCHEDULE 20 - (Contd.)**

37. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 - (Contd.)  
(a) Particulars in respect of Goods manufactured - (Contd.)

Class of Goods	Unit	Capacity		Actual Production	
		Licensed 2005-06	Installed 2005-06	2005-06	2004-05
<b>B. ELECTRICAL DIVISION : - (Contd.)</b>					
<b>IV. BRENTFORD UNIT :</b>					
Power Voltage Regulator upto 7500 KVA	KVA	1,85,000	1,85,000	19,219	27,700
Power Transformer upto 2500 KVA	"	50,000	50,000	5,000	11,620
Rectifiers upto 2500 KW	K W	20,000	20,000	-	-
<b>C. TEA DIVISION</b>					
*Tea	Kgs.	-	1,12,00,000	89,61,902	86,34,284
Tea Purchases	Kgs.	N.A.	N.A.	-	-
Aromatic Oil	Kgs.	N.A.	As reqd.	-	-

**Notes:** (i) Installed Capacities have been certified by the Company's Technical Experts.  
(ii) Licensed/Installed capacities are based on Maximum utilisation of the Plant, except in case of Tea Machinery (excluding Tea Drying Machine) at the Sirocco Unit where they are on single shift basis.  
(iii) Production includes sub-contracted items and goods produced for captive consumption, sample issues etc.  
(iv) Excluding tea issued to labourers, sample etc. 3,20,370 Kgs. (2004-05- 3,58,202 Kgs.) including 5,504 kgs kept for issue to labourers.

(b) Details of Raw Materials and Components Consumed :

Class of Goods	Unit	Quantity		Amount	
		2005-06	2004-05	2005-06	2004-05
Laminations	M.T.	334.26	475.698	685.27	653.35
Steel	"	439.65	564.628	240.22	239.27
Copper, Flats, Wires etc.	"	212.43	512.015	462.32	559.04
** Green Tea Leaf	Kgs.	4,16,50,879	4,09,19,615	-	-
Sundries (None of which individually exceeds 10% of the consumption)		-	-	1957.04	2073.16
				3344.85	3524.82

**Notes:** (i) Consumption includes Shortage/Excess but excludes consumption for Capital/Repair jobs etc.

\*\* (ii) Quantity of Green Tea Leaf mentioned above was harvested from the Company's own Gardens as agricultural product involving integrated activities of nursery, cultivation and growth etc., and utilised in the manufacture of tea and the value at the intermediate stage is not ascertainable and there is no opening or closing stock.

(Contd.)





**SCHEDULE 20 - (Contd.)**

37. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956: - (Contd.)  
(c) Particulars of Purchases, Turnover and Stocks - (Contd.)

Class of Goods	Unit	Opening Stock		Purchases		Closing Stock		Sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>B. ELECTRICAL DIVISION :- (Contd.)</b>									
<b>II TOGAMI UNIT :</b>									
Electromagnetic Contactors upto 600 Amps.	Nos.	4063 (4715)	24.77 (35.33)	-	-	5532 (4063)	32.61 (24.77)	12236 (15400)	375.73 (421.53)
Bi-metallic Overload Relays upto 600 Amps	"	2189 (2874)	9.48 (14.43)	-	-	2361 (2189)	9.91 (9.48)	1687 (1713)	12.40 (14.69)
Moulded Case Circuit Breakers upto 1200 Amps	"	1842 (1737)	17.53 (22.87)	-	-	1696 (1842)	17.52 (17.53)	1384 (2823)	45.76 (61.62)
Industrial Motor Starters	"	287 (271)	3.64 (5.12)	-	-	251 (287)	3.97 (3.64)	304 (257)	8.97 (6.19)
11 KV Pole Mounted Sectionalizer	"	-	-	-	-	-	-	12	17.73
11 KV Pole Mounted Capacitor Switch	"	-	-	-	-	-	-	(9)	(12.86)
Pole Mounted Vacuum Circuit Breaker /Auto Reclosure	"	-	-	-	-	-	-	164	144.55
Switch Fuse Unit	"	-	-	-	-	-	-	(318)	(322.84)
		32	0.43	-	-	32	0.20	156	213.93
		(32)	(0.43)	-	-	(32)	(0.43)	(205)	(338.80)
								-	-
								(-)	(-)
<b>III TRANSFORMER AND SWITCHGEAR UNIT :</b>									
Power and Distribution Transformer	KVA	31500	73.89	-	-	-	-	518800	2780.86
Control Panel and Systems (including Nos. Air break Load Interruptors)		(-)	(-)	(-)	(-)	(31500)	(73.89)	(605200)	(2372.30)
		-	-	-	-	-	-	14	20.08
		(-)	(-)	(-)	(-)	(-)	(-)	(58)	(82.79)
<b>IV BRENTFORD UNIT :</b>									
Power Voltage Regulator upto 7500 KVA	KVA	-	-	-	-	-	-	19219	158.27
Power Transformer upto 2500 KVA	KVA	(-)	(-)	(-)	(-)	(-)	(-)	(27700)	(230.85)
		-	-	-	-	-	-	5000	58.33
		(-)	(-)	(-)	(-)	(-)	(-)	(11620)	(63.28)

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

**SCHEDULE 20 - (Contd.)**

37. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956: - (Contd.)  
(c) Particulars of Purchases, Turnover and Stocks - (Contd.)

**C. TEA DIVISION :**

Class of Goods	Unit	Opening Stock		Purchases		Closing Stock		Sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Tea	Kgs.	338179 (426443)	223.41 (295.34)	- (-)	- (-)	611504 (338179)	420.93 (223.41)	8688577 (8721957)	5823.85 (6228.31)
Aromatic Oil	Kgs.	308 (308)	0.59 (0.59)	- (-)	- (-)	308 (308)	0.59 (0.59)	- (-)	- (-)
<b>Spares, Components and Trading items :</b>									
Sirocco Unit	Rs.	- (-)	9.05 (3.05)	- (-)	- (-)	- (-)	- (9.05)	- (-)	563.38 (545.62)
Switchgear Unit	Rs.	- (-)	3.49 (-)	- (-)	- (-)	- (-)	- (3.49)	- (-)	208.03 (145.09)
Togami Unit	Rs.	- (-)	21.01 (-)	- (-)	- (-)	- (-)	- (21.01)	- (-)	169.61 (3.69)
Brentford Unit	Rs.	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	27.90 (69.58)
			459.42 (452.25)				513.09 (459.42)		11880.68 (12476.53)

**Notes:** (1) Quantitative information in respect of production and turnover of spares and components separately sold have not been furnished pursuant to necessary exemption obtained from Company Law Board while turnover of Air Pollution Control Equipment have not been furnished as it is impracticable to do so since it includes irreparable items.

(2) Turnover is shown in gross value without deduction of trade discount and unrealised profit.

(3) Stock of Tea as on 31st March, 2006 includes 4,824 kgs., value Rs.9.66 lakhs lying with third party.

(Contd.)

# ANDREW YULE & CO. LTD.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

## SCHEDULE 20 - (Contd.)

37. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 - (Contd.)

(d) Value of Imported and Indigenous Raw Materials, Components, Stores and Spare parts consumed (excluding items consumed for Capital and Repair jobs etc.)

	Raw Materials and Components				Stores and Spare Parts			
	2005-06	%	2004-05	%	2005-06	%	2004-05	%
Imported	61.11	1.83	99.12	2.81	2.48	0.41	5.90	0.72
Indigenous	3283.74	98.17	3425.70	97.19	596.78	99.59	814.88	99.28
	<u>3344.85</u>	<u>100.00</u>	<u>3524.82</u>	<u>100.00</u>	<u>599.26</u>	<u>100.00</u>	<u>820.78</u>	<u>100.00</u>

(e) Value of Imports on C.I.F. basis (excluding canalised imports) :-

	2005-06	2004-05
Raw Materials and Components	52.51	86.55
Stores and Spare Parts	0.37	-
	<u>52.88</u>	<u>86.55</u>

(f) Earnings in Foreign Exchange :  
Export on F.O.B. basis

	2005-06	2004-05
	80.24	124.52
	<u>80.24</u>	<u>124.52</u>

(g) Expenditure in Foreign Currencies (on Accrual basis) :  
Others

	2005-06	2004-05
	2.87	0.21
	<u>2.87</u>	<u>0.21</u>

**NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)**

**SCHEDULE 20 - (Contd.)**

38. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 - (Contd.)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE - (Contd.)**

**I Registration Details :**

Registration No.	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">9</td> </tr> </table>				3	2	2	9					
			3	2	2	9							
State Code (Refer Code List)	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> </tr> </table>	2	1										
2	1												
Balance Sheet Date	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">6</td> </tr> </table>	3	1			0	3			2	0	0	6
3	1			0	3			2	0	0	6		

**II Capital Raised during the year (Amount in Rs. Thousands) :-**

Public Issue	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">N</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">I</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">L</td> </tr> </table>							N	I	L
						N	I	L		
Right Issue	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">N</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">I</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">L</td> </tr> </table>							N	I	L
						N	I	L		
Bonus Issue	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">N</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">I</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">L</td> </tr> </table>							N	I	L
						N	I	L		
Private Placement	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">6</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">9</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> </tr> </table>					6	3	9	0	0
				6	3	9	0	0		

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands) :**

Total Liabilities	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">9</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">9</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">7</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">5</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> </tr> </table>			4	9	9	7	3	5	4
		4	9	9	7	3	5	4		
Total Assets	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">9</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">9</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">7</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">5</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> </tr> </table>			4	9	9	7	3	5	4
		4	9	9	7	3	5	4		

**Sources of funds :**

Paid up Capital	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">6</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">6</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> </tr> </table>			1	6	1	3	0	6	1
		1	6	1	3	0	6	1		
Reserves and Surplus	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">5</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">5</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">7</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> </tr> </table>			1	1	2	5	5	7	2
		1	1	2	5	5	7	2		
Secured Loans	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">7</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">8</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> </tr> </table>			1	4	7	4	4	8	0
		1	4	7	4	4	8	0		
Unsecured Loans	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">7</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">8</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> </tr> </table>				7	8	4	2	4	1
			7	8	4	2	4	1		

**Application of funds :**

Net Fixed Assets	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">6</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">9</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">7</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">7</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> </tr> </table>			1	6	3	9	7	7	4
		1	6	3	9	7	7	4		
Investments	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">5</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> </tr> </table>				1	5	3	0	0	2
			1	5	3	0	0	2		
Net Current Assets	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">(-)</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">5</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">9</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">7</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">6</td> </tr> </table>			(-)	2	5	9	7	2	6
		(-)	2	5	9	7	2	6		
Miscellaneous Expenditure	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">0</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">8</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">5</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">1</td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> </tr> </table>				4	0	8	5	1	
			4	0	8	5	1			
Accumulated Losses	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">2</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">4</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">5</td> <td style="border: 1px solid black; width: 20px; height: 20px; text-align: center;">3</td> </tr> </table>			3	4	2	3	4	5	3
		3	4	2	3	4	5	3		

**ANDREW YULE & CO. LTD.**

**NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)**

**SCHEDULE 20 - (Contd.)**

38. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 - (Contd.)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE - (Contd.)**

**IV. Performance of Company (Amount in Rs. Thousands) :**

Turnover (including miscellaneous income)			1	1	7	9	7	2	4					
Total Expenditure (including extra-ordinary item)			1	9	1	3	1	9	4					
Profit/Loss before Tax								7	3	3	4	7	0	
Profit/Loss after Tax									7	4	0	7	3	4

(Please tick appropriate box + for Profit - for Loss)

Earning per Share in Re.				(-)	1	2	/	7	1
Dividend	-	-							

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms) :**

Item Code No. (ITC Code)			8	4	1	4	5	9	0	3											
Product Description	I	N	D	U	S	T	R	I	A	L	F	A	N	S	A	N	D				
	B	L	O	W	E	R	S														
Item Code No. (ITC Code)								8	5	0	4	0	0								
Product Description								T	R	A	N	S	F	O	R	M	E	R	S		
Item Code No. (ITC Code)																					
Product Description																			T	E	A

D. BANDYOPADHYAY,  
Company Secretary.  
KOLKATA - 4th July, 2006.

On behalf of the Board,  
A. MUKHERJEE, Chairman and Managing Director.  
S. MURALIDHARAN,  
I. SENGUPTA. } Directors.

In terms of our attached Report of even date.

For MOOKHERJEE BISWAS & PATHAK  
Chartered Accountants,  
(S. P. MUKHERJEA)  
Partner.

For N. SARKAR & CO.,  
Chartered Accountants,  
(M. RAY)  
Partner.

For KUNDU HOSSAIN KARMAKAR  
Chartered Accountants,  
(H. BHATTACHARYYA)  
Partner.

Kolkata - 4th July, 2006.

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

(1)	Name of the Subsidiary Company	HOOGLY PRINTING COMPANY LIMITED
(2)	Holding Company's Interest :	
	Entire issued Share Capital of 10,27,128 Ordinary Shares of Rs.10 each, fully paid.	
(3)	Net aggregate amount of Subsidiary's profit not dealt with the Holding Company's accounts :	(Rs. in lakhs)
	(i) Profit for the Subsidiary's financial year ended 31st March, 2006.	20.08
	(ii) Profit for its previous years.	35.73
(4)	Net aggregate amount of Subsidiary's profit dealt within the Holding Company's accounts :	
	(i) For the Subsidiary's financial year ended 31st March, 2006.	Nil
	(ii) For its previous financial years.	Nil

D. BANDYOPADHYAY,  
Company Secretary.  
KOLKATA - 14th August, 2006.

On behalf of the Board,  
A. MUKHERJEE, *Chairman and Managing Director.*  
S. MURALIDHARAN, } *Directors.*  
I. SENGUPTA.

Statement of Major Accounting Policies forming part of the Consolidated  
Financial Statements for the year ended 31st March, 2006.

1 Reserves :

- (a) Central and State Subsidies received by the Company are retained in Special Reserve until the conditions stipulated in the respective schemes are complied with, and the same are credited to Profit and Loss Account or Capital Reserve after the expiry of the specified period depending upon the nature of the subsidy.
- (b) Sales value of fixed assets and investments to the extent it exceeds the original cost of the relevant asset is credited to Profit and Loss Account. Provided, however, loss/diminution in value of assets acquired through amalgamation/merger are adjusted against the Capital Reserve created out of the same.

2 Fixed Assets :

- (a) The Physical verification of fixed assets is carried out in a phased manner so as to cover each item of the fixed assets over a period of 3 years.
- (b) Machinery manufactured by one Unit/Division for use of another Unit/Division are accounted for at **Works/Factory cost of the Transferor Unit.**
- (c) The gross fixed assets are valued at acquisition cost and other related expenses incurred to bring them to their present condition. The gross amount of interest on loans utilised for various expansion/diversification schemes is capitalised till the commissioning of the projects. Further, no interest for inter-unit transfer of funds on Capital Account is considered for the above purpose.

In case of Tide Water Oil Co. (India) Ltd., assets acquired under lease, where the Company possesses substantially all risks and rewards incidental to ownerships are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rentals paid is allocated between the liability and the interest cost, so as to obtain a constant periodic interest on the outstanding liability for each period. Assets acquired on leases where a significant portion of the risks and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rentals are charged to Profit and Loss Account on accrual basis.

- (d) (i) Depreciation is provided on the Assets other than Estate on straightline method in accordance with the provisions of Section 205(2)(b) read with Schedule XIV of the Companies Act, 1956.
- (ii) In case of Hooghly Printing Co. Ltd. depreciation on assets has been

calculated on written down value method in accordance with the rates and in the manner prescribed in Schedule-XIV of the Companies Act, 1956.

- (iii) In case of Tide Water Oil Co. (India) Ltd., depreciation on revalued assets is calculated on the revalued book value at the rates considered appropriate by the Approved Valuer on a straight line basis and thereafter adjusted to the extent chargeable on written down value method at the rates prescribed under Schedule-XIV of the Companies Act, 1956. Depreciation on other fixed assets is calculated on written down value method at the rates prescribed under Schedule-XIV of the Companies Act, 1956, except on leasehold land which is calculated on straight line basis over the period of lease. Items costing not more than Rs.5000 have been fully depreciated during the year of additions.

- (e) In case of Hooghly Printing Co. Ltd. Profit on Sale of Fixed Assets including Capital Profit is taken into Profit and Loss Account, if it is realised.
- (f) No amortisation of cost of long-term leasehold land is done.
- (g) **Fee payable for renewal of lease of land is charged as expenditure in the Profit and Loss Account as and when the payment is due.**
- (h) Benefit under **CENVAT/VAT** relating to any Fixed Asset, is adjusted with the cost of assets capitalised.
- (i) Liquidated damages received by the Company for delayed construction and delayed supply of equipment are set-off against the capital expenditure to which it relates.
- (j) **Grant/Subsidy in respect of capital expenditure is accounted for as per applicable Accounting Standard.**

3 Inventories :

- (a) The stocks of stores, spares and raw materials etc., barring small and insignificant items, are physically verified in a phased manner at least once in a year.
- (b) Stocks of stores, spares, raw materials and food stuff etc., are valued at weighted average cost.

**In case of Phoenix Yule Ltd., carrying costs of raw materials, stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials or where the finished goods in which those will be incorporated are expected to be sold below cost.**



- (c) Work-in-Progress is valued at Works Cost or net realisable value whichever is lower. All losses on Work-in-Progress incurred upto the end of the year and losses estimated for further Works Cost to be incurred on such jobs are taken into account and duly provided for.

In case of Andrew Yule & Co. Ltd. while valuing the contract jobs in progress (excluding systems and turnkey jobs) at the close of the year, future estimated losses are considered only in respect of jobs valued at Rs.25.00 lakhs or more and/or physical progress whereof as per technical estimate, is minimum 50%.

- (d) Royalty liabilities calculated with reference to Sales as per the collaboration agreements are considered as selling expenses and thus, have not been considered for the purpose of valuation of stocks of Work-in-Progress and finished goods.

- (e) Excise Duty, Insurance and Freight outward in connection with transfer of finished goods from factories to branches have been considered for valuation of branch stock at the close of the year.

- (f) Stocks of finished goods including Finished goods-in-transit are valued at garden cost/estimated total cost or net realisable value, whichever is lower. Estimated total cost covers all costs excluding interest, general administration overheads and selling and distribution expenses. In case of Packet Tea, all expenses relating to packeting including freight are also considered.

In case of Hooghly Printing Co. Ltd. estimated liabilities, if any, for expenses are not taken into the account for the purpose of stock valuation.

In case of Tide Water Oil Co. (India) Ltd. cost is determined under first in first out method.

- (g) Imported materials lying in bonded warehouse and at Port are valued at cost including Customs Duty, Port Charges etc.
- (h) Inter-Unit transfers of own manufactured stores, spares, raw materials etc., if lying in stock at the close of the year, are valued at estimated Works/Factory cost of the Transferrer Unit.
- (i) Excise Duty on finished goods lying at Works is provided and as such, the valuation of finished goods includes Excise Duty.
- (j) Benefit of **CENVAT/VAT** is adjusted in the cost of materials.
- (k) Loose Tools are amortised over a period of 5 years.  
In case of Phoenix Yule Ltd. loose tools are amortised over a period of two years from the year of issue.
- (l) Stock of scrap as per stock records, is valued on the basis of estimated realisable value.

However, tea waste is not valued. In case of Hooghly Printing Co. Ltd. scrap is accounted for on cash basis.

- (m) Export benefits against Advance Licences are considered at the time of actual consumption of the imported materials. Advance Licences in hand at the close of the year are not accounted for.

**4 Investments :**

Investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary nature in the opinion of the Management.

In case of Tide Water Oil Co. (India) Ltd. investments are valued at cost or under.

**5 Sales :**

- (a) (i) Sales against Ex-Works/FOR Contracts are booked on the basis of deliveries to transport carriers upto 31st March, irrespective of whether the goods have been received by the customers by 31st March or not. Sales in respect of transactions against FOR destination contracts are booked for the goods actually received by customers by 31st March.

- (ii) Despatches against FOR destination contracts not reaching the customers within the close of the year, are shown as Finished goods-in-transit.

- (iii) In case of Hooghly Printing Co. Ltd.; sales are accounted for on the basis of receipted challans in respect of goods received by the customers by 31st March.

- (iv) **In case of Phoenix Yule Ltd., sales are accounted for on despatch of goods to customers.**

- (b) Partial deliveries are accounted for in accordance with the billing schedule as per the terms of sales contract. Income from engineering service charges on composite contracts is apportioned proportionately to the value of bills in respect of supplies/erection work completed.

- (c) Tea sales against contracts are accounted for on the basis of delivery orders and on completion of sale in auction centres in accordance with the norms of tea trade.

- (d) Sales returns, if any, upto the cut-off date i.e. 30th April, are accounted for.

- (e) Excise Duty together with freight and other charges recoverable under the terms of the sale contracts are included in sales, but Excise Duty separately recoverable on sales are deducted from gross sales.

- (f) Except in disputed cases, escalation/de-escalation claim bills are accounted for on the

(Contd.)

- basis of the terms of the relevant contracts.
- (g) Export sales are accounted for with reference to the date of Bill of Lading.
6. **Dividend Receipts :**  
Dividends declared within the close of the accounting year only are accounted for in respect of investments held by the Company.  
In case of Katras Jherriah Coal Co. Ltd. and New Beerbhoom Coal Co. Ltd. income from investments in shares is accounted for on cash basis.
7. **Other Income :**  
(a) The following items are accounted for in the books on actual receipt basis :  
(i) Fees receivable by the Directors and/or employees from Subsidiary and other Companies;  
(ii) Interest on late retirement of bills of customers;  
(iii) Interest on loans to employees as per approved Schemes, other than under House Building Loan Scheme, which is recovered and accounted for after repayment of the principal amount.  
(b) (i) Insurance and other claims are accounted for on the basis of amounts admitted;  
(ii) Sales Tax, Excise Duty and Customs Duty refunds are accounted for on the basis of assessment/refund orders received;  
(iii) Central/State Subsidies from Government and Tea Board are accounted for on the receipt of intimation of grant.  
(c) Interest receivable from customers as per stipulation of the Sales Contract on account of late receipt of full/proportionate payments are accounted for to the extent of such interest is ascertainable with respect to the payment so far received.  
(d) Liquidated Damages received by the Company for delayed execution and delayed supply of equipment/spares are set-off against the expenditure to which it relates.  
(e) Export/Deemed Export benefits are accounted for on completion of despatches in terms of the contract.
8. **Purchases :**  
(a) Insurance charges incurred in relation to the incoming goods where materials are directly relatable are accounted for in respect of individual items' otherwise, such insurance premium is charged off to Profit and Loss Account.  
(b) In case of goods purchased from overseas, the shipment is treated as goods-in-transit (import) :  
(i) in case of both CIF and C&F Contracts, from the date of intimation received from bank;  
(ii) in case of FOB Contracts, from the date of actual shipment as per Bill of Lading.  
Customs Duty is charged on the basis of the date of arrival in port.
9. **Other Expenses :**  
(a) Issue of materials/components as free replacements during the guarantee period which can not be provided being unknown, is accounted for on actual despatches. Known free replacements upto the close of the accounting year are provided for.  
(b) Liability in respect of rectification work/ replacement as at the close of the accounting year is booked as per claims received from the customers and accepted by the Company.  
(c) Liabilities in respect of Liquidated Damages are provided if and to the extent, not disputed by the Company. Liquidated Damages disputed by the Company are treated as contingent liability. The amount of liability/contingent liability is estimated on the basis of contracted terms and the facts of each case to the extent of revenue recognised.  
(d) Liability in respect of commission is provided in proportion to sales.  
(e) Interest on overdue bills is accounted for on the basis of debit advices received from the bank or claims received upto the cut off date.  
(f) Interest on delayed payments of Taxes is accounted for on the basis of assessment orders of the Tax Authorities, if not disputed by the Company or actual payment effected, as the case may be.  
(g) Provisions made and Provisions no longer required written back during the year are netted against in respect of each individual items.  
(h) Payment of Technical Know how Fees is treated as Deferred Revenue Expenditure in compliance with the relevant Accounting Standard.  
(i) Leave Travel Concession and profitability link incentive are accounted for on cash basis.  
(j) Tea cultivation expenses incurred in Cold Weather, the benefit of which are derived over a period of five seasons are carried forward and amortised over a period of five years.  
(k) Provision for unrealised profit is made in respect of partially completed composite/turnkey contracts on basis of proportionate direct cost on the revenue recognised.
10. **Deferred Revenue Expenditure :**  
(a) The payments made under the Voluntary Retirement Scheme out of Company's own and loan funds as treated as deferred revenue expenditure other than General Division and written off over a period of five years commencing from the year in which it is disbursed.

- Whereas in case of Hooghly Printing Co. Ltd. such deferred revenue expenditure is written off over a period of seven years.
- In case of Phoenix Yule Ltd. compensation paid to employees under Voluntary Retirement Schemes are charged to Profit and Loss Account in the year of separation of the employees.
- (b) The balance of deferred revenue expenditure as on 31st March, 2003 are written off over a period of five years as under :
- (i) 10% of the expenditure during the first year on which these were incurred;
- (ii) remaining 90% are written off pro-rated during the next four years.
- (c) In case of new project, and for launching of new products, other initial expenditure, are written off in compliance with the provision of AS-26.
- (d) In case of Hooghly Printing Co. Ltd. deferred revenue expenditure other than the payments made under Voluntary Retirement Scheme out of Company's fund are written off over a period of 5 years.
- (e) In case of Tide Water Oil Co. (India) Ltd., deferred revenue expenditure on account of technical know how fees are written off over a period of six years and in case of other expenses over a period of three years.
11. **Contingent Liabilities/Capital Losses and Contingent Assets :**
- (a) Disputed liabilities and claims against the Company including claims by Tax Authorities (for example, Income-tax, Sales tax etc.) pending in appeal, are treated as contingent liabilities. Contingent assets are not accounted for.
- (b) Contingent Capital losses are adjusted against realised Capital Reserves as and when they occur.
- (c) Expenditure incurred/capitalised in respect of Projects abandoned/to be abandoned are written off/provided for proportionately over a period of seven years on the basis of decision to withdraw from such projects.
12. **Booking/Writing Back of Liabilities :**
- (a) For providing liabilities, cut-off date is 30th April (For Hooghly Printing Co. Ltd. 15th April,) but all known liabilities, if material, are booked as far as practicable.
- (b) Liabilities which are more than 3 years old and not likely to materialise are written back. In case of extraordinary items only, separate disclosure is given in the Accounts.
13. **Conversion of Foreign Currencies :**
- (a) Foreign currency loans to finance fixed assets including technical know-how fees are converted either at the exchange parity rate ruling at the close of the accounting year or at the fixed rate when the exchange is booked in advance, as the case may be. Necessary adjustments with regard to such exchange rate difference are made to secured loans, fixed assets and depreciation.
- (b) Receivables and Payables in foreign currency are converted either at the parity rate ruling at the close of the financial year or at the fixed rate where the exchange is booked in advance. The exchange difference, if any, arising therefrom is accounted for in Profit and Loss Account.
- (c) In respect of any import of materials both under CIF, FOB and C&F Contracts, purchases are booked at the exchange rates as per fixed rate contracts. Where the exchange rate is not fixed, the purchases are booked at the ruling rate of exchange on the date of Bill of Entry. The exchange difference, if any, arising from the difference between the above rate and the rate at which the actual payment is made or at the rate prevailing on 31st March, whichever is earlier, is accounted for in the Profit and Loss Account.
- (d) Exports/Overseas Sales are booked at the rates ruling on the date of Bill of Lading except in the case of exports/overseas sales covered by forward exchange contracts which are booked on the basis of rates negotiated with the Bankers. Exchange difference relating to such bills arising either on realisation of the proceeds or on conversion thereof at the exchange rate ruling at the close of the year, is charged to Profit and Loss Account.
14. **Research and Development Costs :**
- Expenditure in relation to Research and Development activities are treated in accordance with the relevant provision of AS-26.
15. **Retirement Benefits :**
- (a) Gratuity contribution is made to an Approved Gratuity Fund on the basis of actuarial valuation.
- (b) Liabilities in regard to accrued pension and leave encashment on the retirement in respect of employees are determined on the basis of actuarial valuation and provided for in the Accounts.
- (c) **In case of Hooghly Printing Co. Ltd. liability towards contributions on account of medical benefit payable to eligible employees are provided for in the Accounts on the basis of actuarial valuation.**
- (d) In case of Phoenix Yule Ltd. liability for Leave Encashment is provided for on the basis of unutilised leave due to employees at the end of the year.

# ANDREW YULE & CO. LTD.

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

(Rupees in lakhs)

	Schedules	2005-06	2004-05
<b>SOURCES OF FUNDS</b>			
<b>(1) Shareholders' Funds :</b>			
(a) Share Capital	1	16130.61	15491.61
(b) Reserves and Surplus	2	<u>10835.31</u>	<u>10835.31</u>
		<u>26965.92</u>	<u>26326.92</u>
<b>(2) Loan Funds :</b>			
(a) Secured Loans	3	14744.80	12733.22
(b) Unsecured Loans		<u>7842.41</u>	<u>5727.20</u>
		<u>22587.21</u>	<u>18460.42</u>
<b>(3) Deferred Tax Liability (Net)</b>			
(Note No.42 on Schedule 20)		485.47	498.26
	<b>TOTAL</b>	<u>50038.60</u>	<u>45285.60</u>
<b>APPLICATIONS OF FUNDS</b>			
<b>(1) Fixed Assets :</b>			
(a) Gross Block	4	21887.99	21533.82
(b) Less: Depreciation and Impairment of Assets		<u>5363.09</u>	<u>4827.95</u>
(c) Net Block		16524.90	16705.87
(d) Capital work-in-progress (net of Impairment of Assets)		<u>481.13</u>	<u>315.71</u>
		17006.03	17021.58
(e) Pre-operative Expenditure (Pending Allocation)		<u>113.85</u>	<u>113.85</u>
		<u>17119.88</u>	<u>17135.43</u>
<b>(2) Investments</b>			
	5	<u>958.51</u>	<u>786.23</u>
<b>(3) Current Assets, Loans and Advances :</b>			
(a) Inventories	6	2550.63	2742.97
(b) Sundry Debtors	7	5618.30	5798.06
(c) Cash and Bank Balances	8	2898.49	2550.21
(d) Other Current Assets	9	0.69	0.69
(e) Loans and Advances	10	<u>8992.74</u>	<u>9475.16</u>
		<u>20060.85</u>	<u>20567.09</u>
<b>Less: Current Liabilities and Provisions :</b>			
(a) Current Liabilities	11	15707.64	14304.72
(b) Provisions	12	<u>5330.15</u>	<u>5165.09</u>
		<u>21037.79</u>	<u>19469.81</u>
Net Current Assets		(-) 976.94	1097.28
<b>(4) (a) Miscellaneous Expenditure to the extent not written off or adjusted:</b>			
(i) Other Expenses		<u>408.51</u>	<u>802.11</u>
(b) Profit and Loss Account		<u>32528.64</u>	<u>25464.55</u>
	<b>TOTAL</b>	<u>50038.60</u>	<u>45285.60</u>
NOTES ON ACCOUNTS	20		

STATEMENT ON ACCOUNTING POLICIES AND SCHEDULES  
1 TO 20 FORM AN INTEGRAL PART OF THE ACCOUNTS.

D. BANDYOPADHYAY,  
Company Secretary,  
KOLKATA - 14th August, 2006.

On behalf of the Board,  
A. MUKHERJEE, *Chairman and Managing Director.*  
S. MURALIDHARAN, } *Directors.*  
I. SENGUPTA.

In terms of our attached Report of even date.

For MOOKHERJEE BISWAS & PATHAK  
*Chartered Accountants,*  
(S. P. MUKHERJEA)  
*Partner.*

For N. SARKAR & CO.,  
*Chartered Accountants,*  
(M. RAY)  
*Partner.*

For KUNDU HOSSAIN KARMAKAR  
*Chartered Accountants,*  
(H. BHATTACHARYYA)  
*Partner.*

Kolkata - ..... August, 2006.

**ANDREW YULE & CO. LTD.**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

(Rupees in lakhs)			
	Schedules	2005-06	2004-05
<b>INCOME</b>			
Sales	13	15492.01	16097.00
Interest and Dividend on Investments (Gross)		6.24	23.67
Other Income	14	659.19	378.11
Accretion/Decretion (-) in Stocks	15	(-) 70.02	237.52
		16087.42	16736.30
<b>EXPENDITURE</b>			
Materials Consumed	16	6501.83	6827.03
Salaries, Wages and Bonus	17	6432.18	7026.57
Interest	18	2944.15	2347.93
Other Expenses	19	6645.23	7360.88
Depreciation	4	545.07	355.81
Impairment of Assets		--	27.31
		23068.46	23945.53
<b>Loss before Extra-ordinary items</b>		(-) 6981.04	(-) 7209.23
<b>Add/Less : Extra-ordinary items :</b>			
Add : Investment written off		--	10.49
Add : Extra-ordinary Expenses net of Extra-ordinary Income (Proportionate share of Joint Venture vide Note No.2(iii) of Schedule 20]		37.12	3.51
Loss(-) for the year		(-) 7018.16	(-) 7223.23
Add : Provision for Taxation :			
[a] Wealth Tax	2.25	2.00	
[b] Income Tax (Earlier year)	32.00	--	
[c] Income Tax (Current Year)[Proportionate share of Joint Venture Rs.143.14 lakhs; 2004-05 Rs. 73.29 lakhs]	158.14	123.74	
[d] Fringe Benefit Tax (Prop. share of Joint Venture Rs.4.55 lakhs)	35.02	--	
[e] Deferred Tax	9.37	14.06	
		236.78	139.80
Less : Provision for deferred tax liability written back [Proportionate share of Joint Venture Rs.20.96 lakhs; 2004-05 Rs. 24.09 lakhs]	22.17	24.09	
Provision for wealth tax written back	--	2.44	
Provision for taxation written back	--	1.58	
		22.17	28.11
Less : Share of Profit of Associates		(-) 7232.77	(-) 7334.92
		172.28	148.98
		(-) 7060.49	(-) 7185.94
Add : Transfer to General Reserve		10.00	60.00
		(-) 7070.49	(-) 7245.94
Add : Loss brought forward from last account		(-) 28081.55	(-) 20712.28
		(-) 35152.04	(-) 27958.22
Add : Impairment of Assets as on 31st March, 2006		--	119.65
		(-) 35152.04	(-) 28077.87
Add : Dividend Tax		3.60	3.68
		(-) 35155.64	(-) 28081.55
Less : Balance in General Reserve (per contra)		2627.00	2617.00
Balance carried to Balance Sheet		(-) 32528.64	(-) 25464.55

NOTES ON ACCOUNTS

20

STATEMENT ON ACCOUNTING POLICIES AND SCHEDULES  
1 TO 20 FORM AN INTEGRAL PART OF THE ACCOUNTS.

D. BANDYOPADHYAY,  
Company Secretary.  
KOLKATA - 14th August, 2006.

On behalf of the Board,  
A. MUKHERJEE, *Chairman and Managing Director.*  
S. MURALIDHARAN, } *Directors.*  
I. SENGUPTA.

In terms of our attached Report of even date.

For MOOKHERJEE BISWAS & PATHAK  
*Chartered Accountants,*  
(S. P. MUKHERJEA)  
*Partner.*

For N. SARKAR & CO.,  
*Chartered Accountants,*  
(M. RAY)  
*Partner.*

For KUNDU HOSSAIN KARMAKAR  
*Chartered Accountants,*  
(H. BHATTACHARYYA)  
*Partner.*

Kolkata - ..... August, 2006.

**ANDREW YULE & CO. LTD.**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006  
PREPARED PURSUANT TO THE LISTING AGREEMENTS WITH STOCK EXCHANGES**

(Rupees in lakhs)

	2005-06	2004-05
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and extraordinary items	(6981.04)	(7209.23)
<b>Adjustments for :</b>		
Depreciation/Impairment	545.07	383.12
Miscellaneous Expenditure written off	393.60	699.48
Interest charged	2944.15	2347.93
Investment Income	(117.26)	(124.80)
Profit/Loss on sale of Fixed Assets	(3.98)	(0.36)
<b>Operating profit before changes in amount of Current Liabilities and Current Assets</b>	<b>(3219.46)</b>	<b>(3903.86)</b>
<b>Adjustments for :</b>		
Trade Receivables	179.76	1925.53
Loans and Advances	474.38	61.79
Inventories	192.34	(232.31)
Other Current Assets	-	0.18
Current Liabilities and Provisions	1086.15	171.96
<b>Cash Generated from Operations</b>	<b>(1286.83)</b>	<b>(1976.71)</b>
Dividend tax	(3.60)	(3.68)
Deferred Revenue Expenditure	-	(87.63)
Cash-flow before Extra-ordinary Items	(1290.43)	(2068.02)
Extraordinary Items (Net)	(37.12)	(3.51)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(1327.55)</b>	<b>(2071.53)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (including Capital WIP)	(530.32)	(809.06)
Loans and Advances	3.57	46.25
Sale of Fixed Assets	7.37	1.16
Investment Income	121.73	118.20
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(397.65)</b>	<b>(643.45)</b>

**ANDREW YULE & CO. LTD.**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006  
PREPARED PURSUANT TO THE LISTING AGREEMENTS WITH STOCK EXCHANGES - (Contd.)**

(Rupees in lakhs)

	2005-06	2004-05
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Net Proceeds from borrowings	1774.47	4324.15
Interest paid	(339.99)	(2217.63)
Advance against equity	639.00	400.00
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>2073.48</b>	<b>2506.52</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>348.28</b>	<b>(208.46)</b>
<b>CASH AND CASH EQUIVALENT Opening Balance as at 1st April, 2005.</b>	<b>2550.21</b>	<b>2758.67</b>
<b>CASH AND CASH EQUIVALENT Closing Balance as at 31st March, 2006.</b>	<b>2898.49</b>	<b>2550.21</b>

1. For a detailed list of cash balances please refer Schedule-8 to the Accounts.
2. Only balances lying in cash and deposits with banks as cash and cash equivalent have been considered.
3. Suitable modifications have been made in the prescribed form to provide for adequate information.
4. Figures of the previous year have been re-grouped/re-arranged wherever necessary.
5. Cash Flow Statement has been prepared by following Indirect Method mentioned in AS-3.

D. BANDYOPADHYAY,  
Company Secretary.  
KOLKATA - 14th August, 2006.

On behalf of the Board,  
A. MUKHERJEE, *Chairman and Managing Director.*  
S. MURALIDHARAN, } *Directors.*  
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In terms of our attached Report of even date.

For MOOKHERJEE BISWAS & PATHAK  
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*Chartered Accountants,*  
(M. RAY)  
*Partner.*

For KUNDU HOSSAIN KARMAKAR  
*Chartered Accountants,*  
(H. BHATTACHARYYA)  
*Partner.*

Kolkata - 14th August, 2006.

# ANDREW YULE & CO. LTD.

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

		(Rupees in lakhs)	
		2005-06	2004-05
<b>SCHEDULE 1</b>			
<b>SHARE CAPITAL</b>			
<b>Authorised :</b>			
7,50,00,000	Equity Shares of Rs.10 each	7500.00	7500.00
<b>Issued, Subscribed and Fully Paid-up :</b>			
5,82,67,078	Equity Shares of Rs.10 each [Of the above, 6,00,000 Shares issued as Bonus Shares by capitalisation of General Reserve, 21,35,344 Shares issued pursuant to a Contract without payment being received in cash and 11,57,600 Shares issued to Government of India in the name of The President of India pursuant to Transformer & Switchgear Ltd. (Acquisition and Transfer of Undertakings) Act, 1983 and Brentford Electric (India) Ltd. (Acquisition and Transfer of Undertakings) Act, 1987 against compensation money paid by them.]	5826.71	5826.71
		5826.71	5826.71
<b>Shares pending issue to Government of India Against money received/conversion of loan during the year :</b>			
10,30,39,000	Equity Shares of Rs.10 each	10303.90	9664.90
(9,66,49,000)		16130.61	15491.61
<b>SCHEDULE 2</b>			
<b>RESERVES AND SURPLUS</b>			
<b>Capital Reserve :</b>			
<b>General :</b>			
	Balance as per last account	10735.16	10811.53
Less:	[a] Adjustment in respect of Pre-amalgamation period of erstwhile Subsidiaries :		
	[i] Calcutta Discount Co. Ltd.	-	38.16
	[iii] Clive Row Investment Holding Co. Ltd. and Chitpore Golabari Co. Ltd.	-	21.86
		-	60.02
	[b] Brentford Electric India Ltd.	-	16.35
		-	76.37
		10735.16	10735.16
<b>Special :</b>			
Central/State Subsidy for Capital Assets :			
	Balance as per last account	11.40	11.40
	State Housing Subsidies	4.06	4.06
		15.46	15.46
		10750.62	10750.62
<b>Preference Share Capital Redemption Reserve :</b>			
	Balance as per last account	84.69	84.69
<b>General Reserve :</b>			
	Balance as per last account	2617.00	2557.00
	Add: Transfer from Profit and Loss Account	10.00	60.00
		2627.00	2617.00
	Less: Shown as deduction from balance in Profit and Loss Account (Per Contra)	2627.00	2617.00
		-	-
		10835.31	10835.31



**ANDREW YULE & CO. LTD.**

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006**

		(Rupees in lakhs)	
		<u>2005-06</u>	<u>2004-05</u>
<b>SCHEDULE 3</b>			
<b>LOANS</b>			
<b>Secured Loans :</b>			
<b>Loans and Advances from Banks :</b>			
State Bank of India	1239.40	1240.50	
Add: Interest accrued and due thereon	<u>737.79</u>	<u>479.75</u>	
		1977.19	1720.25
Bank of Baroda	3682.12	4106.86	
Add: Interest accrued and due thereon	<u>1191.50</u>	<u>-</u>	
		4873.62	4106.86
Allahabad Bank		1020.13	726.39
(The above loans are secured by the whole of the Company's present and future stocks of raw materials, work-in-progress, finished goods and manufactured goods and articles, stores, components and spares, other movable properties wherever situate, book debts and all other current assets, claims, rights to movable properties by way of first charge ranking pari-passu inter-se without any preference to one over the other.)			
United Bank of India		1411.93	1239.12
(for Desam, Khowang, New Dooars and Choonabhutti Tea Estates.)			
Union Bank of India		853.51	733.40
(for Banarhat, Karballa, and Hoolungooree Tea Estates.)			
Allahabad Bank	1654.83	1591.92	
(for Tinkong, Basmatia, Rajgarh, Murphulani and Mim Tea Estates.)			
Add: Interest accrued and due thereon	<u>0.52</u>	<u>-</u>	
(The above loans are secured by Hypothecation of the whole of crop, book-debts and all other movable assets both present and future, and by equitable mortgage of all immovable properties of the Estates.)			
		1655.35	1591.92
<b>Other Loans and Advances :</b>			
Tea Board Hire-purchase Loan			
(Secured by hypothecation of the movable Assets acquired under the Tea Machinery and Irrigation Equipment Loan Scheme.)			
	3.39	0.38	
Add: Interest accrued and due thereon	<u>0.53</u>	<u>5.66</u>	
		3.92	6.04
West Bengal Government Sales Tax Loan			
(To be secured by a residuary charge over certain immovable property ranking next only to the charges in favour of the Banks.)			
	250.00	250.00	
Add: Interest accrued and due thereon	<u>131.29</u>	<u>109.42</u>	
		381.29	359.42
Others (Secured by hypothecation of certain immovable properties)			
		200.00	-
14% Secured Redeemable Non-convertible Bond			
(Secured by creation of 2nd charge on mortgage of Banarhat and Karballa Tea Estates.)			
	2000.00	2000.00	
Add: Interest accrued and due thereon	<u>367.86</u>	<u>249.82</u>	
		2367.86	2249.82
Carried over		<u>14744.80</u>	<u>12733.22</u>

**ANDREW YULE & CO. LTD.**

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006**

		(Rupees in lakhs)	
		2005-06	2004-05
<b>SCHEDULE 3 - (Contd.)</b>			
<b>LOANS - (Contd.)</b>			
<b>Secured Loans - (Contd.)</b>	Brought forward	14744.80	12733.22
<b>Unsecured Loans :</b>			
From Bodies Corporate		1000.00	1013.00
Fixed Deposits		321.74	321.78
From Govt. of India	5464.24		4103.24
Add : Interest accrued and due thereon	<u>786.08</u>		<u>18.63</u>
		6250.32	4121.87
From West Bengal Industrial Development Corpn. Ltd. (Interest free)		268.86	268.86
West Bengal Govt. Subsidised Housing Scheme Loan for Plantation Workers	0.61		0.84
Add: Interest accrued and due thereon	<u>0.88</u>		<u>0.85</u>
		<u>1.49</u>	<u>1.69</u>
		<u>7842.41</u>	<u>5727.20</u>
		<u>22587.21</u>	<u>18460.42</u>

**ANDREW YULE & CO . LTD .**

**SCHEDULE 4**

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006**

(Rupees in Lakhs)

**FIXED ASSETS**

Description of Assets	GROSS BLOCK			DEPRECIATION			IMPAIRMENT OF ASSETS		NET BLOCK		
	Cost/Book Value as at 31st March, 2005	Additions/ Adjustments during the year	Less: Sales/ Adjustments during the year	Cost/Book Value as at 31st March, 2006	Upto 31st March, 2005	For the year	Less: On Sales/ Adjustments during the year	Upto 31st March, 2005	During the year	As at 31st March, 2006	As at 31st March, 2005
Goodwill	12.15	"	"	12.15	"	"	"	"	"	12.15	12.15
Land (including cost of development and leasehold land Rs.4.31 Lakhs; 2004-05 Rs.4.31 Lakhs)	175.43	"	"	175.43	"	"	"	"	"	175.43	175.43
Estates/Leasehold (including garden development expenses)	12356.20	30.73		12386.93	151.39	44.27		195.66		12191.27	12204.81
Buildings	2625.49	32.09		2657.58	927.60	49.92		977.52		1680.06	1697.89
Roads and Culverts	53.61	"		53.61	11.68	0.88		12.56		41.05	41.93
Plant and Machinery	3300.04	215.32		3515.36	2151.07	212.82		2363.89	59.01	1092.46	1089.96
Drawings, Designs and Tracings etc.	74.99	"		74.99	40.91	"		40.91	34.08	"	"
Electrical Installations	554.16	7.53		561.69	294.55	27.64		322.19	"	239.50	259.61
Water Installations	395.22	7.71		402.93	146.61	15.85		162.46	"	240.47	248.61
Furniture, Fittings and Office Equipments	377.24	4.09		381.33	285.85	15.96		301.81	"	79.52	91.39
Vehicles	377.84	23.18		401.02	207.98	39.95		247.93	"	153.09	169.86
Share of Joint Venture	20302.37	320.65		20623.02	4217.64	407.29		4624.93	93.09	15905.00	15991.64
[Note No.2(iii) of Sch-20]	1231.45	44.25		1264.97	514.63	137.78	7.34	645.07	"	619.90	714.23
Capital Work-in-Progress	21533.82	364.90		21887.99	4732.27	545.07	7.34	5270.00	93.09	16524.90	16705.87
Share of Joint Venture	344.98	196.99		469.85	"	"	"	"	51.28	418.57	293.70
[Note No.2(iii) of Sch-20]	22.01	62.56		62.56	"	"	"	"	"	62.56	22.01
TOTAL	366.99	259.55		532.41	"	"	"	"	51.28	481.13	315.71
PREVIOUS YEAR'S TOTAL	21900.81	624.45		22420.40	4732.27	545.07	7.34	5270.00	144.37	17006.03	17021.58
	21093.22	924.86		21900.81	4377.13	355.81	0.67	4732.27	"	17021.58	(Contd.)

# ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

## SCHEDULE 4 - (Contd.)

### FIXED ASSETS - (Contd.)

- Notes :**
1. Land valuing Rs.1.84 lakhs has been acquired by the Government of West Bengal under the West Bengal Estate Acquisition Act, 1953 but pending finalisation of the compensation amount, no adjustment thereof has been made in these accounts.
  2. Estates include lease-hold land, fencing and expenses on extension Planting/Maintenance and Up-keep expenses on immature plants.
  3. Renewal lease agreement for Banarhat and Choonabhutti Tea Estates covering a grant area of 1336.24 hectares is pending.
  4. Following land belonging to the Company have been acquired by various Government Authorities and other agencies :

<u>Name of Gardens</u>	<u>Land (Bighas) Approx.</u>	
Basmatia	310	(310)
Hoolungooree	2	(2)
Murphulani	2475	(2475)
Khowang	18	(18)
Rajgarh/Tinkong	61	(61)
M i m	20	(20)
New Dooars	145	(145)
Hingrijan	16	-

Against the above acquisitions, part compensation aggregating to Rs.14.03 lakhs (Rs.14.03 lakhs) has been received by the Company which is included under the head "Sundry Creditors". Appropriate adjustment entries in this regard would be made in the Accounts after settlement of the Final Compensation in respective cases.

5. Buildings include Rs.16.45 lakhs representing the cost of structures on rented land (Rs.16.45 lakhs).
6. Capital Work-in-Progress includes capital advances Rs.99.50 lakhs (Rs.126.04 lakhs) after adjustment of provision for doubtful advances of Rs.13.78 lakhs (Rs.14.47 lakhs).
7. Depreciation for the year includes Rs.80.63 lakhs relating to earlier years.
8. Share of Joint Venture in relation to "additions to Plant and Machinery" includes a value of Rs.32.57 lakhs which represents certain machinery spares reclassified from inventories to fixed assets, being usable only in connection with particular items of fixed assets and being of irregular use. Corresponding share of depreciation charged for the current year on such machinery spares amounts to Rs.23.11 lakhs including Rs.17.89 lakhs pertaining to prior period.

**ANDREW YULE & CO. LTD.**

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006**

(Rupees in lakhs)

<b>SCHEDULE 5</b>	No. of Shares/ Units	Face Value per Share/ Unit	Book Value	
			2005-06	2004-05
<b>INVESTMENTS (Long Term)</b> (At Cost less written off)				
<b>1. (A) In Associates - Non-Trade Investments :</b>				
<b>Equity Shares (Fully Paid) :</b>				
<b>Quoted :</b>				
Tide Water Oil Co. (India) Ltd.				
	2,28,390	10	141.07	141.07
Cost of Acquisition (Net of Capital Reserve of Rs.1730.45 lakhs			724.11	552.58
Add: Group Share of Profit as on 31st March, 2006			865.18	693.65
<b>Unquoted :</b>				
New Beerbhoom Coal Co. Ltd.				
Cost of Acquisition (Net of Capital Reserve of Rs.2.10 lakhs)	1,05,355	10	12.27	12.27
Add/Less: Group Share of Profit upto 31st March, 2006			0.14	(-)0.09
			12.41	12.18
Katrass Jherriah Coal Co. Ltd.				
Cost of Acquisition (Net of Capital Reserve of Rs.6.71 lakhs)	60,260	10	6.95	6.95
Add: Group Share of Profit upto 31st March, 2006			1.72	1.20
			8.67	8.15
<b>(B) In Other Companies - Non-Trade Investments :</b>				
<b>Equity Shares (Fully Paid) :</b>				
<b>Quoted :</b>				
Yule Financing & Leasing Co. Ltd.	3,00,000	10	27.88	27.88
Dishergarh Power Supply Co. Ltd.	3,01,269	10	12.50	12.50
WEBFIL Ltd.	1,45,000	10	14.50	14.50
Fort Gloster Industries Ltd.	1,040	10	0.13	0.13
Gloster Jute Mills Ltd.	208	10	...	...
Exide Industries Ltd.	19,942	10	0.23	0.23
The Gillapukri Tea & Industries Ltd.	26	10	...	...
<b>Unquoted :</b>				
* The Bengal Coal Co. Ltd.	10,305	100	0.51	0.51
The Statesman Ltd.	9,966	100	4.70	4.70
ABC Tea Workers Welfare Services	750	10	0.08	0.08
<b>Debentures (Fully Paid) :</b>				
<b>Unquoted :</b>				
Woodlands Hospital & Medical Research Ltd. (formerly The East India Clinic Ltd.) Rs. 65,200 - 5% Non-Redeemable Registered Mortgage Debenture Stock, 1957	...	...	0.68	0.68
Woodlands Hospital & Medical Research Ltd. (formerly The East India Clinic Ltd.) Rs. 600 - 1/2% Registered Mortgage Debenture Stock	...	...	0.01	0.01
<b>2. Units (Fully Paid) :</b>				
<b>Quoted :</b>				
<b>Unit Trust of India</b>				
Unit Scheme - 2002 (Pending conversion to 6.75% Tax free US-64 Bond)	1,81,022	10	11.03	11.03
			958.51	786.23
Market value of quoted investments			2547.82	2519.60

# ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

## SCHEDULE 5 - (Contd.)

### INVESTMENTS - (Contd.)

- Notes:** 1 \* The Coal mines of these Companies have been nationalised. Pending finalisation of compensation rolls by the Commissioners of Payments, the Company is not in a position to estimate the amount receivable on its holding in these Companies. However, losses, if any, in this regard will be adjusted against Capital Reserve.
- 2 The following Investments having been written down to a nominal value of Re. 1/- each, do not appear in the details given above :

<u>Name of the Company</u>	<u>No. of Shares</u>	<u>Face Value per Share</u>
Unquoted - Preference Shares :		
Transformer & Switchgear Ltd.		
7 <sup>1</sup> / <sub>2</sub> % Tax-free Redeemable Cumulative Preference Shares	1000	100
Unquoted - Equity Shares :		
Transformer & Switchgear Ltd.	22395	10
Hooghly Docking & Engineering Co. Ltd.	4410	50
Brentford Electric (India) Ltd.	52500	10
India Paper Pulp Co. Ltd.	439675	10

## ANDREW YULE & CO. LTD.

### SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

	(Rupees in lakhs)	
	2005-06	2004-05
<b>SCHEDULE 6</b>		
<b>INVENTORIES</b>		
<b>At or under cost :</b>		
Raw materials, Components and Packaging Materials (Includes Stores-in-Transit Rs.26.43 lakhs; 2004-05 Rs.24.00 lakhs)	777.93	871.75
Stores and Spare parts (Including Stores-in-Transit Rs.0.16 lakh; 2004-05 Rs.Nil)	439.84	510.28
Food-stuff	20.98	20.64
Loose tools	4.44	4.57
<b>At Cost or net realisable value whichever is lower :</b>		
Finished goods	501.07	333.14
Finished goods-in-transit	12.60	126.66
Work-in-Progress	461.83	574.90
Scrap (at estimated realisable value)	2.29	1.13
	2220.98	2443.07
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20) (Net of provision)	329.65	299.90
	2550.63	2742.97
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
<b>Unsecured :</b>		
<b>Debts outstanding for a period exceeding six months :</b>		
Considered good	2835.34	3420.67
Considered doubtful	5177.43	4415.13
	8012.77	7835.80
<b>Other Debts :</b>		
Considered good	1927.77	1623.37
	9940.54	9459.17
Less: Provision for doubtful debts	5177.43	4415.13
	4763.11	5044.04
Add: Net share of Joint Venture (Note No.2(iii) of Schedule-20)	855.19	754.02
	5618.30	5798.06
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash-in-hand	30.42	23.64
Postage and Stamps-in-hand	0.09	0.10
Cheques-in-hand	21.19	1.64
Remittances-in-transit	41.49	60.33
<b>Balances with Scheduled Banks :</b>		
On Current Account (Net) (Including debit balance of Cash Credit of Subsidiary Rs.110.11 lakhs; 2004-05 Rs.240.42 lakhs)	1490.28	1430.62
<b>On Deposit Account :</b>		
Employees' Security Deposit	0.06	0.06
* Others	708.87	716.15
	708.93	716.21
Unclaimed Preference Share Redemption Account	0.80	0.80
	2293.20	2233.34
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	605.29	316.87
	2898.49	2550.21

**Note:** \*1. (a) Includes Bank deposits of Rs.10.00 lakhs (Rs.10.00 lakhs) pledged with United Industrial Bank Ltd., (since amalgamated with Allahabad Bank) as a lien against clean cash credit facilities to the extent of Rs.10.00 lakhs provided by them to Brentford Electric (India) Ltd., (BEIL). Following the take over of undertakings of BEIL, the pledge stands vacated and the return of deposit receipts is awaited.

(b) Includes Rs.171.02 lakhs (Rs.191.05 lakhs) pledged with Banks against Letter of Credit, Bank Guarantee and Overdraft facilities.

**ANDREW YULE & CO. LTD.**

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006**

(Rupees in lakhs)

	2005-06	2004-05
<b>SCHEDULE 9</b>		
<b>OTHER CURRENT ASSETS</b>		
<b>Considered Good</b>		
Deposits with National Bank for Agricultural and Rural Development under Tea Development Account Scheme, 1985 and 1990	0.69	0.69
Interest receivable	-	-
	<u>0.69</u>	<u>0.69</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
<b>Secured</b>		
Loans	79.86	87.09
<b>Unsecured</b>		
Loans	201.43	197.77
Advances recoverable in cash or in kind or for value to be received	3035.47	3568.33
Advance Payment of Income/Wealth-tax/Fringe Benefit Tax (including Tax deducted at source)	5103.26	5023.47
Balance with Government Authorities	46.20	20.54
Interest accrued on Loans, Deposits etc.	9.24	13.71
Deposits - lodged with various authorities (including National Plan Savings Certificates Rs.0.70 lakh; 2004-05 Rs.0.70 lakh)	211.36	207.46
	<u>8606.96</u>	<u>9031.28</u>
	<u>8686.82</u>	<u>9118.37</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	305.92	356.79
	<u>8992.74</u>	<u>9475.16</u>
<b>Notes:</b>		
1. <b>Classification of Loans and Advances :</b>		
(A) Secured      Considered Good	79.86	87.09
(B) Unsecured    Considered Good	8912.88	9388.07
Considered Doubtful	1501.66	1110.13
	<u>10414.54</u>	<u>10498.20</u>
Less: Provision	1501.66	1110.13
	<u>8912.88</u>	<u>9388.07</u>
	<u>8992.74</u>	<u>9475.16</u>

2. Secured Loans represent House Building and Car Loans (including loan of Rs.1.44 lakhs to a Director; 2004-05 Rs.1.61 lakhs - Maximum amount due at any time during the year Rs.1.61 lakhs; 2004-05 Rs.1.79 lakhs) secured against mortgage of Land, Buildings, Flats and Cars etc.



**ANDREW YULE & CO. LTD.**

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006**

(Rupees in lakhs)

<b>SCHEDULE 11</b>	<u>2005-06</u>	<u>2004-05</u>
<b>CURRENT LIABILITIES</b>		
<b>Sundry Creditors and Other Liabilities :</b>		
Due to Small Scale Industries	252.48	427.00
*Others (including Rs.461.23 lakhs being Earnest Money and Security Deposits; 2004-05 Rs.4.87 lakhs)	13035.30	12186.59
Advances and Deposits received from Customers and others (including Rs.89.40 lakhs being security deposits; 2004-05 Rs.0.41 lakhs)	1346.36	988.64
Employees' Security Deposits	0.06	0.06
Interest accrued but not due on loans and deposits	404.92	153.08
Unclaimed Redeemed Preference Shares	0.80	0.80
	<u>15039.92</u>	<u>13756.17</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	667.72	548.55
	<u>15707.64</u>	<u>14304.72</u>

**SCHEDULE 12**

**PROVISIONS**

**For Taxation :**

Income Tax	2754.89	2738.68
Agricultural Tax	1498.64	1466.64
Wealth Tax	6.75	4.50
Fringe Benefit Tax	<u>30.54</u>	<u>-</u>
	4290.82	4209.82
" Superannuation and Pension	233.28	249.46
" Employees' Benefit	0.91	0.93
" Stock Obsolescence	345.76	316.67
" Contingencies	99.41	99.30
" Unrealised Profit	15.87	1.72
" Aqua-culture Project	222.29	222.29
" Foodstuff Stock	16.54	-
" Dividend Tax	3.60	3.60
	<u>5228.48</u>	<u>5103.79</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	101.67	61.30
	<u>5330.15</u>	<u>5165.09</u>

# ANDREW YULE & CO. LTD.

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

(Rupees in lakhs)

	2005-06	2004-05
<b>SCHEDULE 13</b>		
<b>SALES</b>		
Sales and Work done (after adjusting Rs.314.87 lakhs being returns/adjustments in respect of earlier year; 2004-05 Rs.Nil)	12373.26	13469.79
Add: Inter Unit Transfer of Capital Goods manufactured	124.64	66.29
	12497.90	13536.08
Less: Excise Duty recovered on sales	658.81	646.01
Trade and Other Discount	152.41	165.81
Provision for Unrealised Profit on partial deliveries against Composite Contracts	14.15	(-) 1.60
	825.37	810.22
Net sales and job work done	11672.53	12725.86
Add: Share of Joint Venture vide Note No.2(iii) of Schedule 20 (Net of Excise Duty Rs.447.60 lakhs; 2004-05 Rs.345.93 lakhs)	3819.48	3371.14
	15492.01	16097.00
<b>SCHEDULE 14</b>		
<b>OTHER INCOME</b>		
Interest on Loans, Advances, Deposits etc. (Gross)	111.02	101.12
Profit on Sale/Adjustments of Fixed Assets (Net)	-	0.36
Profit on sale of stores	0.41	-
Sundry Receipts (including insurance claims of Rs.50.29 lakhs; 2004-05 Rs.11.83 lakhs)	60.59	51.96
Tea Board Replantation Subsidy	3.38	-
Rent and Hire charges	48.04	58.10
Fees and Commission received by Directors and Employees	4.08	0.32
Scrap/Tea waste sale	36.53	36.18
Service charges	19.77	12.50
Export incentives	6.98	7.92
Items relating to previous years	82.75	25.27
Liabilities no longer required written back	194.58	51.06
<b>Provisions no longer required written back :</b>		
Superannuation and Pension	20.21	0.14
Contingencies	-	0.57
Doubtful Debs	0.02	20.29
	20.23	21.00
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	70.83	12.32
	659.19	378.11

**ANDREW YULE & CO. LTD.**

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

(Rupees in lakhs)

	2005-06	2004-05
<b>SCHEDULE 15</b>		
<b>ACCRETION / DECRETION (-) IN STOCKS</b>		
<b>Opening Stock :</b>		
Finished goods	333.14	401.06
Finished goods-in-transit	126.66	51.57
Semi-Finished Articles	18.63	33.70
Work-in-Progress	556.27	317.21
Scrap	1.13	0.91
	1035.83	804.45
Less: CENVAT/VAT on Opening Stock	4.92	-
	1030.91	804.45
<b>Closing Stocks :</b>		
Finished goods	501.07	333.14
Finished goods-in-transit	12.60	126.66
Semi-Finished Articles	181.37	18.63
Work-in-Progress	280.46	556.27
Scrap	2.29	1.13
	977.79	1035.83
	(-) 53.12	231.38
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	(-) 16.90	6.14
	(-) 70.02	237.52
<b>SCHEDULE 16</b>		
<b>MATERIALS CONSUMED</b>		
<b>Stocks as at 1st April, 2005 :</b>		
Raw materials, components and packaging materials	821.31	839.20
Materials-in-transit	50.44	26.43
Stores and spare parts	510.28	511.27
Loose tools	4.57	5.61
	1386.60	1382.51
Less: Book value of Stocks sold/adjusted/written off	4.88	12.65
	1381.72	1369.86
Add: Adj. of previous year	23.02	-
	1404.74	1369.86
<b>Purchases during the year :</b>		
Raw materials, components and packaging materials (including erection expenses in case of composite contracts and processing charges)	3415.40	3810.23
Stores and spare parts	1295.25	1570.22
Loose tools	2.73	2.89
	4713.38	5383.34
	6118.12	6753.20
<b>Less: Stocks as at 31st March, 2006 :</b>		
Raw materials, components and packaging materials	751.49	821.31
Materials-in-transit	26.43	50.44
Stores and spare parts	439.84	510.28
Loose tools	4.44	4.57
	1222.20	1386.60
Raw materials and stores used on Capital Jobs Rs.0.03 lakh and on Repair Jobs, Advertising, Transport, Power and Fuel, Research and Development etc. Rs.848.03 lakhs; 2004-05 Rs.68.89 and Rs.760.75 lakhs.	848.06	829.64
	2070.26	2216.24
	4047.86	4536.96
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	2453.97	2290.07
	6501.83	6827.03

# ANDREW YULE & CO. LTD.

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

(Rupees in lakhs)

	<u>2005-06</u>	<u>2004-05</u>
<b>SCHEDULE 17</b>		
<b>SALARIES, WAGES AND BONUS</b>		
Salaries, Wages, Bonus and Gratuity	5005.03	5077.44
Contribution to Provident and Other Funds	588.55	1179.48
Welfare and Other Expenses	697.51	715.33
	<u>6291.09</u>	<u>6972.25</u>
Less: Incurred on Capital jobs, Repair Jobs, Research and Development, Advertising, Transport etc.	172.95	226.12
	<u>6118.14</u>	<u>6746.13</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	314.04	280.44
	<u>6432.18</u>	<u>7026.57</u>

## **SCHEDULE 18**

### **INTEREST**

Fixed Deposits	38.68	38.23
Term Loans	844.82	512.55
Others	2060.47	1791.03
	<u>2943.97</u>	<u>2341.81</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	0.18	6.12
	<u>2944.15</u>	<u>2347.93</u>

**ANDREW YULE & CO. LTD.**

**SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

(Rupees in lakhs)

<b>SCHEDULE 19</b>	<u>2005-06</u>	<u>2004-05</u>
<b>OTHER EXPENSES</b>		
Power and Fuel	1229.87	1147.66
Miscellaneous Tea Cultivtion and Manufacturing Expenses	103.26	103.74
Research and Development Expenses	2.05	-
Directors' Salaries	11.85	15.13
Director' Fees	0.14	0.18
Rent (Net)	50.52	63.16
Rates and Taxes	31.43	33.43
<b>Repairs and Maintenance :</b>		
Buildings	144.43	113.51
Plant and Machinery	167.98	155.59
Others	<u>39.26</u>	<u>33.80</u>
	351.67	302.90
Travelling Expenses and Upkeep of Vehicles	310.50	288.03
Insurance	34.81	40.21
Brokers' Commission	78.42	68.28
<b>Selling Expenses :</b>		
Selling Agents' Commission	53.31	110.42
Others	<u>286.68</u>	<u>304.07</u>
	339.99	414.49
Miscellaneous Expenses	660.45	907.86
Commission against Govt. Guarantee	35.20	35.20
Loss on sales of investments	-	1.40
Excise Duty	(-) 7.64	119.68
Turnover Tax	15.50	-
Assam Cess on Green Tea Leaf	73.32	67.60
West Bengal Primary Education Cess	7.50	7.63
West Bengal Rural Employment Cess	14.99	15.26
Tea Cess	27.44	26.68
Educaion Cess	0.55	1.64
Assam Entry Tax	0.57	1.74
Bank Charges	79.24	168.60
<b>Auditors' Remuneration :</b>		
Audit Fees	3.38	3.26
<b>In Other Capacity :</b>		
Tax Audit Fees	0.68	0.68
For Certificates etc.	1.80	0.95
Out of Pocket Expenses	<u>0.54</u>	<u>0.18</u>
	6.40	5.07
<b>Miscellaneous Expenditure Written off :</b>		
Other Expenses	393.60	394.18
Net Loss on Exchange Fluctuation	-	2.28
Items relating to previous years	669.30	476.45
Liquidated Damages and Penalty etc.	199.58	128.04
Rectification/Replacement	101.29	13.73
Bad Debts written off	-	20.25
<b>Provision for :</b>		
Doubtful Debts	762.30	1262.92
Doubtful Loans, Advances and Deposits	388.08	508.77
Stock Obsolescence	29.09	97.25
Contingencies	0.11	-
Foodstuff	16.54	-
Aqua-culture Project	<u>-</u>	<u>94.47</u>
	1196.12	1963.41
	<u>6017.92</u>	<u>6833.91</u>
Less:Amount transferred to Capital jobs etc.	<u>0.30</u>	<u>0.36</u>
	6017.62	6833.55
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	<u>627.61</u>	<u>527.33</u>
	<u>6645.23</u>	<u>7360.88</u>

# ANDREW YULE & CO. LTD.

## NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006

(Rupees in lakhs)

### SCHEDULE 20

#### 1. Principles of Consolidation :

The Consolidated Financial Statements (CFS) relate to Andrew Yule & Co. Ltd. (the Company), its Subsidiary Company, its Associates and Joint Venture entity. The Consolidated Financial Statements have been prepared on the following basis :

- (i) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) – "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (ii) The difference between the cost of investment in the Subsidiary, over the net assets at the time of acquisition of shares in the Subsidiary is recognized in the financial statements as Goodwill. As the date of investments in this Company was not readily available, the subsidiary's audited Balance Sheet as on 31st March, 2001 was taken into consideration to determine the Goodwill.
- (iii) In case of Associates where the Company holds 20% or more of equity, investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS-23) – "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. As the dates of investments in those Associates are not readily available, the audited Balance Sheet of those Associates as at 31st March, 2002 was taken into consideration to determine the Capital Reserve.
- (iv) In case of Joint Venture interest in the jointly controlled entity has been accounted for by proportionate consolidation method in accordance with Accounting Standard (AS-27) – "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India. Under this method, the Company's share of Joint Venture's individual income and expenses, assets and liabilities and cash flows are included in the relevant components of the Consolidated Financial Statements.

#### 2. Ownership Interest in Subsidiary, Associates and Joint Venture :

- (i) The Subsidiary (which alongwith "Andrew Yule & Co. Ltd., (AY) the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are :

<u>Name</u>	<u>Country of Incorporation</u>	<u>Percentage of voting power as at 31st March, 2006</u>
Hooghly Printing Co. Ltd.	India	100

The financial statement of the Subsidiary is drawn upto 31st March every year.

- (ii) Ownership interest of the Company in the Associates considered in the CFS are as follows :-

(Rupees in lakhs)

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Ownership Interest as at 31st March, 2006</u>	<u>Ownership interest as at 31st March, 2005</u>
Tide Water Oil Co. (India) Ltd.	India	26.22%	26.22%
New Beerbhoom Coal Co. Ltd.	India	32.95%	32.95%
Katras Jherriah Coal Co. Ltd.	India	31.66%	31.66%

These investments have been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets. During the year, the Group has received dividend aggregating Rs.5.71 lakhs in respect of the investments in Associates.

Financial Statements of all the Associates are drawn upto 31st March. The Group's investment in Associates were reported as long term investments as on 31st March, 2002 (Schedule-5) and stated at cost.

(Contd.)

**NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)**

(Rupees in lakhs)

**SCHEDULE 20 - (Contd.)**

(iii) Interest in Joint Venture :

<u>Name of the Joint Venture</u>	<u>Country of Incorporation</u>	<u>Percentage of ownership interest as at 31st March, 2006</u>
Phoenix Yule Ltd.	India	26%

The financial statement of the Joint Venture Company is drawn upto 31st December every year. The proportionate share of assets, liabilities, income and expenditure of the above Joint Venture, as contained in its financial statements as at 31st December, 2005 has been included in this Consolidated Financial Statements.

- 3 In the Consolidated Financial Statements depreciation on assets (Other than Tea Estates) belonging to Parent Company has been provided under "Straight-line" method, whereas the same has been provided under "Written down value" method for assets belonging to Hooghly Printing Co. Ltd. (HP) (wholly owned subsidiary). Both these aforesaid methods are being followed consistently in respective companies.

The total value of gross block of the Group as on 31st March, 2006 is Rs.21887.99 lakhs (Rs.21533.82 lakhs) out of which on the gross block of value Rs.166.07 lakhs (Rs.166.07 lakhs), depreciation has been provided under "Written down value method". The amount of depreciation so charged up to 31st March, 2006 is Rs.138.54 lakhs (Rs.133.72 lakhs) out of total depreciation of Rs.5363.09 lakhs (Rs.4732.27 lakhs) provided upto 31st March, 2006.

- 4 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.110.82 lakhs (Rs.124.37 lakhs).

- 5 Contingent liabilities not provided for in respect of :

(a) Claims against the Group not acknowledged as debts :

(i) Disputed labour matters (amount not ascertainable).

(ii) Others Rs.967.98 lakhs (Rs.967.11 lakhs).

(b) Guarantees and Indemnities given to various institutions and Authorities in connection with Company's operations amounting to Rs.2297.65 lakhs (Rs.2364.00 lakhs).

(c) Bills Discounted/Purchased by banks and others remaining outstanding as on 31st March, 2006 Rs.Nil (Rs.184.33 lakhs).

(d) Legal cases U/s.138 and 141 of Negotiable Instruments Act. remaining outstanding as on 31st March, 2006 Rs.29.10 lakhs (Rs.4.10 lakhs).

(e) Guarantees given to banks in favour of other Group and/or Associate Companies :

(i) The Bengal Coal Co. Ltd. - Rs.115.00 lakhs (Rs.115.00 lakhs).

(ii) India Paper Pulp Co. Ltd. - Rs.265.00 lakhs (Rs.265.00 lakhs).

In respect of item Nos.(i) and (ii) above, the guarantees have already been invoked by the banks but not provided for as the matters are still subjudice.

(f) Disputed Sales Tax matters aggregating to Rs.4791.11 lakhs (Rs.4111.21 lakhs).

(g) Aggregate Income Tax demands amounting to Rs.53.96 (Rs.Nil) not admitted, against which appeals have been preferred by the Company.

(h) Agricultural Income Tax demands amounting to Rs.373.85 lakhs (Rs.37.08) not admitted, against which appeals have been preferred by the Company.

(Contd.)

**SCHEDULE 20 - (Contd.)**

- (i) Disputed Excise/Customs Duty matters Rs.959.67 lakhs (Rs.783.17 lakhs).
- (j) Disputed liquidated damages on account of delayed despatches - Rs.Nil (Rs.232.69 lakhs) against debts of the like amount which have been withheld by the customers.
- (k) Unexpired Letter of Credit opened by the Company's bankers - Rs.429.69 lakhs (Rs.497.44 lakhs).
6. Consequent to change in the Accounting Policy No.2(b) in order to comply with AS-10, addition to Plant and Machinery and Electrical Installations have been lesser by Rs.7.11 lakhs and Rs.8.33 lakhs respectively during the year with corresponding reduction in charge of Depreciation of Rs.0.10 lakh in the Profit and Loss Account and Turnover in respect of Inter Unit Transaction of Capital Goods manufactured is lesser by Rs.15.44 lakhs.
7. Out of the total Tea Cultivation Expenses in Cold Weather incurred during the year amounting to Rs.622.61 lakhs, an amount of Rs.124.52 lakhs being 1/5th of such expenses has been debited to Profit and Loss Account and the balance amount of Rs.498.09 lakhs has been carried forward. Further, out of Rs.848.19 lakhs being the carried forward amount of Cold Weather Expenses from earlier year, Rs.243.46 lakhs has been debited to Profit and Loss Account and balance of Rs.604.73 lakhs has been carried forward.
8. In the Profit and Loss Account Rs.342.20 lakhs has been charged as expenditure on account of payment to Yule Agency Superannuation Fund in respect of the liability of short funding relating to earlier years, but not provided for eligible existing employees.
9. Liability on additional interest payable due to delay in deposit of Provident Fund contributions to Provident Fund Authorities has been computed considering a rate at par with the rate considered in computing this liability in Draft Rehabilitation Scheme submitted to the Operating Agency appointed by BIFR. No liability has also been provided for damages as waiver has been asked for in DRS.
10. The estimated arrear liability on account of pay revision of Officers and Non-unionised Supervisory Staff with effect from 1st August, 1997 and in respect of Directors from 1st January, 1997 is Rs.872.58 lakhs (net of payment of Interim Relief). In terms of Accounting Standard 5 this obligation will be accounted for in the Profit and Loss Account for the period during which such payment will actually be made.
11. The Company had furnished a Performance Bank Guarantee of Rs.70.00 lakhs to Tea Trading Corporation of India Ltd. (TTCI) along with a bid for purchase of a Tea Estate. Although the sale could not be completed due to legal complications, the said Bank Guarantee was invoked and encashed by TTCI. Since the TTCI has been ordered to be wound up by Hon'ble High Court, Calcutta, and an Official Liquidator has been appointed, the Company has lodged its claim for recovery of this Rs.70.00 lakhs with the Official Liquidator. The Claim is pending before the Liquidator and no provision has been considered necessary at this stage.
12. (a) In the matter of dispute between the Company and Hooghly Docking and Port Engineering Company Ltd. (HDPE) in the Award made by the Sole Arbitrator published on 18<sup>th</sup> December, 1994 the Arbitrator admitted the claims of Rs.53.40 lakhs of HDPE and Rs.13.74 lakhs of the Company. In this award, the Sole Arbitrator determined the total loss on ship building at Rs.42.49 lakhs although the Company contended that they were not liable for any over-run in the cost beyond the revised price fixed through negotiation by and between Hooghly Docking and Engineering Co. Ltd. (HDE) and its customers. In this award, the Sole Arbitrator also declined to set off the claims of the Company with the claims of HDE/HDPE on the ground that HDPE (Acquisition and Transfer of Undertaking) Act, 1984 did not permit such adjustment and observed that the Company could prefer its claim against HDPE before the Commissioner of Payments appointed under the Act for this purpose.

Aggrieved by this order, the Company filed an application before the Hon'ble Delhi High Court U/s. 30 of the Arbitration Act, 1940, for setting aside the said Award. The Company's said application is pending. Meanwhile, after the Company was declared a sick Company under SICA and was eligible for protection against any recovery action U/s. 22(2) of SICA, the Company filed an application before Hon'ble Delhi High Court for stay of the said pending case. Hearing on this application is in progress.



**NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)**

(Rupees in lakhs)

**SCHEDULE 20 - (Contd.)**

Pending disposal of the Company's petition for setting aside the said Award, the extent of loss, if any, in this regard is not ascertainable at this stage. However, loss, if any, arising on disposal of the Company's said application before the Hon'ble Delhi High Court will be adjusted against Capital Reserve.

- (b) State Bank of India (SBI) filed a suit before Hon'ble Madras High Court for enforcement of the guarantee of Rs.190.00 lakhs given by AYCL in favour of SBI as collateral security for the Cash Credit facilities advanced by SBI to the erstwhile Transformer & Switchgear Ltd., which was subsequently transferred to Debt Recovery Tribunal (DRT), Chennai. DRT, Chennai passed a decree in favour of SBI against which the Company has preferred an appeal which is now pending. Meanwhile in response to SBI's proposal for One Time Settlement, the Company made an offer for Rs.62.00 lakhs, to be paid from fund available with the Commissioner of Payments (COP). In spite of initial disinclination of agreeing to this settlement, SBI has now agreed to re-consider this proposal subject to COP's clearance for releasing this fund. Reply from COP is awaited.
13. Loans and Advances in Schedule 10 include an interest-free amount of Rs.115.08 lakhs (Rs.119.14 lakhs) incurred for the Agro Projects, which was subsequently transferred to Yule Agro Industries Ltd. (YAIL), a Company promoted by the two Associate Companies in the Group. This advance is recoverable from YAIL.

YAIL has since informed that pending implementation of the aforesaid Agro Project, they have in the meantime engaged in the activities of Oyster Mushroom, Vermiculture and Tea Nursery. As reported earlier, YAIL has confirmed to the Company to repay the balance advance in a phased manner out of the aforesaid activities.

14. Pursuant to an arrangement with Yule Agro Industries Limited (YAIL) regarding takeover of Telepara Unit of the Company by them all the expenses incurred during the year amounting to Rs.20.69 lakhs (Rs.20.78 lakhs) (net of income) has been charged to Profit and Loss Account of the Company pending implementation of the Agro Projects on commercial scale.
15. An amount of Rs.60.93 lakhs (Rs.60.93 lakhs) has been paid/payable till 31st January, 1999 to the Gayeshpur Municipality (GM) erstwhile Gayeshpur Notified Area Authority (GNAA) being rates and taxes according to the order issued on 8th April, 1986, by the Hon'ble Calcutta High Court upon the writ application filed by the Company challenging the enhancement of the rates by the GM. The Court has further directed that the amount paid in excess shall be refunded by GM to the Company with 18% interest p.a. in the event the Company succeeds in the writ application. Appropriate adjustment entries in this regard will be made in the accounts in the year of final decision of the Court. The writ is still pending without any further order.
16. Directors' Remuneration :-

	For the year ended 31st March, 2006	For the year ended 31st March, 2005
Salaries	11.85	15.13
Directors' Fees	0.14	0.18
Contribution to Provident Fund/Superannuation Fund	1.96	2.62
Other Perquisites/benefits	1.01	0.89
	14.96	18.82
Add : Share of Joint Venture (Note No.2(iii) on Schedule-20)	4.37	7.29
	19.33	26.11

# ANDREW YULE & CO. LTD.

## NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

### SCHEDULE 20 - (Contd.)

17. Details of Expenses incurred under the head "Miscellaneous Expenditure to the extent not written off or adjusted", which also include expenses incurred on development of new products are as follows :-

<u>OTHER EXPENSES</u>	<u>2005-06</u>	<u>2004-05</u>
Salaries, Wages and Bonus	80.42	80.42
Contribution to Provident and other Funds	6.63	6.63
Welfare and Other Expenses	23.89	23.89
Material consumption	32.44	32.44
Advertisement and Publicity	381.31	381.31
Market Survey Expenses	15.81	15.81
Travelling Expenses	13.52	13.52
Interest (Others)	0.05	0.05
Vehicle Expenses	1.38	1.38
Sales Promotion Expenses	109.82	109.82
Purchase of Tender	0.03	0.03
Insurance	0.01	0.01
Power and Fuel	1.02	1.02
*Miscellaneous Expenses [including training expenses Rs.10.41 lakhs (Rs.10.41 lakhs)]	35.80	35.80
Research and Development Expenses [includes cost of proto-type Rs.34.82 lakhs (Rs.34.82 lakhs)]	129.12	129.12
Testing Fees	116.79	116.79
Voluntary Retirement	1965.04	1965.04
	<u>2913.08</u>	<u>2913.08</u>
Less: Written Off :		
As per last account	2110.97	1411.49
Written off during this year [including items relating to previous year Rs.Nil (Rs.305.30 lakhs)]	<u>393.60</u>	<u>699.48</u>
	<u>2504.57</u>	<u>2110.97</u>
	<u>408.51</u>	<u>802.11</u>

\* Include Rs.9.00 lakhs (Rs.9.00 lakhs) spent for development of a Proto-type Fan out of grant received under DSIR Scheme.

18. Inventories include Rs.73.18 lakhs (Rs.65.13 lakhs) worth of stocks lying with third parties for which confirmations are awaited and/or under reconciliation and the same has been provided for to the extent considered necessary.
19. [a] Sundry Debtors, claims receivable, deposits and advances to parties, sundry creditors and other liabilities as well as Loans from Financial Institutions, loan from WB Govt. under Subsidised Housing Scheme and Bodies Corporate, in the absence of confirmations, wherever necessary, are taken as per book balances and are subject to reconciliation and adjustments thereon having an impact of revenue nature, if any, will be made in the year in which those are finally settled.
- [b] Balance confirmation in respect of an aggregate amount of Rs.0.22 lakh (Rs.0.36 lakh) remaining in Seven Bank Accounts which are inoperative, with different Banks, and in respect of a fixed deposit amounting to Rs.10.00 lakhs (Rs.10.00 lakhs) are awaited.
20. The Company had revalued its Tea Estates in the year 1994-95 on the basis of Revaluation Report by an approved valuer. Accordingly, Capital Reserve of Rs.10,735.31 lakhs under Schedule 2 includes a sum of Rs.10,332.52 lakhs as Revaluation Reserve arising out of above revaluation. No Depreciation is charged on such revalued assets, as the original cost of the said assets is also not being depreciated.
21. The Company has paid in full the purchase consideration for acquisition of Bogijan Tea Estate (BTE) from Gohain Borbora Tea Co. Ltd. (GBT) as per agreement dated 11th April, 2001 and 26th October, 2004 and permission for transfer of the remaining 52 Bighas land from Appropriate Authority is awaited.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

**SCHEDULE 20** - (Contd.)

22. For the purpose of valuation of stock of bulk tea, minimum bonus @ 8.33% under Payment of Bonus Act, 1965 is considered on a consistent basis irrespective of the provision made.
23. In course of execution of a contract received from Oil and Natural Gas Corporation Ltd. (ONGC), the Company had to undertake some additional work beyond the scope of the contract. Though the official bill for the main work was duly raised on ONGC, final bill for additional work could not be raised because of a dispute between the Company and ONGC about the value of the additional work. After the matter was referred to the Sole Arbitrator appointed by the Ministry of Heavy Industries, the Company submitted its final claim on 9<sup>th</sup> January '01 of Rs.431.42 lakhs together with an interest, as may be admissible, at the direction of the Sole Arbitrator; but the matter was contested by ONGC. Till date, the Company has received Rs.70.00 lakhs from ONGC as interim payment by two orders of the Sole Arbitrator made on 20<sup>th</sup> June '01 and 8<sup>th</sup> May '02. The arbitration proceeding is in progress.
24. Capital Work-in-Progress includes Rs.85.72 lakhs being payment of two instalments of Licence Fees of US \$ 27,000 and Training Fee of US \$ 15,000 paid to MandI Heat Transfer Products Ltd. (MandI), Canada, pursuant to failed Technology Transfer Agreement for manufacture of Air Handling Equipment. As the Company rejected the claim of MandI for payment of 3rd instalments and royalty in respect of the products allegedly to be manufactured by the Company by application of MandI technology, MandI filed a suit before the Hon'ble High Court at Calcutta claiming a decree for Rs.62.69 lakhs towards the 3rd instalments and other charges. The Company disputed the claim, denied any liability and has made a claim of US \$ 2,97,627 and Rs.11.89 lakhs towards refund of the payments already made to MandI and other damages in the same suit as a counter claim and prayed for a decree for the same amount with interest in favour of the Company on depositing requisite fee. The matter is pending before the Hon'ble High Court, Calcutta, the Company does not consider it necessary to make any provision in this respect.
25. (a) Provision for Liquidated damages amounting to Rs.1215.31 lakhs (Rs.1135.48 lakhs) have been set off against Sundry Debtors.
- (b) Sundry Debtors include Rs.284.86 lakhs (Rs.229.37 lakhs) withheld by Customers for non-furnishing of performance guarantees in respect of completed jobs.
26. Pending enhancement of Authorised Share Capital, money received from Govt. of India as consideration towards Equity Share is included in Schedule-1 as "Shares pending issue" amounting to Rs.10303.90 lakhs.
27. "Miscellaneous Expenses to the extent not written off or adjusted" includes a sum of Rs.109.60 lakhs (Rs.293.67 lakhs) being the unamortised portion of payment of gratuity and leave encashment to employees retired under Voluntary Retirement Scheme made out of Company's own fund/loan funds as such payments have been treated as deferred revenue expenditure in the earlier years.
28. [a] No provision is made in the books for possible losses that may arise in respect of long term investments made in the Bengal Coal Co. Ltd., WEBFIL Ltd., and Yule Financing and Leasing Co. Ltd., totalling to Rs.42.89 lakhs (Rs.42.89 lakhs). The possible loss if any, is, however, fully covered by the Capital Reserve and the same will be adjusted as and when it arises.
- [b] In Tide Water Oil Co. (India) Ltd. diminution in value of long term investments amounting to Rs.60.09 lakhs (Rs.60.09 lakhs) is in the opinion of the management not of a permanent nature and accordingly no provision has been made. The Group interest in the same amount is Rs.15.75 lakhs (Rs.15.75 lakhs).
- [c] In New Beerbhoom Coal Co. Ltd. diminution in value of long term investment amounting to Rs.0.90 lakh (Rs.2.22 lakhs) is in the opinion of the management not of a permanent nature and accordingly no provision has been made. The Group interest in the same amount is Rs.0.30 lakhs (Rs.0.73 lakhs).

## ANDREW YULE & CO. LTD.

### NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

#### SCHEDULE 20 - (Contd.)

29. The Company has filed a Special Leave Petition before the Hon'ble Supreme Court of India on 11th July, 2005 against the Order dated 10th September, 2004 passed by Hon'ble High Court at Calcutta for Rs.300.71 lakhs awarded in favour of Orissa Cement Ltd. The petition is pending before Hon'ble Supreme Court for hearing. As the matter is sub-judice, no provision for the said amount has been made in the Accounts.
30. Phoenix Yule Ltd. was entitled to remission of Central Sales Tax under the provision of the West Bengal Sales Tax Act, 1994, that was effective till 31st March, 2005. The West Bengal Value Added Tax Rules, 2005, (VAT Rules) have been introduced with effect from 1st April, 2005. Specific clarification is awaited from the West Bengal Sales Tax Authorities regarding continuation of the remission benefits under the VAT Rules. Also, the Company is yet to receive the renewed Eligibility Certificate that will enable the Company to avail of the remission benefits after 31st March, 2005. Pending receipt of the aforesaid clarification and Eligibility Certificate, it has been considered prudent not to recognise Central Sales Tax aggregating Rs.365.74 lakhs, collected/collectible on sales made during the period 1st April, 2005 to 31st December, 2005, as revenue for the year. Accordingly, the aforesaid amount has been considered as liability in these financial statements.
31. New Beerbhoom Coal Co. Ltd. an Associate of the Company, the extent of realisability of a loan given to a body corporate amounting to Rs.4.50 lakhs (Rs.4.50 lakhs) is not ascertainable. Group interest in the said amount is Rs.1.48 lakhs (Rs.1.48 lakhs).
32. In Katras Jherriah Coal Co. Ltd., the extent to which amount receivable Rs.1.79 lakhs from Central Government is not ascertainable. Group interest in the said amount is Rs.0.57 lakh (Rs.0.57 lakh).
33. In Katras Jherriah Coal Co. Ltd., an Associate of the Company, the extent of realisability of a loan given to a Body Corporate amounting to Rs.2.00 lakhs (Rs.2.00 lakhs) is not ascertainable. Group interest in the said amount is Rs.0.63 lakh (Rs.0.63 lakh).
34. In Tide Water Oil Co. (India) Ltd. a loan of Rs.348.00 lakhs has been given as advance towards proposed issue of shares by Yule Agro Industries Limited (YAIL). In view of the present status of activities of YAIL, shares have not been issued. Hence the status of the recoverability of the aforesaid advance of Rs.348.00 lakhs and the corresponding provision as may be required is not ascertainable at this stage. The Group interest in the same amount is Rs.91.25 lakhs (Rs.91.25 lakhs).
35. No provision for Agricultural Income Tax has been made in this account as the final liability can not be ascertained pending settlement of Appeals and Assessments pending with the Appropriate Authorities in this regard except in respect of the Assessment year 1999-2000 for which a provision of Rs.32.00 lakhs has been made in the Profit and Loss Account.
36. During the Financial year 2004-05, opening deferred tax liability has been reviewed and necessary effect of changes thereof has been given in the Accounts. The balance of deferred tax liability as on 31st March, 2006 stood at Rs.485.47 lakhs (Rs.498.26 lakhs) including share of Joint Venture Rs.61.27 lakhs (Rs.82.22 lakhs).
37. The Company was referred to Board for Industrial & Financial Reconstruction (BIFR) under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). BIFR at its meeting held on 20th September, 2004, declared the Company as "Sick" and appointed Industrial Development Bank of India (IDBI) as the Operating Agency for finalization of Rehabilitation Scheme of the Company. The Draft Rehabilitation Scheme with the cut-off date as on 31st March, 2006, duly consented by all the Secured Creditors, has been duly approved by the Board for Reconstruction of Public Sector Enterprises (BRPSE) on 9th May, 2006. The proposal is now awaiting final clearance from the Government of India. In view of the above, the financial statement has been prepared considering the Company as a going concern.

**ANDREW YULE & CO. LTD.**

**NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)**

(Rupees in lakhs)

**SCHEDULE 20 - (Contd.)**

38. Consolidated Segment Reporting

The Group's segment information as at and for the year ended 31st March, 2006 are as below :-

	2005-06		
	<u>External Sales</u>	<u>Inter Segment Sales</u>	<u>Total</u>
1. Segment Revenue			
Electrical	3923.47	10.10	3933.57
	[4538.52]	[0.61]	[4539.13]
Tea	5823.63	1.48	5825.11
	[6228.05]	[1.14]	[6229.19]
Engineering	1307.98	22.95	1330.93
	[897.89]	[0.45]	[898.34]
Printing	492.80	15.69	508.49
	[993.52]	[6.53]	[1000.05]
Conveyor Belt System	3819.48	-	3819.48
	[3371.14]	[...]	[3371.14]
Segment Total	15367.36	50.22	15417.58
	[16029.12]	[8.73]	[16037.85]
IUT Sale of Capital Goods			124.64
			[66.29]
Eliminations			50.22
			[8.73]
Consolidated Total			15492.00
			[16095.41]
2. Segment Results			
Electrical			(-)2007.70
			[(-)2347.60]
Tea			(-)1803.57
			[(-)1679.86]
Engineering			(-)458.72
			[(-)1031.12]
Printing			74.25
			[183.88]
Conveyor Belt System			327.78
			[182.77]
Segment Total			(-)3867.96
			[(-)4691.93]
Unallocated Corporate Expenses (Net of Unallocated Income)			(-)298.19
			[(-)294.68]
Profit before Interest and Taxation			(-)4166.15
			[(-)4986.61]
Interest etc. paid			(-)2944.15
			[(-)2347.93]
Interest/Dividend Income			129.26
			[125.31]
Profit from ordinary activity			(-)6981.04
			[(-)7209.23]
Extra ordinary Income (Net)			-
			[...]
Extra ordinary Expenses (Net)			(-)37.12
			[(-)14.00]
Net Profit			(-)7018.16
			[(-)7223.23]
Provision for Taxation (Net of written back)			(-)214.61
			[(-)111.69]

(Contd.)

# ANDREW YULE & CO. LTD.

## NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

### SCHEDULE 20 - (Contd.)

3	Profit after taxation before share of results of Associates	(-)7232.77
	Share of Profit of Associates	[(-)7334.92]
		172.28
		[148.98]
4	Profit after taxation	(-)7060.49
		[(-)7185.94]

Other Information	<u>Segment Assets</u>	<u>Segment Liabilities</u>
Electrical	5946.03	6990.94
	[7424.44]	[7321.42]
Tea	22859.32	9484.46
	[22377.68]	[7997.39]
Engineering	2036.28	2077.02
	[2182.75]	[1989.33]
Printing	757.63	451.74
	[589.21]	[271.95]
Conveyor Belt System	2778.51	769.39
	[2463.82]	[609.85]
Segment Total	34376.93	19772.71
	[35037.90]	[18189.94]
Unallocated Corporate Assets/Liabilities	3761.47	1264.24
	[3451.29]	[1279.87]
Total	38139.24	21037.79
	[38489.19]	[19469.81]

	<u>Capital Expenditure</u>	<u>Depreciation including Impairment</u>	<u>Non-Cash Expenditure Other than Depreciation</u>
Electrical	10.58	46.44	836.41
	[5.57]	[49.08]	[1388.49]
Tea	433.85	339.20	33.72
	[650.02]	[177.68]	[119.90]
Engineering	-	10.53	296.98
	[2.68]	[36.01]	[392.35]
Printing	-	4.82	-
	[...]	[5.70]	[...]
Conveyor Belt System	84.80	137.78	31.61
	[149.73]	[107.66]	[23.19]
Segment Total	529.23	538.77	1167.11
	[808.00]	[376.13]	[1923.93]

Notes: (1) The business groups comprise the following segments :-

Engineering	- Industrial Fans. - Tea Machinery. - Air Pollution and Water Pollution Control equipments. - Turn-key projects involving the above products.
Electrical	- HT and LT Switchgears. - Transformers - Relay and Contactors - Turn-key projects on power distribution.
Tea	- Tea growing and manufacturing.
Printing	- Printing of books, periodicals & publicity materials.
Conveyor Belt System	- Manufacturing and marketing of Steel Cord and Textile Conveyor Belt.

(Contd.)

**ANDREW YULE & CO. LTD.**

**NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)**

(Rupees in lakhs)

**SCHEDULE 20 - (Contd.)**

39. Related party disclosure

(i) Names of Related Parties with whom the Group had transactions during the year.

Associate Companies	- Dishergarh Power Supply Co. Ltd.
	- Bengal Coal Co. Ltd.
	- Yule Agro Industries Ltd.
	- WEBFILL Ltd.
	- Yule Financing & Leasing Co. Ltd.

(ii) Key Management Personnel

(a) Arindom Mukherjee	- Chairman and Managing Director, Andrew Yule & Co. Ltd.
(b) Asok Basu	- Director (Personnel), Andrew Yule & Co. Ltd. till 26th September, 2005
(c) S. Muralidharan	- Director (Finance) [Since 29th August, 2005].
(d) T. K. Mukherjee	- Managing Director, Phoenix Yule Ltd.
(e) R. K. Babaycon	- Chief Executive, Tea Division, Andrew Yule & Co. Ltd.
(f) S. Lahiry	- Chief Executive, Engineering Division, Andrew Yule & Co. Ltd.
(g) R. K. Sikdar	- Chief Executive, Electrical Division, Andrew Yule & Co. Ltd.

(iii) Disclosure of transactions between the Group and related parties and the status of outstanding balance as on 31st March, 2006.

	Associates	Key Management Personnel and Relatives
Purchase of goods	10.33 [16.63]	- [...]
Sale of goods	8.70 [1.89]	- [...]
Sale of services	- [0.31]	- [...]
Interest income	4.50 [4.12]	- [...]
Rent / Hire charges received	17.61 [25.76]	- [...]
Miscellaneous Receipt	0.78 [5.66]	0.20 [...]
Expenses recovered	21.00 [136.16]	- [...]
Loan given	8.00 [...]	- [...]
Remuneration to Directors	- [...]	19.19 [25.92]
Remuneration to Others	- [...]	12.25 [13.83]
<b>Balances as on 31st March, 2006</b>		
Debtors / Receivable	115.55 [123.76]	- [...]
Advance recoverable	783.20 [743.06]	- [...]
Creditors / Payable	57.76 [0.43]	- [...]
Deposits from	29.05 [29.05]	- [...]
Loan given	83.00 [75.00]	1.44 [...]

## ANDREW YULE & CO. LTD.

### NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2006 - (Contd.)

(Rupees in lakhs)

#### SCHEDULE 20 - (Contd.)

##### 40. Earning per share

	<u>For the year ended</u> <u>31st March, 2006</u>	<u>For the year ended</u> <u>31st March, 2005</u>
(a) Number of Equity Shares :-		
At the beginning of the year	5,82,67,078	5,82,67,078
At the end of the year	5,82,67,078	5,82,67,078
Weighted average number of		
Equity Shares outstanding during the year	5,82,67,078	5,82,67,078
Face value of each Ordinary Share	Rs.10.00	Rs.10.00
(b) Profit after Tax available for Equity Shareholders	Rs. (-) 7060.49 lakhs	Rs. (-) 7185.94 lakhs
(c) Basic earnings per Share	Rs. (-)12.11	Rs. (-)12.33

Notes: Since the Company has incurred loss from its normal continuing operation diluted earnings per share has not been computed.

41. Previous year's figures have been re-classified/re-grouped wherever necessary to conform with current year's presentation.

D. BANDYOPADHYAY,  
Company Secretary.  
KOLKATA - 14th August, 2006.

On behalf of the Board,  
A. MUKHERJEE, Chairman and Managing Director.  
S. MURALIDHARAN, } Directors.  
I. SENGUPTA.

In terms of our attached Report of even date.

For MOOKHERJEE BISWAS & PATHAK  
Chartered Accountants,  
(S. P. MUKHERJEA)  
Partner.

For N. SARKAR & CO.,  
Chartered Accountants,  
(M. RAY)  
Partner.

For KUNDU HOSSAIN KARMAKAR  
Chartered Accountants,  
(H. BHATTACHARYYA)  
Partner.

Kolkata - 14th August, 2006.



**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ANDREW YULE & CO. LTD. ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have examined the attached consolidated Balance Sheet of Andrew Yule & Co. Ltd. and its Subsidiary, Associates and Joint Venture (the Andrew Yule Group) as at 31st March, 2006, and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Andrew Yule & Co. Ltd.'s management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary, associates and joint venture. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, associates and joint venture is based solely on the report of the other auditors. The details of Assets and Revenues in respect of these subsidiary, Associates and Joint Venture to the extent to which they are reflected in the Consolidated Financial Statements are given below :-

<u>Name of the Companies</u>	<u>Total Assets</u>	<u>Total Revenues</u>
(Rupees in lakhs)		
A. Subsidiary		
Hooghly Printing Co. Ltd.	757.63	492.80
B. Joint Venture		
Phoenix Yule Ltd.	2778.51	3819.48
C. Associates	Net Carrying cost of investment <u>as on 31st March, 2006</u>	Current year's <u>share of Profit</u>
1. Tide Water Oil Co. (India) Ltd.	865.18	171.53
2. Katras Jherriah Coal Co. Ltd.	8.67	0.52
3. The New Beerbhoom Coal Co. Ltd.	12.41	0.23

We report that, the consolidated financial statements, read with Note 1 in Schedule 20, have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, AS-23 Accounting for Investments in Associates in Consolidated Financial Statements and AS-27 Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Andrew Yule Group included in the Consolidated Financial Statements.

1. **The Accounts are prepared on the principle applicable to a going concern despite heavy accumulated past losses and loss for the year which have totally eroded the net worth of the Company and reference had been made to the Board for Industrial and Financial Reconstruction (BIFR). In the proceedings of hearing held on 20th September, 2004 before the BIFR Bench, the Company was declared as Sick and BIFR had appointed IDBI as the Operating Agency for submission of a Revival Package. The Draft Rehabilitation Scheme with cut-off date as on 31st March, 2006 has been approved by the Board of Reconstruction of Public Sector Enterprises on 9th May, 2006. The proposal is awaiting final clearance from the Government of India. The operational existence of the Company is dependent on the implementation of the Revival Package. (Refer to Note No.37 in Schedule 20).**
2. **Authorised Share Capital of the Company has been increased to Rs.20000.00 lakhs vide a Resolution passed in its Annual General Meeting held on 30th September, 2004. Pending filing of the necessary documents with the Registrar of Companies, the effect of the same has not been given in the Accounts. (Refer to Note No.26 in Schedule 20).**

3. Non-provision of Liability in respect of pay revision of employees and Directors amounting to Rs.872.58 lakhs for earlier period has resulted in understatement of accumulated loss and year end liability (Refer to Note No.10 in Schedule 20).
4. No provision has been made in respect of bank guarantee of Rs.70.00 lakhs invoked by Tea Trading Corporation of India Ltd., the recovery of which is doubtful and the loss is not ascertainable at this stage. (Refer to Note No.11 in Schedule 20).
5. Non-adjustment of loss against Capital Reserve that may arise out of arbitration award in the matter of Hooghly Docking & Port Engineering Co. Ltd. The quantum of loss has not been ascertained [Refer to Note No.12(a) in Schedule 20].
6.
  - [i] Non-provision of possible loss on investments in Bengal Coal Co. Ltd., WEBFIL Ltd., and Yule Financing & Leasing Co. Ltd. aggregating to Rs.42.89 lakhs resulting in understatement of loss and overstatement of assets [Refer to Note No.28(a) in Schedule 20].
  - [ii] Non-provision towards diminution in value of long term investments of Tide Water Oil Co. (India) Ltd. amounting to Rs.60.09 lakhs out of which Group share in Consolidated Accounts is Rs.15.75 lakhs (Refer to Note No.28(b) in Schedule 20).
  - [iii] Non-provision towards diminution in value of long term investments of The New Beerbhoom Coal Co. Ltd. amounting to Rs.0.90 lakh out of which Group share in Consolidated Accounts is Rs.0.30 lakh (Refer to Note No.28(c) in Schedule 20).
7.
  - [i] Non-provision of interest free advance amounting to Rs.115.08 lakhs to a Company floated by two Associate Companies in the Group where the recovery is doubtful and the loss is not ascertainable at this stage (Refer to Note No.13 in Schedule 20).
  - [ii] Non-provision in respect of Advances of Rs.348.00 lakhs in the accounts of Tide Water Oil Co. (India) Ltd. out of which Group share in consolidated accounts is Rs.91.25 lakhs, the status of the recoverability of the same and the corresponding provision as may be required is not ascertainable at this stage (Refer to Note No.34 in Schedule 20).
  - [iii] Non-provision of Rs.4.50 lakhs in the Accounts of The New Beerbhoom Coal Co. Ltd. in respect of amount due from a Body Corporate, the extent of realisability of which could not be ascertained. Group share in Consolidated Accounts is Rs.1.48 lakhs (Refer to Note No.31 in Schedule 20).
  - [iv] In the Accounts of Katras Jherriah Coal Co. Ltd.
    - [a] Only those claims which have been admitted by the Commissioner of Payments or are subject to appeal still pending with Appellate Courts have been included in Sundry Creditors and therefore, adjustments may be required in these Accounts in respect of claims under appeals. Further, as the orders of the Commissioner of Payments admitting/rejecting the claims of the Creditors against the Company were not available in all cases, claims admitted or rejected as well as those under appeal as represented by the Company have been accepted.
    - [b] From the available records and information it has not been possible to ascertain the extent to which amount receivable Rs.1.79 lakhs may be eventually realised. Group share in Consolidated Accounts is Rs.0.57 lakh (Refer to Note No.32 in Schedule 20).
    - [c] The extent of realisability of the principal on maturity amounting to Rs.2.00 lakhs due from a Body Corporate. Group share in Consolidated Accounts is Rs.0.63 lakh (Refer to Note No.33 in Schedule 20).
8. Non-confirmation and non-reconciliation of year end balances in respect of Sundry Debtors, Deposits, Advances, Creditors, Bank Balances etc. (Refer to Note No.19(a) and (b) in Schedule 20).
9. Non-charging of gratuity and leave encashment paid to employees retired under Voluntary Retirement Scheme amounting to Rs.109.60 lakhs to Profit and Loss Account resulting in understatement of loss and over statement of assets to that extent (Refer to Note No.27 in Schedule 20).

10. Non-provision of Rs.85.72 lakhs included in Capital Work-in-Progress in respect of an abandoned project for manufacture of Air Handling Equipment, resulting in understatement of loss and overstatement of Capital Work-in-Progress (Refer to Note No.24 in Schedule 20).
11. Liability in respect of interest for delayed payment of Provident Fund dues has been computed @ 8.5% p.a. instead of actual applicable rates, taking the rates considered in computing this liability in Draft Rehabilitation Scheme (DRS) submitted by the Operating Agency appointed by BIFR. Further, no liability in respect of damages/penalty has been considered in this regard as waiver has been sought for in DRS. Impact of the same could not be ascertained pending final approval of the DRS (Refer to Note No.9 in Schedule 20).
12. Unamortised Tea Cultivation Expenses incurred in Cold Weather amounting to Rs.1102.82 lakhs (including Rs.604.73 lakhs in respect of earlier years) included under Loans and Advances in Schedule 10, is not in conformity with Accounting Standard 1 and 26, resulting in understatement of loss for the year and accumulated loss and overstatement of assets to that extent. (Refer Accounting Policy No.9(j) and Note No.7 in Schedule 20).
13. Penalty/interest for non-deduction of Income Tax and non-collection of Income Tax at source has not been ascertained and not provided for.
14. Effect of changes in Accounting Policy during the year is disclosed in Note No.6 in Schedule 20.
15. Without considering the items mentioned in Paragraphs 1, 2, 4, 5, 7, 8, 11, and 13 above, the effect of which could not be determined, had the observations in paragraphs 3, 6, 9, 10 and 12 above been considered, the loss for the year would have been Rs.7703.24 lakhs as against the reported figures of Rs.7070.49 lakhs, accumulated loss net of General Reserve would have been Rs.34758.30 lakhs as against the reported figures of Rs.32528.64 lakhs, net current assets would have been Rs.(-)2952.34 lakhs as against the reported figures of Rs.(-)976.94 lakhs, the total net assets would have been reduced to Rs.14981.39 lakhs as against the reported figures of Rs.17101.45 lakhs and miscellaneous expenditure to the extent not written off or adjusted would have been reduced to Rs.298.91 lakhs as against the reported figures of Rs.408.51 lakhs.

Subject to the foregoing paragraphs 1 to 15, we report that on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Andrew Yule Group we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of Andrew Yule Group as at 31st March, 2006;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Andrew Yule Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Andrew Yule Group for the year ended on that date.

For MOOKHERJEE BISWAS & PATHAK  
*Chartered Accountants,*  
(S. P. MUKHERJEE)  
*Partner.*  
Membership No.10807

For N. SARKAR & CO.,  
*Chartered Accountants,*  
(M. RAY)  
*Partner.*  
Membership No.12940

For KUNDU HOSSAIN KARMAKAR  
*Chartered Accountants,*  
(H. BHATTACHARYYA)  
*Partner.*  
Membership No.13479

Kolkata - 14th August, 2006.