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Subsidiary Companies :

Hooghly Printing Company, Limited.

Yule Electrical Limited

Yule Engineering Limited

BOARD OF DIRECTORS

Kallol Datta – *(Chairman and Managing Director)*

Indrajit Sengupta – Director (Personnel)

R. K. Sikdar – Director (Planning)

Rajiv Bansal – Non-Executive Director

Amitava Ray – Non-Executive Director

Subir Das – Non-Executive Director

Ashok Kumar Basu – Non-Executive Director

Ashoke K. Dutta – Non-Executive Director

Sumanta Chaudhuri – Non-Executive Director

Amitav Kothari – Non-Executive Director

A. R. Nagappan – Special Director (BIFR Nominee)

COMPANY SECRETARY

Debabrata Bandyopadhyay

REGISTERED OFFICE

'Yule House'

**8, Dr. Rajendra Prasad Sarani,
Kolkata – 700 001.**

Office at :

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

Auditors

A. R. MAITI & CO.,
Chartered Accountants,
Centre Point, Room No.442,
21, Old Court House Street,
Kolkata - 700 001.

G. P. AGRAWAL & CO.,
Chartered Accountants,
7-A, Kiran Sankar Ray Road,
Kolkata - 700 001.

MITRA GHOSH & RAY,
Chartered Accountants,
182-B, Sarat Bose Road,
Kolkata - 700 029.

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 Tuesday, the 16th of September, 2008 at 11-00 a.m. to transact the following business :

1. To consider and adopt the Profit & Loss Account for the year ended 31st March, 2008, 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, 2009.
3. To appoint a Director in place of Shri Amitava Ray 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 Ashok Kumar Basu be and is hereby appointed a Director of the Company."
5. "Resolved that Shri Ashoke K. Dutta be and is hereby appointed a Director of the Company."
6. "Resolved that Shri Amitav Kothari be and is hereby appointed a Director of the Company."

The Registers of Members and Transfer Registers of the Company will remain closed from 10th September, 2008 to 16th September, 2008, both days inclusive.

Registered Office :
"Yule House",
8, Dr. Rajendra Prasad Sarani,
Kolkata-700 001.
13th August, 2008.

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

- 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. The Register of Members and Share Transfer Registers of the Company will remain closed from 10th September to 16th September, 2008, both days inclusive.
 4. 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.
 5. 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.
 6. Members, who hold shares in dematerialised form are requested to bring their client ID and DP ID Nos. for easier identification for attendance at the meeting.
 7. 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 dematerialised form, this information should be passed on directly to their respective Depository Participants without any delay.
 8. **KINDLY BRING YOUR COPY OF THE ANNUAL REPORT TO THE MEETING.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item Nos. 4, 5 & 6 :**

Sarbashri Ashok Kumar Basu, Ashoke K. Dutta and Amitav Kothari were appointed on 30th November, 2007, 16th January, 2008 and 1st April, 2008 respectively as Additional Directors of the Company in terms of Section 260 of the Companies Act, 1956. All of them 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 fees have been received from the members proposing the appointment of Shri Basu, Shri Dutta and Shri Kothari as Directors of the Company and all of them had agreed to act as a Director, if appointed.

None of the Directors other than Shri Basu, Shri Dutta and Shri Kothari are interested in these Resolutions.

The Board recommends these Resolutions for approval by the Shareholders.

**Details of Directors seeking appointment in the 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	30th October, 1945	18th November, 2005	<p>He was Managing Director, India Foils Ltd. during 1985 to 1994 and Non-Executive Director in the Board of Kudremukh Iron Ore Co. and Metal Box. He was also Deputy MD in Bata India Ltd. in 1995. During 1996-99 he was President of Indian Aluminium Co. He re-joined India Foils Ltd. as MD in 2000-01.</p> <p>He has expertise in various areas viz. 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.</p>	Schooled at St. Xavier's and La Martiniere, Graduated in Economics (Hons) from Presidency College & PGDBM from C.U.	Flex Industries Limited.
Shri Ashok Kumar Basu	24th March, 1942	30th November, 2007.	<p>Joined the Indian Administrative Service in 1965 and acted as :</p> <p>District Magistrate 1966-75</p> <p>M.D. Marketing Federation 1975-76</p> <p>Education Secretary 1983-87</p> <p>Chief Electoral Officer, West Bengal 1983-87</p>	<p>Stood First in S.F. Examination, WBSE in 1958.</p> <p>Stood First in First Class, B.A. (Eco. Hons.) from Presidency College – 1962.</p> <p>Joined Indian Administrative Service 1965.</p>	<p>Tata Metaliks Ltd.,</p> <p>Usha Martin Ltd.</p> <p>Visa Comtrade Ltd.,</p> <p>Carter Engineering Pvt. Ltd.</p>

ANDREW YULE & CO. LTD.

Name of Directors	Date of Birth	Date of Appointment	Expertise in specific areas.	Qualification	Other Companies in which Directorship held
			<p>Deputy Secretary Ministry of Home Affairs 1976-77</p> <p>Secretary, Indian National Commission for UNESCO 1977-79</p> <p>Special Secretary, Ministry of Home Affairs 1996-97</p> <p>Municipal Commissioner 1982-83</p> <p>Joint Secretary, Labour Department 1980-81</p> <p>Development Commissioner & Jt. Secretary Ministry of Steel 1988-93</p> <p>Adviser (Ind. & Men), Planning Commission 1995-96</p> <p>Secretary, Ministry of Steel 1997-2000</p> <p>Secretary, Ministry of Power 2000-02</p> <p>Chairman, Central Electricity Regulatory Commission 2002-07</p> <p>At present Member of West Bengal Planning Board.</p> <p>He was leader of numerous Indian delegations for bilateral negotiations with foreign countries.</p> <p>He was Keynote Speaker/moderator at many International Conferences.</p> <p>He was elected as Chairman of South Asia Forum of Infrastructure Regulators (SAFIR) in 2006 for one year.</p>		

ANDREW YULE & CO. LTD.

Name of Directors	Date of Birth	Date of Appointment	Expertise in specific areas.	Qualification	Other Companies in which Directorship held
Shri Ashoke K. Dutta	17th July, 1947	16th January, 2008	<p>Director, Corporate Affairs, Ranbaxy Laboratories Ltd.</p> <p>Vice-President, Corporate Affairs, Shaw Wallace & Co.</p> <p>President & CEO, Amrita Bazar Group of Publications.</p> <p>General Manager, Times of India Group.</p> <p>Controller, Circulation, Ananda Bazar Group & CEO of Desh Publication.</p> <p>General Manager (Works), Kusum Products Ltd.</p> <p>Dean, IIT, Kharagpur</p> <p>Consulting in the area of Business Development, turn-around of Sick Companies in India, Germany and USA.</p> <p>Advisor of Internal, Dallas, USA;</p> <p>Selvel Advertising Ltd., FICCI, Executive Member of BCC, CMA.</p> <p>He was the Director of IISWBM, Kolkata and presently the first Director of Rajiv Gandhi Indian Institute of Management, Shillong.</p>	<p>B.Sc. (Hons.) from St. Xavier's College, Calcutta, 1967.</p> <p>PGDM (MBA) from IIM Calcutta, 1969.</p> <p>Graduate on Doctoral Program at Case Western Reserve University, USA.</p>	<p>Garden Reach Shipbuilders & Engineers Ltd. – Chairman.</p> <p>All India Technologies Ltd.</p> <p>Computech Internal Ltd.</p> <p>Khadims India Ltd.</p> <p>Batchmates.com Ltd.</p> <p>International Sign Association of India.</p> <p>Intellisys Technologies & Research Limited.</p>
Shri Amitav Kothari	10th December 1952	1st April, 2008	<p>Practicing Chartered Accountant and he is the member of different Committees of Institute of Chartered Accountants of India</p>	FCA	<p>Maharaja Shree Umaid Mills Ltd. and Managing Partner of Kothari & Co., Chartered Accountants.</p>

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, 2008.

1.0 FINANCIAL RESULTS :

	(Rs. Lakhs)
Profit before Taxation	861.17
Less: Provision for Taxation :	
(a) Wealth Tax	4.50
(b) Fringe Benefit Tax	32.40
(c) Deferred Tax	<u>290.81</u>
	<u>327.71</u>
Profit for the year (PAT)	533.46
Less: Loss brought forward from last Account	<u>(-)45,658.94</u>
	<u>(-)45,125.48</u>
Add: Capital Reduction as per BIFR Order	<u>22,697.48</u>
	<u>(-)22,428.00</u>
Add: Transaction effect of opening assets (Net of liability) for employees benefit as per AS 15	<u>167.32</u>
	<u>(-)22,260.68</u>
Add: Balance in General Reserve	<u>2,467.00</u>
Balance carried over to Balance Sheet	<u>(-) 19,793.68</u>

2.0 DIVIDEND :

In view of the accumulated loss which is yet to be absorbed, your Directors regret their inability to recommend payment of any dividend for the year ended 31st March, 2008.

3.0 CONTRIBUTION TO NATIONAL EXCHEQUER :

Your Company contributed Rs.810.20 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.1857.60 lakhs, production of Rs.1736.15 lakhs and recorded a profit of Rs.694.35 lakhs as compared to a loss of Rs.1034.69 lakhs in previous year.

4.2 Electrical :

During the year the Division achieved a turnover of Rs.9123.80 lakhs, production worth Rs.7865.61 lakhs and recorded a profit of Rs.1033.51 lakhs as compared to a loss of Rs.2640.98 lakhs in previous year.

4.3 Tea :

The Tea Division achieved a turnover of Rs.7458.38 lakhs, production worth Rs.7377.26 lakhs and incurred a loss of Rs.1107.55 lakhs as compared to a loss of Rs.4854.86 lakhs in previous year.

5.0 BIFR STATUS :

The Board for Industrial and Financial Reconstruction (BIFR) vide their letter dated 26th November, 2007, forwarded the sanctioned scheme as approved at the hearing held on 30th October, 2007, in terms of Section 19(3) read with Section 18(4) of SICA with the 'Cut-of-Date' of 31st March, 2006.

As per the Scheme two new 100% subsidiaries namely, Yule Engineering Ltd. and Yule Electrical Ltd. had already been incorporated and Certificate of Commencement of Business has been obtained and Committees have been formed for disinvestments of Company's holding in Group Companies.

The effect of most of the reliefs and concessions given by Secured Creditors and other stakeholders viz. Government of India & Government of West Bengal, Government of Assam, WBIDC, P.F. Authorities and others as per the approved Rehabilitation Scheme has been considered in the books of accounts for the year 2007-08. Balance will be considered in the Books of Accounts for the year 2008-09.

6.0 CAPITAL REDUCTION :

In terms of Rehabilitation Scheme as approved by BIFR dated 30th October, 2007, the face value of Equity Shares had been reduced from Rs.10/- to Rs.2/- per share. Accordingly, shareholders, at their meeting held on 20th March, 2008, by passing resolutions had amended the Capital Clause of both the Memorandum of Association and Articles of Association of the Company by reducing the face value of equity shares from Rs.10/- to Rs.2/- per equity share and increased the total number of equity shares from 7,50,00,000 (seven crores fifty lakhs) to 37,50,00,000 (thirty seven crores and fifty lakhs). Authorised capital remaining the same at Rs.75,00,00,000/- (seventy five crores only).

The Company has issued 22,54,51,400 Equity Shares of Rs.10/- each in the name of the President of India in conversion of loan amount of Rs.11,652.24 lakhs and advance against equity amounting to Rs.10,892.90 lakhs received from the Government of India and subsequently given effect of 80% reduction as per the Scheme.

The effect of capital reduction as stated above amounting to Rs.226,97,47,824/- and its adjustment with the debit balance in the Profit & Loss Account as on 31st March, 2007, has been considered in the books of accounts for the year 2007-08.

Fresh issue of equity shares for converting excess funded interest of State Bank of India, Bank of Baroda and Allahabad Bank as per BIFR Scheme, will be taken into consideration in the books of accounts for the accounting year 2008-09, since the Bank has not yet executed the Agreement for issue of fresh shares.

7.0 FIXED DEPOSIT :

Deposits from the public and others amounted to Rs.221.70 lakhs as on 31st March, 2008 out of which Rs.0.90 lakhs became due for repayment, but not claimed by the depositors as yet.

8.0 EXPORT :

The Company's exports during the year were Rs.5.38 lakhs on F.O.B basis.

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9.0 PROSPECTS :

The Company with proper planning and dedicated work, expects to implement the Rehabilitation Scheme as approved by BIFR dated 30th October, 2007, as early as possible and shall wipe off accumulated loss at per the projection. It is hoped that the action initiated by the Company for disposal of its holding in associated companies would materialize during the financial year 2008-09. As envisaged in the Scheme, Packet Tea under "YULE" Brand, will be launched by September/ October of this year.

The overall outlook for the year 2008-09 looks to be positive, considering the fact that, various strategic measures undertaken by the Company are already giving results. Along with improvement in operational efficiency market scenario also continues to be good.

10.0 SUBSIDIARY :

The performance of Hooghly Printing Co., Ltd. the wholly owned subsidiary continued to be satisfactory. The sales achieved was Rs.412 lakhs compared to Rs.408 lakhs in the previous year. The profit before tax recorded was Rs.5.48 lakhs as against Rs.20.33 lakhs in the year 2006-2007. As mentioned earlier two new wholly owned subsidiaries namely, Yule Engineering Ltd. and Yule Electrical Ltd. had been formed for spinning of Engineering & Electrical Divisions as per BIFR directive.

11.0 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.

12.0 AUDITORS' REPORT :

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

12.1 The Board for Industrial & Financial Reconstruction (BIFR) at its final hearing held on 30th October, 2007, approved the Rehabilitation Scheme of the Company with 'cut-off-date' as at 31st March, 2006 which is in process of implementation and the same has been disclosed in Note No.3 in Schedule 20 to the Accounts as follows :

"Sanctioned Rehabilitation Scheme approved by Board for Industrial and Financial Reconstruction (BIFR) vide Order dated 30th October, 2007.

Pursuant to Sanctioned Rehabilitation Scheme (hereinafter SRS) of BIFR Order stated above, the necessary effects have been given during the year in the Accounts as under :-

- (a) The face value of Equity Shares of the Company has been reduced from Rs.10/- to Rs.2/- per share and the same was ratified by the Shareholders in their meeting

held on 20th March, 2008. Accordingly, the total number of equity shares has increased from 7,50,00,000 to 37,50,00,000.

- (b) The effect of capital reduction amounting to Rs.22697.48 lakhs comprising of Paid-up Capital (Rs.4661.37 lakhs), Advance against share pending allotment to Govt. of India (Rs.8714.32 lakhs) and Govt. of India Loan after conversion to Equity (Rs.9321.79 lakhs) has been accounted for by way of capital reduction in the face of Profit and Loss Account.
- (c) Pending confirmation from the respective banks namely State Bank of India, Bank of Baroda and Allahabad Bank the conversion to Equity capital has not been considered in the Accounts.
- (d) Waiver of damages payable upto the date of the Order i.e. 30th October, 2007 u/s.14B of the Employees Provident and Miscellaneous Provisions Act, 1952 no liability has been provided for such damages payable upto 30th October, 2007 in the Accounts for the year. The Company has submitted an application vide letter dated 22.04.2008 and 20.05.2008 to the Central Board of Trustees, Employees Provident Fund Organisation (EPFO) for the order of waiver for an aggregate amount of Rs.667.75 lakhs accrued upto 30th October, 2007 which includes a sum of Rs.50.89 lakhs already recovered by the RPFC of respective jurisdiction in the past. However, an amount of Rs.7.14 lakhs as Damages pertaining to the period from November, 2007 to 31st March, 2008 has been accounted for during the year.
- (e) Write back of accrued interest of Rs.2583.36 lakhs upto 31.03.2007 on GOI loan.
- (f) Write back of accrued interest of Rs.1130.00 lakhs upto 31.03.2007 charged by the Consortium Bankers towards penal interest and interest above PLR rate.
- (g) Write back of accrued interest of Rs.657.98 lakhs charged by the Consortium Bankers being the differential interest between actual rate charged and concessional rate of interest to be charged by the respective Bank as per SRS for the year 2006-07.
- (h) Write back of differential interest against loan given by Union Bank Rs.18.88 lakhs and Allahabad Bank Rs.81.63 lakhs for Tea Division as per SRS.
- (i) Write back of Electricity Duty in Assam Gardens against own generation for the year 2006-07 and 2007-08 amounting to Rs.4.59 lakhs.
- (j) Write back of Assam Agricultural Cess of Rs.149.14 lakhs upto 31.03.2007.
- (k) Write back of interest together with penalty upto 31.03.2006 on green leaf cess of Assam Tea Estates for Rs.130.19 lakhs.

(Contd.)

- (l) Write back of fees for increase in Authorised Share Capital Rs.93.38 lakhs.
- (m) Govt. of India vide letter 10(3)/2008-PE-I dated 31st March, 2008 and No.10(26)/2005-PE-I dated 18th March, 2008 allocated Rs.150.00 lakhs towards Equity @ Rs.10 per share as investment in the Company for upgradation of Engineering Division and West Bengal Gardens. Since in terms of BIFR order dated 30th October, 2007 the face value of Equity share of the Company will be reduced to Rs.2 in place of Rs.10, the decision of issuance of fresh issue of shares @ Rs.2 per share as above has been kept pending till revised order in this regard received from Govt. of India. Hence the amount of Rs.150.00 lakhs so received during the year has been shown in the Balance Sheet under head "Share pending allotment to Govt. of India".
- (n) Write back of Commission on Government Guarantees Rs.39.96 lakhs.
- (o) Conversion of Rs.204.00 lakhs (being the unrecovered common expenses of the Company from WEBFIL Ltd. – an Associate Company) into 6% Cumulative Redeemable Preference Shares of Rs.10 each of WEBFIL Ltd. at par.
- (p) The aggregate effect of SRS as given in the Accounts during the year Rs.4889.11 lakhs under the line item "Liabilities no longer required written back" in Schedule 14 of Other Income and Rs.8.40 lakhs(debit) under the line item "Interest – Others" in Schedule 18.
- (q) Save and above other items though may have financial impact but no effect given in the Accounts for 2007-08 since the issues are pending with concerned agencies and/or quantum of effect is not yet crystallised".

12.2 The reasons for reduction in Authorised Share Capital by a subsequent resolution and the reversal of the Registration fees has been disclosed in Note No.30 in Schedule 20 to the Accounts as follows :

"Vide a Resolution passed in the Annual General Meeting of the Company held on 30th September, 2004, the Authorised Share Capital of the Company was increased from Rs.7500.00 lakhs to Rs.20000.00 lakhs for which required Form No.5 had not been filed with the Registrar of Companies since the Company was declared as "Sick Company" by BIFR at its hearing held on 20th September, 2004.

In the meantime BIFR vide its Order dated 30th October, 2007 reduced the face value of Equity Shares of the Company from existing Rs.10 to Rs.2 per share and accordingly capital clause of Memorandum of Association and Article of Association were altered by the shareholders in the Extraordinary General Meeting held on 20th March, 2008, by superceeding the earlier resolution passed in the Annual General Meeting held on 30th September,

2004, keeping Authorised capital remaining the same as Rs.7500.00 lakhs. Since no Form No.5 was filed with Registrar of Companies, question of alteration of share capital did not arise, hence the liability towards dues of Registration fees to the tune of Rs.93.38 lakhs has written back and accounted for during the year under review".

In respect of this observation, the Company has obtained Opinion from Sanderson & Morgan, Advocate & Solicitors who is in the view that (i) Intention of Section 32 of SICA is that direction of BIFR should be followed notwithstanding anything contained in any other law and (ii) if the resolution is superseded by BIFR, question of payment of registration fees does not arise and as such reversing the provision made in the Accounts of the Company is not violation of the provision of the Companies Act, 1956.

12.3 The reasons for non-provisions of possible loss on investment in Bengal Coal Co., Ltd., Yule Financing & Leasing Co., Ltd. and The Statesman Ltd. aggregating to Rs.28.60 lakhs has been given in Note No.17 in Schedule 20 as follows :

"No provision is made in the Books for possible losses that may arise in respect of long term investments made in Bengal Coal Co. Ltd., Yule Financing & Leasing Co. Ltd., and The Statesman Ltd., aggregating to Rs.28.60 lakhs (Rs.28.60 lakhs). The possible loss, if any, will be accounted for as and when it arises".

12.4 The reasons for recognition of consideration amount of Rs.207.00 lakhs received from Builder-Cum-Agent as "income" during the year has been given in Note No.31 in Schedule 20 as follows :

"In the matter of eviction suit filed by the Lessor pending since 1985 against the Company (Lessee), the Hon'ble High Court vide Order dated 22nd May, 2003 granted time extension to the Company to demolish the existing structure and construct a new building on the leasehold property viz. Rajgarh Project within 21st May, 2008 failing which the eviction suit will be heard as an undefended suit. For development of this property, the Company has entered into an agreement dated 28th September, 2007 giving the right to the Developer to develop and sub-let/sub-lease the property for which the Company received a consideration of Rs.207.00 lakhs. The Developer will also pay the lease rent as agreed between the Company and the Landlord. Initial work on development has already started. Despite Company's efforts to comply with the direction of the Court, the said project could not be completed within the stipulated time.

Under the circumstances, in order to preempt the invocation of aforesaid undefended eviction clause of the pending suit of 1985, the Company submitted a leave seeking further extension of time of construction stating the updated position of progress of construction together with reasons for delay in completion of the same which is pending with Hon'ble High Court. In the matter of such prayer of the Company, the Hon'ble High Court

(Contd.)

has given specific direction in this regard vide order dated 11th June, 2008, which are as under :-

- (a) Suit will not be transferred to undefended list.
- (b) Sebait will receive monthly occupancy charges @ Rs.3.00 lakh per month from April, 2008 onwards.
- (c) The order will not stand in the way of the parties settling the matter out of Court.
- (d) More importantly, Plaintiff and other appearing Sebait and the next friend of the Deity have no objection what the defendant has sought for.

In view of such position, direction from Hon'ble High Court, which has been consented by Lessor, the Company expects that the matter will be settled amicably with the lessor, and extension of time for development of the property will be granted by the Court as given in the past by the same Court. Therefore, one time consideration of Rs.207.00 lakh as aforesaid has been recognised as income during the year as the Company is reasonably certain that the above mentioned matter will be settled amicably with the Landlord and will be agreed by the Court".

12.5 The reason for showing write-back of interest on loans and others as "Other Income" has been disclosed in Note no.3 in Schedule 20 as mentioned above (Para 12.1).

12.6 Non-confirmation and non-reconciliation of year and balances in respect of Sundry Debtors, Deposits, Advances Creditors dues to/ from Govt. Undertakings and stock with third parties have been disclosed in Note No.13 in Schedule 20 as follows :

"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".

12.7 [i] The reasons for non-compliance of Section 372A(1) of the Companies Act, 1956, in respect of :

- [a] Investment of Rs.305 lakhs in "Zero Rate Unsecured Redeemable Bond" of WEBFIL Ltd. has been given in Note No.18 in Schedule 20 as follows :

"Yule Financing & Leasing Co. Ltd. (YFLC), an Associate Company of Andrew Yule & Co. Ltd. (AYCL), had large amount of overdue public deposits lying outstanding which could neither be repaid nor serviced primarily because of serious liquidity problem faced by them. Affected depositors resorted to legal action

through various Regulatory Authorities, Consumers' Forum and Court of Law. Under the circumstances and in order to pre-empt any coercive action, AYCL being a premier promoter was compelled to intervene with dual objectives of bailing out YFLC and to protect the interest of the affected public depositors.

In November, 2003, GOI approved a Financial Restructuring proposal of AYCL which also included funding to YFLC to the extent of Rs.500.00 lakhs to pay off its large number of affected public depositors. Since fund approved under the scheme was insufficient due to non materialisation of important components namely receipt from dis-investments of shares in Group Companies and mobilisation of fund through Bond issue, the Company could release part fund of Rs.75.00 lakhs only in 2005-06. Owing to pressing requirement, balance fund of Rs.425.00 lakhs was released in favour of YFLC out of the proceeds of 9.1% Bond issued by the Company for Rs.2000.00 lakhs in February, 2007 prior to receipt of Govt. of India approval dated 19th March, 2007 wherein required Interest Free Government Fund for this purpose was earmarked which was received subsequently.

Under this circumstances, the decision of the Company to provide unsecured loan of Rs.500.00 lakhs to YFLC @ 5.5% interest p.a. was based on judicious assessment of situation keeping in view the larger interest of the affected small depositors and consequential obligation of the Company as a whole being the premier promoter. It is to be noted that YFLC has serviced the interest due for the financial year 2006-07 and 2007-08 accordingly. Hence any assessment need to be made after taking into account of the view of this issue in totality instead of non-compliance, if any, of sub-section (1) of Section 372(A) of the Companies Act alone".

- [b] Unsecured Loan of Rs.500 lakhs to Yule Financing & Leasing Co., Ltd. @ 5.5% p.a. has been given in Note No.18 in Schedule 20 as mentioned above [Para 12.7].

[ii] The reasons for non-provision against possible loss arising out of unsecured loan of Rs.500 lakhs as referred to (i) and (ii) hereinabove has also been given in Note No.18 in Schedule 20 as mentioned above [Para 12.7].

[iii] In respect of the above observations, the Company has obtained opinion from Sanderson & Morgans, Advocates & Solicitors who is in view that Section 18 is to be read with Section 32 of SICA and thus by virtue of overriding effect given under Section 32, by not passing resolutions under Section 372A of the Companies Act for implementing the direction of BIFR, the Company has not violated the provisions of the Companies Act, 1956.

(Contd.)

13.0 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, 2008. Review of the Accounts by the Comptroller and Auditor General of India is annexed to this report.

14.0 HUMAN RESOURCES DEVELOPMENT :

The Company considers that the human resources are valuable assets for the Company and its Group. The Company endeavours 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 2007-08 were 479 (2006-07 : 213) 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, 2008 stood at 15802.

15.0 MAJOR ACCOUNTING POLICIES :

The major accounting policies of the Company are annexed to the Accounts.

16.0 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.

17.0 DIRECTORS' RESPONSIBILITY STATEMENT :

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors confirmed that :

- [i] In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures wherever applicable.
- [ii] 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.
- [iii] 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 fraud and other irregularities.

- [iv] The Directors have prepared annual accounts on a going concern basis.

18.0 AUDITORS :

The Comptroller and Auditor General of India appointed (i) Messrs. A.R. Maiti & Co., (ii) Messrs. G.P. Agrawal & Co., and (iii) Messrs. Mitra, Ghosh & Ray, all Chartered Accountants as Joint Auditors for the year ended 31st March, 2008.

The Auditors for the year ending 31st March, 2009 will be appointed by the Comptroller & Auditor General of India.

19.0 DIRECTORS :

Shri D.R.S. Chaudhary, Joint Secretary to the Govt. of India, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, had resigned from the Board vide letter dated 17th March, 2008.

Shri Rajiv Bansal, Joint Secretary to the Govt. of India, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, was appointed a part-time official Director on the Board of the Company with effect from 26th June, 2008, in place of Shri D.R.S. Chaudhary.

Shri Ardhendu Sen ceased to be a Director with effect from 30th November, 2007. Shri Sumanta Chaudhary, Secretary, Industrial Reconstruction & Public Enterprises Dept., Govt of West Bengal, was appointed a part-time Director with effect from 30th November, 2007, in the vacancy caused by the resignation of Shri Ardhendu Sen.

Shri Ashok Kumar Basu was appointed as part-time Director on the Board of Directors of the Company with effect from 30.11.2007 as an Additional Director and will hold office till the conclusion of ensuing Annual General Meeting. The Company has received a Notice Under Section 257 of the Companies Act, 1956, proposing the appointment of Shri Basu as Director.

The Central Government has appointed Shri R.K. Sikdar as Director (Planning) of the Company for a period of five years with effect from 7th January, 2008 or till the date of his superannuation, or until further orders, whichever event occurs the earliest.

Shri Ashoke K. Dutta was appointed as part-time Director on the Board of the Company with effect from 16.01.2008 as an Additional Director and will hold office till the conclusion of ensuing Annual General Meeting. The Company has received a Notice Under Section 257 of the Companies Act, 1956, proposing the appointment of Shri Dutta as Director.

Shri Amitav Kothari was appointed as part-time Director on the Board of the Company with effect from 1st April, 2008, as an

(Contd.)

ANDREW YULE & CO. LTD.

Additional Director and will hold office till the conclusion of ensuing Annual General Meeting. The Company has received a Notice Under Section 257 of the Companies Act, 1956, proposing the appointment of Shri Kothari as Director.

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

Shri A.R. Nagappan was appointed and inducted as special Director in the Board by BIFR U/s. 16(4) of SICA, vide its letter dated 7th November, 2007.

CA. S. Muralidharan, Director (Finance) of the Company resigned from the Board of Directors of the Company with effect from close of the business of 22nd July, 2008.

20.0 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 set-in motion as and when mis-conduct were prima facie established.

Kolkata,
13th August, 2008

21.0 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.

22.0 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.

23.0 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.

On behalf of the Board,
KALLOL DATTA
Chairman and Managing Director.

ANNEXURE TO DIRECTORS' REPORT.

Management Discussion & Analysis.

Business Scenario :

Your Directors anticipate the domestic tea market to remain buoyant and higher price levels is expected during the entire season. Price level for the year are expected to be higher than previous year due to shortage of Tea in the market.

With large investments in new integrated Steel Plants and augmentation of existing Steel Plants a large number of industrial fans manufactured by us are required and this makes the future of your Engineering Division brighter.

A major growth in the Power Sector during past few years resulted in higher level of demand for electricity distribution products. Considering the technical superiority and brand image of Yule Products, your directors are confident that there will be no difficulty in securing good orders from the market for your Electrical Division.

Opportunities & Threats :

Your Tea Gardens have the potential to achieve higher yield & best quality of tea but investment in planting, replanting, infilling, replacement & modernization of equipment & manufacturing facilities has to be made in the coming years to come up to the desired level.

Your Engineering Division had established credibility in supply and installation of Industrial Fans as well as Effluent Treatment Plant for Water Pollution Projects, but due to poor performance in the past, it is taking time to re-establish credential in the market.

Your Electrical Division has pioneered in specialized energy efficient products for the Rural Electrification Programme for the country. This

Division enjoys the major market share in supplying Automotive Voltage Regulator, Special Voltage Regulator, Transformer, Flame Proof and Non-Flame Proof Electrical Switchgears etc. but due to shortage of working capital, execution of orders are getting delayed. However, action has been taken to take care of the problem.

Segmentwise Performance :

The Company is a multi-segment Company as mentioned in Note No.22 in Schedule 20 of the Accounts.

Outlook :

Considering the present market scenario, improvement in operational efficiency and various strategic measures undertaken, the overall outlook for the year 2008-09 looks to be positive.

Risk & Concerns :

Apart from normal risk applicable to an industrial undertaking, the Company does not foresee any serious area of concern.

Financial Performance :

The details of financial performance of the Company are appearing in the Balance Sheet & Profit & Loss Account for the year. During the year sales volume has increased by 24.09% and profit raised to Rs.8.61 crores from the loss of Rs.90.11 crores which is a turn around of Rs.98.72 crores.

Human Resource :

During the year employer/employee relationship remain cordial. With regard to the pending settlements, discussions were in progress.

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] Installation of energy efficient VFBD Drier in four gardens of Tea Division has resulted in reduction of energy cost and fuel consumption. Moreover, the Division also installed energy efficient coal stove in one Tea Estate. Through upgradation of Panel Board and installation of Capacitor Banks in two Tea Estates, the Division has aimed to obtain benefit in future. The Division has also plans to install energy efficient machinery in future in all the Tea Estates in a phased manner in order to increase power factor efficiency.
- [ii] Steps taken by the Engineering Division for Energy Conservation by replacement of 5 HP Man Coolers by Low Duty Pedestal Fans.
- [iii] With the Installation of Translucent roofing sheets and wind powered ventilation device at the factory shed of Electrical Division at Mayurbhanj Road, Kolkata greater utilization of natural lighting and ventilation has been made.

B. Proposal under Implementation for Reduction in Energy Consumption :

Modern energy saving equipment will be installed in Electrical Division on consolidation of all the factories of Kolkata at Mayurbhanj Road Factory which is going on full swing.

C. Impact of Measures at "A" & "B" above.

Electrical energy consumed on light and fan have been significantly reduced. Further reduction in energy consumption will be achieved on completion of the consolidation activities.

FORM A FOR TEA ESTATES ONLY

A. Power and Fuel Consumption		<u>31st March, 2008</u>	<u>31st March, 2007</u>
1. Electricity			
(a) Purchased			
Unit KHW		86,47,934	75,61,569
Total Amount	Rs.	4,70,58,952	4,19,77,613
Rate/Unit	Rs.	5.44	5.55
(b) Own Generation			
(i) Through Generator (Diesel)			
Unit	KWH	18,79,223	22,29,175
Unit/Ltr. of Diesel	KWH	2.76	2.75
Rate/Unit	Rs.	11.44	11.94
(ii) Through Generator (Natural Gas)			
Unit	KWH	Nil	1,38,144
Unit/Scm of Gas	KWH	Nil	0.58
Rate/Unit	Rs.	Nil	3.66
2. Coal			
Quantity	M.T.	5,941	6,076
Total Cost	Rs.	1,75,42,451	1,79,40,607
Rate	Rs./MT	2,952.77	2,952.40
3. Furnace Oil			
Quantity	Ltrs.	2,64,133	2,20,090
Total Cost	Rs.	67,89,059	57,21,599
Rate	Rs./Ltr.	25.70	26.00
4. Use of Gas for Processing			
Quantity	Scm	28,79,181	23,24,541
Total Cost	Rs.	1,65,06,100	1,18,94,600
Rate/Unit	Rs.	5.73	5.12
B. Consumption per Unit of Production			
Production – Bulk-Tea			
Electricity	KWH/Kg	1.09	1.01
Furnace Oil	Ltr/Kg.	0.03	0.02
Coal	Kg.	1.18	1.09
Natural Gas	Scm./Kg	Nil	0.56

(Contd.)

FORM 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 the following accessories of Industrial Fans :
- 10½" Pressure fed White Metal Bearings.
 - Inlet Silencer size 700 x 2100 mm, 1500 x 6000 mm and 600 x 1800 mm.
- [b] Electrical Division has carried out R&D activities in the following areas :
- [i] Design upgradation & testing of 1600 Amps 11 KV Indoor VCB.
- [ii] Design upgradation for 33 KV PC VCB.
- [iii] Validation Test for Yule HEAG make 11 KV, 20 KA, 630A outdoor VCB for capacitor bank switching test.
- [iv] Re-Engineered Design of 12 KV VCB Indoor Panel for reduced width and distinct compartmentalized enclosure for Internal Arc suitably.
- [v] Re Engineered Design of 36KV outdoor VCB for making provision of SF6 Gas filling.
- [vi] Re Engineered Design of 36KV outdoor VCB for value Engineering & adopting ABB Interrupter.
- [ii] Benefit derived as well as results of the above R & D Works :
- Due to above R&D work Engineering Division has been able to achieve a substantial cost saving in the form of import substitution (10½" dia pressure fed while metal bearing) vis-à-vis augmentation of revenue earnings (through sale of silencer).
- [iii] Future Plan of Action :
- Engineering Division has planned to take up the assessment of developing 500 MW variable pitch Axial Flow ID PA Fans static to augment revenue.
 - In respect of Electrical Division –
 - Revalidation Tests of all Re-Engineered Switchgear Products including Internal Arc Test.
 - Revalidation Tests for FLP Switchgear & TSU as per new standard.
 - Design & Development of 12 KV, 40KA Indoor VCB.
 - Design & Development of small vacuum capacitor switch.
 - Design & Development of small & compact vacuum contactor, for 3.3KV/6.6KV.
 - Design & Development of Epoxy insulated VCB & Indoor panel with further width reduction.
 - Software Development for Transformer Design & Switchgear application Engineering.

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.5.38 lakhs
Foreign Exchange outflow were : Rs.3.06 lakhs

Kolkata,
13th August, 2008.

On behalf of the Board,
KALLOL DATTA
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, 2008 was nine of which four (4) were whole-time Directors, viz. Chairman & Managing Director, Director (Finance), Director (Personnel), Director (Planning) and Five (5) 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 as on 31st March, 2008 are given below :

<u>Name of Directors</u>	<u>Category of Directorship</u>	<u>No. of other Directorship held as on 31.03.2008</u>	<u>Committee Membership held in other Companies. xx</u>	
			<u>As Member</u>	<u>As Chairman</u>
1. Shri Kallol Datta	Chairman & Managing Director	13	1	Nil
2. CA. S.Muralidharan	Director (Finance)	8	1	Nil
3. Shri Indrajit Sengupta	Director (Personnel)	8	1	Nil
4. Shri R.K. Sikdar	Director (Planning)	5	Nil	Nil
5. Shri Sumanta Chaudhuri	Independent Non-Executive Director	4	Nil	Nil
6. Shri Amitava Ray	Independent Non-Executive Director	1	Nil	Nil
7. Shri Subir Das	Independent Non-Executive Director	2	1	Nil
8. Shri Ashok Kr. Basu	Independent Non-Executive Director	4	Nil	Nil
9. Shri Ashoke K. Dutta	Independent Non-Executive Director	7	Nil	Nil
10. Shri A.R. Nagappan	Special Director-BIFR Nominee.	3	1	Nil

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 D.R.S. Chaudhary resigned from the Board on 19th March, 2008.

Shri Rajiv Bansal was appointed as Non-Executive Director in place of Shri D.R.S. Chaudhuri with effect from 26th June, 2008.

Shri R.K. Sikdar was appointed as Director (Planning) with effect from 7th January, 2008.

Shri Ashok Kumar Basu and Shri Ashoke K. Dutta were appointed as Independent Non-Executive Director with effect from 5th November, 2007 and 14th January, 2008 respectively.

Shri Sumanta Chaudhuri was appointed as a Independent Non-Executive Director with effect from 30th November, 2007 in place of Shri Ardhendu Sen.

Shri Amitav Kothari was appointed as Independent Non-Executive Director w.e.f. 1st April, 2008.

CA. S. Muralidharan was on Board upto 22nd July, 2008.

Shri A.R. Nagappan was inducted as a Special Director by BIFR w.e.f. 26.12.2007.

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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, 2008 Four Meetings of the Board of Directors were held on 11th July, 2007 (Adjourned Meeting on 28.06.07), 28.09.07, 26.12.07 and 19.03.2008.

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

Name of Directors	No. of Board Meetings Attended	Attendance of the Last Annual General Meeting held on 21st September,2007	Remarks
<u>Executive Directors :</u>			
1. Shri Kallol Datta	4	Yes	...
2. CA. S. Muralidharan	4	Yes	Ceased to be a Director w.e.f. close of the business of 22nd July, 2008.
3. Shri Indrajit Sengupta	4	Yes	...
4. Shri R.K. Sikdar	1	No	Inducted as a Director w.e.f. 7th January, 2008.
<u>Non-Executive Directors :</u>			
1. Shri Rajiv Bansal	-	No	Inducted as a Director w.e.f. 26th June, 2008.
2. Shri D.R.S Chaudhary	3	No	Ceased to be Director w.e.f. 19th March, 2008.
3. Shri Subir Das	4	Yes	...
4. Shri Amitava Ray	2	No	...
5. Shri Ashok Kumar Basu	1	No	Inducted as a Director w.e.f. 5th November, 2007.
6. Shri Ashoke K. Dutta	-	-	Inducted as a Director w.e.f. 14th January, 2008.
7. Shri Sumanta Choudhuri	-	-	Inducted as a Director w.e.f.30th November, 2007.
8. Shri Amitav Kothari	-	-	Inducted as a Director w.e.f. 1st April, 2008.
9. Shri Ardhendu Sen	-	No	Ceased to be Director w.e.f. 30th November, 2007.
10. Shri A.R. Nagappan	2	-	Inducted as a Special Director by BIFR w.e.f. 26.12.2007.

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.

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- [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.

As on 31st March, 2008 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 Meeting held 2007-08</u>	<u>Number of Meetings Attended</u>	<u>Remarks</u>
Shri Kallol Datta	Chairman & Managing Director	Chairman	21	13	Inducted as a member w.e.f. 11th July, 2007.
Shri Indrajit Sengupta	Director (Personnel)	Member	21	18	
CA. S. Muralidharan	Director (Finance)	Member	21	18	
Shri Subir Das	Director (Non-Executive)	Member	21	21	

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.

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 Audit Committee as on 31st March, 2008, consist of Sarbashri Amitava Ray, Shri Ashok Kumar Basu and Subir Das, Non-Executive Directors. The Director (Finance), Chief Internal Auditor-cum-Adviser (Finance) and Senior Manager (Internal Audit) are the permanent invitees to the Committee and the Company Secretary acts as Secretary of the Committee.

The Board of Directors in its meeting held on 26th December, 2007 had reconstituted the Audit Committee as follows :-

Shri Amitava Ray	...	Chairman
Shri Ashok Kumar Basu	...	Member
Shri Subir Das	...	Member.

The Director (Finance), Chief Internal Auditor-cum-Adviser (Finance) and Senior Manager (Internal Audit) are the permanent invitees to the Committee and the Company Secretary is the Secretary to the Committee.

- [c] Attendance of each Member :

During the financial year ended 31st March, 2008, four meetings of the Audit Committee were held on 11th July, 2007, 28th September, 2007, 26th December, 2007 and 19th March, 2008 as under :

				<u>Date of Meeting</u>
Shri Amitava Ray	- Chairman	Shri Subir Das	- Member.	11.07.2007
Shri Subir Das	- Chairman	Shri D.R.S. Chaudhury	- Member	28.09.2007
Shri Subir Das	- Chairman	Shri D.R.S. Chaudhury	- Member	26.12.2007
Shri Amitava Ray	- Chairman	Shri Subir Das	- Member.	19.03.2008
		Shri Ashok Kumar Basu	- 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

(Contd.)

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, 2008 are given below :

<u>Name of the Directors</u>	<u>Salary</u>	<u>Perquisite</u>	(Rs.000's) <u>Total</u>
Shri Kallol Datta	4,27,730.00	76,342.22	5,04,072.22
Shri Indrajit Sengupta	4,95,457.00	84,660.10	5,80,117.10
CA. S. Muralidharan	5,77,803.00	1,03,536.07	6,81,339.07
Shri R.K. Sikdar	1,18,632.00	15,439.40	1,34,071.40

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, Committee of the Board and Audit Committee Meetings consists only of sitting fees –

<u>Name of the Directors</u>	<u>Sitting Fees</u>
Shri Amitava Ray	Rs. 14,000/-
Shri Subir Das	Rs. 72,000/-
Shri Ashok Kumar Basu	Rs. 7,000/-
Shri A.R. Nagappan	Rs. 10,000/-

Non-Executive Directors are appointed by Government of India only and communicated through Department of Heavy Industries (DHI). None of the Non-executive Directors is holding any Equity Share of the Company.

Note : Shri A.R. Nagappan was appointed as a Special Director of BIFR on 26th December, 2007.

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. Six complaints were received from the shareholders during the year 2007-08 and all of them have been attended to.

There is no complaint lying pending.

Number of shares pending transfer as on 31st March, 2008 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. Risk Management :

The Company has an integrated approach to managing risk inherent in various aspects of the business.

9. Disclosure :

The details of the related party relationships and transactions, as required under Accounting Standard (AS) 18 "Related Party Disclosures" issued by ICAI are given under Note No.25 on Schedule 20 of the Annual Audited Accounts as at 31st March, 2008.

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.

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10. GENERAL INFORMATION FOR SHAREHOLDERS :

REGISTRATION NO.021-003229

CIN of the Company – L63090WB1919GOI003229

- 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/ay_secl@rediffmail.com
Telegram: "YULETIDE"
Fax : 91-33-2242-9770/2243-4741
- Date of Annual General Meeting, Time and venue : 16th September, 2008
At the Williamson Magor Hall of The Bengal Chamber of Commerce & Industry,
Royal Exchange, 6, Netaji Subhas Road, Kolkata-700 001.
- Financial Calendar : April to March.
- Date of Book Closure : From 10th September, 2008 to 16th September, 2008 (both days inclusive.)
- Listing on Stock Exchange : The Stock Exchange, Mumbai.
- The Listing Fees for the financial year 2007-08 has been paid to the Stock Exchange, Mumbai only as the Company has 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 (2007-2008) traded at BSE. : Please see Annexure "A".
- Registrar and Transfer Agents (for both Physical and Dematerialised Shares) : MCS LIMITED,
77/2A, Hazra Road, 3rd & 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.
- Share Transferred during the year : Total number of Shares transferred in physical form during the year was 41234 Shares (Previous year – 16874 Shares]
- Dematerialisation of Shares : 1.13% Equity Shares have been dematerialised upto 31st March, 2008 and held with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).
- ISIN : INE 449C01025.
- Distribution of Shareholding and Shareholding pattern as on 31st March, 2008. : 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/ay_secl@rediffmail.com

(Contd.)

MEANS OF COMMUNICATION :

As required by SEBI, information/ documents are filed in EDIFAR System from time to time. But no separate Half-yearly Report has been sent individually to the Shareholders.

General Body Meetings :

Details of the General Meeting held in last three years :

[i] Annual General Meeting :

FINANCIAL YEAR	DATE	TIME	LOCATION
2006-2007	21.09.2007	11-00 a.m.	Williamson Magor Hall, of The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata-700 001.
2005-2006	15.09.2006	11-00 a.m.	Williamson Magor Hall, of The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata-700 001.
2004-2005	26.09.2005	11-00 a.m.	Shripati Shinghanian Auditorium of Rotary Sadan, 94/2, Chowringhee Road, Kolkata-700 020.

[ii] Extra Ordinary General Meeting :

FINANCIAL YEAR	DATE	TIME	LOCATION
2007-2008	20.03.2008	11-00 a.m.	Williamson Magor Hall, of The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata-700 001.

Special Resolutions :

The details of the Special Resolution passed by the Company at the last three Annual General Meeting (AGM) are given herein below :

Date of AGM	Subject matter of the Resolution	Triggering Section of the Companies Act, 1956.
26.09.2005	Delisting of Securities in Calcutta and Delhi Stock Exchanges.	As per SEBI Guidelines.
15.09.2006	N I L	
21.09.2007	N I L	

Postal Ballot :

No Special Resolution requiring Postal Ballot was placed before the last Annual General Meeting. No Special Resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

Plant Locations :

The Company's plants are located at (i) 16A & 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 in West Bengal and in Assam.

11. CEO/CFO Certification :

The necessary certificates under Clause 49(v) of the Listing Agreement has been placed before the Board of Directors.

12. Non-mandatory Requirements :

The Company has not adopted the Non-mandatory Requirement given under Clause 49 of the Listing Agreement.

Kolkata,
13th August, 2008.

On behalf of the Board,
KALLOL DATTA
Chairman and Managing Director.

ANNEXURE - "A"

MARKET PRICE DATA : HIGH/LOW DURING EACH MONTH IN THE LAST FINANCIAL YEAR (2007-08)

Month	The Stock Exchange, Mumbai		B.S.E. Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2007	31.80	24.50	14,383.72	12,425.52
May, 2007	29.45	23.50	14,576.37	13,554.34
June, 2007	36.90	26.00	14,683.36	13,946.99
July, 2007	29.30	26.00	15,868.85	14,638.88
August, 2007	28.45	24.55	15,542.40	13,779.88
September, 2007	56.00	28.50	17,361.47	15,323.05
October, 2007	78.55	55.15	20,238.16	17,144.58
November, 2007	81.70	54.75	20,204.21	18,182.83
December, 2007	82.70	57.00	20,498.11	18,886.40
January, 2008	95.00	50.65	21,206.77	15,332.42
February, 2008	59.70	40.15	18,895.34	16,457.74
March, 2008	41.20	25.05	17,227.56	14,677.24

ANNEXURE - "B"

[i] DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH, 2008.

Shares Holding (Range)		No. of Shares	% of Total Shares	No. of Shareholders	% of Total Shareholders
From	To				
0	500	10,16,369	0.36	9,881	90.79
501	1000	4,51,255	0.15	550	5.06
1001	2000	3,84,871	0.14	251	2.31
2001	5000	4,25,702	0.15	132	1.21
5001	10000	2,26,134	0.08	33	0.30
10001	Above	28,12,14,147	99.12	36	0.33
	Total	28,37,18,478	100.00	10,883	100.00

[ii] SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2008

Category	No. of Shares	% of total Shares
Central Government	27,97,89,706	98.62
Financial Institutions	4,39,952	0.16
Nationalised Banks	22,279	0.01
Mutual Funds	950	0.00
Domestic Companies	6,88,745	0.24
Non-domestic Companies	500	0.00
Resident Individual	25,38,458	0.89
Non-Resident Individuals (Foreign National)	2,15,417	0.07
Non-Resident Individuals (Indian)	22,471	0.01
Director and their Relatives	...	...
	28,37,18,478	100.00

**CEO Certification under Clause 49(1)(D) of the Listing Agreement
DECLARATION**

I confirm that all members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2006-07.

Kolkata,
13th August, 2008.

On behalf of the Board,
(KALLOL DATTA)
Chairman and Managing Director.

CEO AND CFO CERTIFICATION

We, Kallol Datta, Chairman & Managing Director and S. Muralidharan, Director (Finance) of Andrew Yule & Co. Ltd. certify in terms of the requirement of Clause 49(v) of the Listing Agreement that we have reviewed the Financial Statement and the Cash Flow Statement of the Company for the financial year ended 31st March, 2008.

- [1] To the best of our knowledge, we certify that :
- [a] these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading;
 - [b] these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations; and
 - [c] these are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- [2] For the purposes of financial reporting, we accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, and further state that there were no deficiencies in the design or operation of such internal controls.
- [3] We do further certify that there has been :
- [a] no significant changes in internal controls during the year;
 - [b] no significant changes in accounting policies during the year; and
 - [c] no instances of fraud, of which we are aware during the period.

S. Muralidharan
Director (Finance)

Kallol Datta
Chairman & Managing Director.

Place : Kolkata
Date : 3rd July, 2008.

**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, 2008, 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 publication of quarterly results in Newspapers.

We state that in respect of investor grievances received during the year ended 31st March, 2008 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 A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

Kolkata – 13th August, 2008.

AUDITORS' REPORT

We have audited the attached Balance Sheet of Andrew Yule & Company Limited as at 31st March, 2008 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 (The Act), 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 even though the net worth of the Company is fully eroded. In the proceedings of hearing held on 30th October, 2007 before the Board for Industrial and Financial Reconstruction (BIFR) rehabilitation scheme of the Company with cut-off date as at 31st March, 2006 has been sanctioned which is in process of implementation.
2. The Authorised Share Capital of the Company was increased from Rs.7500.00 lakhs to Rs.20000.00 lakhs vide a Resolution passed in its Annual General Meeting held on 30th September, 2004. By a subsequent resolution superceding the above referred Resolution passed in the Extraordinary General Meeting of the Shareholders of the Company held on 20th March, 2008, the Authorised Share Capital has been reduced

TO THE MEMBERS OF ANDREW YULE & COMPANY LIMITED

from Rs.20000.00 lakhs to Rs.7500.00 lakhs and the provision made in respect of Registration fees of Rs.93.38 lakhs including additional fees upto 31st March, 2007 payable for the non-payment of the Registration fees has been reversed in the Books of Accounts.

As Form No.23 was filed with the Registrar of Companies, West Bengal, on 14th October, 2004 regarding alteration of the Articles of Association of the Company for increase in the Authorised Share Capital from Rs.7500.00 lakhs to Rs.20000.00 lakhs, the reduction in Authorised Share Capital by a subsequent Resolution and the reversal of the Registration fees, as aforesaid, is not in accordance with the provisions of the Act.

3. Non-provision against diminution in value of investments in Bengal Coal Co. Ltd., Yule Financing & Leasing Co. Ltd. and The Statesman Ltd., aggregating to Rs.28.60 lakhs. [Refer to Note No.17 in Schedule 20].
4. Recognition of consideration amount of Rs.207.00 lakhs received from Builder-cum-Agent as "Income" during the year is not in accordance with the generally accepted accounting principle till extension of time for development of property is granted by the Hon'ble Court failing which the Head Lease is liable to be terminated and the Builder-cum-Agent is entitled to get refund of the above consideration amount (Ref. Note No.31 of Schedule 20).
5. Attention is drawn to Note No.3 of Schedule 20 regarding inclusion of write back of interest on loans and others aggregating to Rs.4795.74 lakhs in line item "Liabilities no longer required written back" in Schedule 14 of "Other Income" instead of showing the above as an extraordinary item in the statement of Profit and Loss Account due to which the impact of the same on the current years profit is not perceivable.
6. Non-confirmation and non-reconciliation of year end balances in respect of Sundry Debtors, Deposits, Advances, Creditors, Dues to/from Govt. Undertakings and Stock with third Parties etc. (Refer to Note No.13 in Schedule 20).
7. (i) Non-compliance of sub-section 1 of 372A of the Companies Act, 1956 in respect of the following investment made and loan granted during the year/earlier year and shown in the Balance Sheet as at 31st March, 2008 which is in excess of the limit prescribed under the aforesaid section without obtaining approval of shareholders by way of special resolution:

(Contd.)

- (a) Investment of Rs.305.00 lakhs in Zero Rate Unsecured Redeemable Bond of WEBFIL Ltd.
- (b) Unsecured loan of Rs.500.00 lakhs to Yule Financing & Leasing Co. Ltd.
- (ii) Grant of unsecured loan of Rs.500.00 lakhs to Yule Financing & Leasing Co. Ltd. @ 5.5% p.a. which is lower than the rate prescribed under sub-section 3 and the guidelines prescribed by the Central Govt. under sub section 7 of section 372A of the Act.
- (iii) Non-provision against possible loss arising out of unsecured loan of Rs.500.00 lakhs, as referred to (i) and (ii) hereinabove, to a Company whose net worth is fully eroded due to which its ability to meet the financial obligation arising in respect of above is doubtful.
8. Penalty/interest for non-deduction and non-collection of income tax at source has not been ascertained and provided for.
9. Read with our above comments :-
- (a) We have obtained all the informations 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.6 above;**
- (b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (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-5 regarding non-presentation of Extraordinary item in the statement of Profit and Loss Account (Refer to our comments in item No.5 above), AS-9 on matters dealt with in paragraph 7(a)(ii) and (iii) of Major Accounting Policy regarding income stated therein which are accounted for on actual receipt basis, AS-13 regarding Accounting for investments (refer to our comments in Item No.3 above), and AS-24 in respect of non-disclosure of the date and nature of the initial disclosure events and significant changes, if any, in the amount or timing difference of cash flows relating to the assets and liabilities to be settled.**
10. 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.
11. **Without considering the items mentioned in Paragraphs 1 and 6 (to the extent not determinable), 7 and 8 above, the effect of which could not be determined, had the observations in paragraphs 2, 3, 4 and 5 (to the extent determinable) above been considered, the loss for the year before Extraordinary items would have been Rs.4591.26 lakhs and profit after Extraordinary items and tax would have been Rs.204.48 lakhs as against the reported profit of Rs.533.46 lakhs, accumulated loss net of General Reserve would have been Rs.20122.66 lakhs as against the reported figure of Rs.19793.68 lakhs, net current assets would have been Rs.8267.03 lakhs as against the reported figure of Rs.8567.41 lakhs, and investments would have been Rs.2043.57 lakhs as against the reported figure of Rs.2072.17 lakhs.**
12. In our opinion and to the best of our informations and according to the explanations given to us the said accounts read with the accounting policies and notes on accounts as given in Schedule 20 together with the observations in foregoing paragraphs 1 to 8 and 11 and our comments in paragraph 1, 7, 9, 10, 11 and 16 in the annexure to this report, give the informations 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, 2008;
- (b) in the case of the Profit and Loss Account of the profit 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 A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

Kolkata – 3rd July, 2008.

**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 register is required to be 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 of certain assets was carried out by the Company during the year. 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, any 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. In our opinion, the frequency of such 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 have been properly dealt with in the books of accounts.
3. (a) According to the informations and explanations given to us, the Company has not granted any unsecured loan to any Company, Firm or other party listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Clause (iii)(b) to (d) of the Annexure 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.1000.00 lakhs.
- (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, 2008.
- (f) Paragraph 4(iii)(g) of the Order is not applicable in respect of loan 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 informations and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of above para 4(v)(b) of the Annexure is not applicable to the Company.
6. In our opinion and according to the informations 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 informations 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 also appointed outside agencies in respect of its 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, the frequency and area of coverage of such audit need to be extended.**
8. We have broadly reviewed the books of accounts maintained by the Company relating to the manufacture of industrial fans, tea 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

(Contd.)

opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. To the best of our knowledge and according to the informations given to us Central Government has not issued any order u/s.233B of the Companies Act, 1956 for any of the products of the Company.

9. (i) According to the informations 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, 2008 for a period of more than six months from the date they became payable are furnished below :**

Provident Fund (including interest)	Rs. 177.92 lakhs
Cess on Green Leaf (including interest)	Rs. 352.87 lakhs
Municipal Tax	Rs. 23.44 lakhs
Income Tax deducted at source	Rs. 15.63 lakhs
Professional Tax	Rs. 1.30 lakhs
Sales Tax (including interest)	Rs. 408.87 lakhs
Excise Duty (including interest)	Rs. 2.37 lakhs
Interest payable to SSI Units	Rs. 243.48 lakhs
Service Tax (including Cess)	Rs. 1.89 lakhs
Employees State Insurance	Rs. 1.04 lakhs
Income Tax (Assessment year 1988-89)	Rs. 63.83 lakhs
Purchase Tax	Rs. 6.18 lakhs

- (ii) As at 31st March, 2008 according to the records of the Company and the informations 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 (Penalty)	45.88	1988-89 (Ass.Year)	Commissioner of Income Tax.
		4.65	2004-05 (Ass.Year)	-do-
W.B.Sales Tax Laws	Sales tax (inclusive of interest, penalty)	27.53	Preamalgamation period of Tea Divn	Asst.Commissioner Comm.Taxes.
		0.24	1973-74	Appellate Board.
		64.79	1979-80	Appellate Board.
		58.16	1985-86	Appellate Board.
		74.77	1986-87	Appellate Board.
		218.60	1987-88	Dy.Commissioner Com. Taxes.
		252.96	1992-93	High Court.
		310.65	1996-97	Dy.Commissioner of Comm.Taxes.
		435.80	1997-98	of Comm.Taxes.
		321.20	1998-99	-do-
		716.66	1999-00	-do-
		465.10	2000-01	-do-
		0.44	1980-81	Addl.Commissioner
		4.55	1982-83	(Settlement of Dispute).
		29.34	1983-84	Dy. Commissioner.
20.73	1984-85	-do-		
108.78	2001-02	-do-		
315.42	2002-03	-do-		
505.03	2003-04	-do-		
199.06	2004-05	-do-		
Assam Sales Tax	Sales tax (incl. intt. & penalty)	25.86	1996-97	Board of Revenue (Assam)
		49.52	1998-99	-do-
		149.28	1999-00	-do-
		19.37	2002-03	-do-
		42.03	1997-98	Com. of Appeal/ DCCT (Assam)
		37.86	1998-99	-do-
		139.83	2002-03	-do-
198.81	2003-04	-do-		
181.83	2004-05	-do-		
Orissa Sales Tax		135.57	1999-00 to 2001-02	Asst.Comm. S.Tax, Rourkela/ Sambalpur
West Bengal Agricultural Income Tax Act.	Agricultural Income Tax (incl. of Interest)	363.13	1998-99	W.B.AITO
Assam Agricultural Income Tax Act.1939	Agricultural Income Tax (Incl. of Interest)	300.79	1989-99 to 1999-00	AAITO

(Contd.)

Name of Statute	Nature of dues	Amount (Rs. lacs)	Period to which amount relates	Forum where the dispute is pending
Central Excise Act.	Excise Duty. (inclusive of penalty, excl. interest).	123.91	1989-90	CESTAT(Tribunal)
		186.10	1990-91	
		1.65	1992-93 &	
			1993-94	
		39.16	1996-97 &	
			1998-99	
		1.80	1999-00 &	
			2000-01	
		58.45	2001-02	
		36.94	1995	
		10.16	1993-94 &	
			1994-95	
		51.78	1991-92 &		Commissioner Appeal.
	1992-93			
9.64	1994-95			
16.12	1997-98			
3.00	1998-99			
21.74	1996-97	-do-		

10. The accumulated loss of the Company is more than fifty percent of its net worth. The Company has not incurred cash loss in the financial year covered by our audit though it has incurred cash loss in the immediately preceding previous year.

11. In our opinion and according to the informations and explanations given to us, taking into account the reliefs, concessions and restructuring of dues payable to Financial Institutions and Banks as per sanctioned scheme as per Order of BIFR dated 30th October, 2007, the Company has defaulted in repayment of dues to Banks as stated below :-

- | | |
|-------------------------|------------------------|
| (a) State Bank of India | Rs.196.62 lakhs |
| (b) Bank of Baroda | Rs.864.49 lakhs |

12. In our opinion and according to the informations 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 informations and explanations given to us, the Company is not a dealer or trader in securities.

15. According to the informations and explanations given to us, the terms and conditions of the guarantee given by the Company amounting to Rs.593.00 lakhs and outstanding as at 31st March, 2008, for loans taken from bank by the other Companies, in our opinion, are not prima facie prejudicial to the interest of the Company.

16. In our opinion and according to the informations 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.9884.00 lakhs have not been utilised upto 31st March, 2008.**

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. As explained to us, wherever applicable, securities have been created in respect of Bond issued by the Company.

20. The Company has not raised any money by public issue during the year.

21. According to the informations and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

Kolkata – 3rd July, 2008.

**COMMENTS ON THE ACCOUNTS OF ANDREW YULE & COMPANY LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2008 UNDER SECTION 619(4)
OF THE COMPANIES ACT, 1956**

The preparation of financial statements of Andrew Yule & Company Limited for the year ended 31st March, 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 3rd July, 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Andrew Yule & Company Limited for the year ended 31st March, 2008. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

Dated, Kolkata
the 06 August, 2008

For and on the behalf of the
Comptroller & Auditor General of India
(A. Roychoudhury)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board – I,
Kolkata.

Statement of Major Accounting Policies forming part of the Accounts as at and for the year ended 31st March, 2008.

The financial statements have been prepared under the historic cost convention on accrual basis adjusted by revaluation of certain fixed assets in compliance with all material aspect of applicable Accounting Standards in India and the relevant provisions of The Companies Act, 1956 and on the Accounting Principles of going concern.

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 Estates on straight line 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. However, fees payable for renewal of lease of land is charged as expenditure in the Profit and Loss Account as and when the payment is due.
- (f) Liquidated damages recovered by the Company for delayed construction and delayed supply of equipment are set-off against the capital expenditure to which it relates.
- (g) Grant/Subsidy in respect of capital expenditure is accounted for as per applicable Accounting Standard and depreciations on the assets acquired out of such subsidy is adjusted there against.
- (h) Expenditure incurred/capitalised in respect of projects abandoned/to be abandoned are accounted for in compliance of relevant Accounting Standard.

- (i) Provision for impairment of assets is made in compliance with AS-28.

3. Inventories :

- (a) Stocks of stores, spares, raw materials etc., are valued at lower of cost or net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished products in which those will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average cost basis.
- (b) Work-in-Progress is valued at Works Cost. Works cost includes direct materials, labour and manufacturing overhead. 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 accounts and duly provided for.

While valuing the contract jobs in progress 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%.

- (c) 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.
- (d) 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.
- (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 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 Tea, expenses relating to freight upto the point of sale are also considered.
- (g) Imported materials lying in bonded warehouse and at Port are valued at cost including Customs Duty, Port Charges etc.
- (h) Loose Tools are amortised over a period of 5 years.
- (i) Stock of scrap, is valued on the basis of estimated realisable value. However, tea waste is not valued.
- (j) 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.

(Contd.)

ANDREW YULE & CO. LTD.

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 of 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.
- (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) Sales is inclusive of excise duty wherever applicable.
- (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 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;
- (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 such interest is ascertainable with respect to the payment so far received.

- (d) Liquidated Damages recovered by the Company for delayed execution and delayed supply of equipment/spares are treated as other income.
- (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:
 - (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 involving estimated value above Rs.0.25 lakh per case is booked on the basis of claims from the customers admitted by the Company wherever it is possible to estimate.
- (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 delayed payments of Income Tax/Agricultural Income-Tax 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.
- (f) Provisions made and Provisions no longer required written back during the year are netted against in respect of each individual items.
- (g) Payment of Technical Know how Fees is accounted for in compliance with the relevant Accounting Standard.
- (h) Provision for unrealised profit is made in respect of partially completed composite/turnkey contracts on the basis of proportionate direct cost on the revenue recognised.

10. Deferred Revenue Expenditure :

- (a) The balance of deferred revenue expenditure as on 31st

(Contd.)

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.
- (b) 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. Taxation

- (i) Taxation comprises of Deferred Tax, Fringe Benefit Tax and Wealth Tax. Fringe Benefit Tax and Wealth Tax are measured as the amount expected to be paid to the Tax Authorities in accordance with the Indian Income Tax Act, 1961 and Wealth Tax Act, 1957.
- (ii) Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred Tax assets/liabilities is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

12. Contingent Liabilities and Contingent Assets :

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.

Provisions for contingent liabilities are made in compliance with Accounting Standard-29.

13. 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.

14. 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) In respect of any import of materials both under CIF, FOB and C&F Contracts, purchases are booked at the exchange rates ruling 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.
- (c) Exports/Overseas Sales are booked at the rates ruling on

the date of bill of lading. Exchange difference, if any, 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, whichever is earlier, is accounted for in Profit and Loss Account.

- (d) Receivables and Payables in foreign currency are reported in the Balance Sheet at the parity rate ruling at the close of the financial year. The exchange difference arising on the settlement of such receivables/payable or on reporting such receivables/payables at rates different from those at which those are initially recorded during the period or reported in previous Balance Sheet is accounted for in Profit and Loss Account.
- (e) Wherein contract for import or export is covered by forward exchange contract any premium or discount at inception of such contract and any other gain or loss arising out of exchange differences between the forward contract rate and the rate on the day of reporting are treated in compliance with Accounting Standard-11.

15. Research and Development Costs:

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

16. Employee's Benefits :

- (a) Defined Contribution Schemes (DCS) : Company's contribution towards Provident Fund paid/payable during the year to the Provident Fund Authority are charged to the Profit and Loss Account.
- (b) Company's liabilities towards Defined Benefit Schemes for Gratuity, Superannuation and Pension, value of Plan Assets of the Trustee managed Funds maintained for meeting such liabilities, contribution to those Funds and benefits paid out of such Funds are ascertained and accounted for on the basis of independent actuarial valuation as per the requirement of Accounting Standard-15 (Revised 2005) on "Employee's Benefit".

In respect of a section of employees, the Company's liability towards Defined Benefit for Provident Fund is determined and accounted for on the basis of prescribed contributions to the respective Trustee managed Funds and shortfall, if any, in plan assets as per Audited Accounts of such Fund.

In respect of post retirement Defined Benefit Scheme of Leave Encashment, the Company's liability is determined and accounted for on the basis of independent actuarial valuation as required by Accounting Standard-15 (Revised 2005) though there is no funding for such liability.

- (c) Leave encashment and Pension fund is unfunded but benefits have determined and accounted for in accordance with Accounting Standard-15 (Revised 2005).
- (d) Compensation paid under Voluntary Retirement Scheme as termination benefits, on or before 31st March, 2009, shall be accounted for as a deferred revenue expenditure and written off equally over a period of five years commencing from the year in which it is disbursed. However, such carry forward shall not be continued beyond accounting period commencing on or after 1st April, 2010.

(Contd.)

ANDREW YULE & CO. LTD.

BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in lakhs)

	Schedules	As at 31.3.08	As at 31.3.07
SOURCES OF FUNDS			
(1) Shareholder's Funds :			
(a) Share Capital	1	5674.37	5826.71
(b) Shares pending allotment to Govt. of India [Note No.3(m) on Schedule 20]		150.00	10892.90
(c) Reserve and Surplus	2	10874.01	10874.01
		<u>16698.38</u>	<u>27593.62</u>
(2) Loan Funds :	3		
(a) Secured Loans		16130.21	16683.11
(b) Unsecured Loans		14499.92	14969.26
		<u>30630.13</u>	<u>31652.37</u>
(3) Deferred Tax Liability (Net) (Note No.19 on Schedule 20)		311.39	20.58
TOTAL		<u>47639.90</u>	<u>59266.57</u>
APPLICATIONS OF FUNDS			
(1) Fixed Assets :	4		
(a) Gross Block		21792.02	21034.47
(b) Less: Depreciation and Amortisation		5153.02	4745.76
(c) Net Block		<u>16639.00</u>	<u>16288.71</u>
(d) Less: Impairment of Assets		177.01	144.37
		<u>16461.99</u>	<u>16144.34</u>
(e) Capital work-in-progress		601.76	389.58
		<u>17063.75</u>	<u>16533.92</u>
(f) Pre-operative Expenditure (Pending Allocation)		113.85	113.85
		<u>17177.60</u>	<u>16647.77</u>
(2) Investments	5	2072.17	1835.02
(3) Current Assets, Loans and Advances :			
(a) Inventories	6	2733.03	2538.49
(b) Sundry Debtors	7	4838.19	3175.74
(c) Cash and Bank Balances	8	13037.13	4308.65
(d) Other Current Assets	9	0.05	0.69
(e) Loans and Advances	10	4467.61	3302.26
		<u>25076.01</u>	<u>13325.83</u>
Less: Current Liabilities and Provisions :			
(a) Current Liabilities	11	14256.63	13643.25
(b) Provisions	12	2251.97	2183.46
		<u>16508.60</u>	<u>15826.71</u>
Net Current Assets		8567.41	(-)2500.88
(4) (a) Miscellaneous Expenditure to the extent not written off or adjusted		29.04	92.72
(b) Profit and Loss Account		19793.68	43191.94
TOTAL		<u>47639.90</u>	<u>59266.57</u>

NOTES ON ACCOUNTS

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

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA – 3rd July, 2008.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN,
I. SENGUPTA,
R. K. SIKDAR } *Directors.*

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.
Kolkata – 3rd July, 2008.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

ANDREW YULE & CO. LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

	<u>Schedules</u>	<u>2007-08</u>	<u>2006-07</u>
INCOME			
Sales	13	16910.78	13628.20
Interest and Dividend on Long Term			
Investments (Non-Trade) (Gross)		46.70	63.58
Other Income ¹⁴		6523.66	829.35
Accretion/Decretion(-) in Stocks	15	68.21	108.12
		<u>23549.35</u>	<u>14629.25</u>
EXPENDITURE			
Materials Consumed	16	7240.89	4865.24
Salaries, Wages and Bonus	17	7032.79	6579.40
Interest	18	1973.51	4048.18
Other Expenses	19	6049.15	7830.90
Depreciation and Amortisation	4	359.20	316.73
Impairment of Assets		32.64	...
		<u>22688.18</u>	<u>23640.45</u>
Profit/Loss(-) for the year		861.17	(-) 9011.20
Add : Provision for Taxation :			
[a] Wealth Tax	4.50	2.25	
[b] Income Tax (in respect of earlier years)	...	315.57	
[c] Fringe Benefit Tax	32.40	28.22	
[d] Deferred Tax	290.81	(-) 399.83	
		<u>327.71</u>	<u>(-) 53.79</u>
Profit/Loss(-) for the year after provision		533.46	(-) 8957.41
Add : Loss brought forward from last account		(-) 45658.94	(-) 36701.53
		(-) 45125.48	(-) 45658.94
Less : Capital Reduction		22697.48	...
		(-) 22428.00	(-) 45658.94
Add : Transition effect of opening assets (net of liability) for employees benefits as per AS-15		167.32	...
		(-) 22260.68	(-) 45658.94
Less : Balance in General Reserve (Per Contra)		2467.00	2467.00
Balance carried to Balance Sheet		(-) 19793.68	(-) 43191.94
Basic and Diluted earnings per share (Note No.26 of Schedule 20)		Rs.0.91	Rs.(-)15.37

NOTES ON ACCOUNTS

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

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA – 3rd July, 2008.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director*.
CA S. MURALIDHARAN,
I. SENGUPTA. } *Directors*.
R. K. SIKDAR

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.
Kolkata – 3rd July, 2008.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

ANDREW YULE & CO. LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

(Rupees in lakhs)

	<u>2007-08</u>	<u>2006-07</u>
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and extraordinary items	861.17	(9011.20)
Adjustments for		
Depreciation/Impairment of Assets	391.84	316.73
<i>Adjustment of depreciation for earlier years</i>	...	(6.08)
Miscellaneous Expenditure written off	64.74	315.79
Interest charged	1973.51	4048.18
Investment Income	(513.39)	(270.42)
Operating profit before changes in amount of Current Liabilities and Current Assets	<u>2777.87</u>	<u>(4607.00)</u>
Adjustments for		
Trade Receivables	(9105.83)	5985.21
Inventories	(194.54)	(362.20)
Trade payable	1848.41	(5121.22)
Cash Generated from Operations	<u>(4674.09)</u>	<u>(4105.21)</u>
Wealth Tax paid	(2.47)	(2.81)
Fringe Benefit Tax paid	(5.54)	(32.55)
Cash-flow before Extraordinary Items	<u>(4682.10)</u>	<u>(4140.57)</u>
Extraordinary Income		
Capital Reduction	22697.48	...
NET CASH FROM OPERATING ACTIVITIES (A)	<u>18015.38</u>	<u>(4140.57)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including Capital WIP and Pre-operative Expenditure)	(970.79)	(560.68)
Loans	(61.12)	(372.65)
Investment made	(237.15)	(305.00)
<i>Subsidy received from Tea Board for Capital Assets</i>	...	38.70
Income from Investments	490.24	266.04
NET CASH FROM INVESTING ACTIVITIES (B)	<u>(778.82)</u>	<u>(933.59)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

	2007-08	2006-07
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Net Proceeds from borrowings	3240.88	7064.27
Interest paid	(7189.31)	(1277.85)
Advance against equity	(10742.90)	589.00
Proceeds from equity	(152.34)	...
NET CASH USED IN FINANCING ACTIVITIES (C)	(14843.67)	6375.42
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)	2392.89	1301.26
CASH AND CASH EQUIVALENT Opening Balance as at 1st April,2007	2846.79	1545.53
CASH AND CASH EQUIVALENT Closing Balance as at 31st March,2008	5239.68	2846.79
1. Cash Flow Statement has been prepared by following Indirect Method mentioned in AS-3.		
2. Break-up of Cash and Cash equivalent		
Cash in hand	10.61	25.49
Postage and Stamps in hand	0.04	0.07
Cheques in hand	426.94	1998.02
Remittance in transit	147.20	27.42
Remittance with Scheduled Banks :		
On Current Account	447.05	785.79
Fixed Deposit with Banks maturing within 3 months	4207.84	10.00
	5239.68	2846.79

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.

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA – 3rd July, 2008.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN,
I. SENGUPTA. } *Directors.*
R. K. SIKDAR

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
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For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.
Kolkata – 3rd July, 2008.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
37,50,00,000 Equity Shares of Rs.2 each (Previous year 7,50,00,000 Equity Shares of Rs.10 each)	<u>7500.00</u>	<u>7500.00</u>
Issued, Subscribed and Fully Paid-up :		
28,37,18,478 Equity Shares of Rs.2 each (Previous year 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.] Out of the above 225451400 Nos. of shares issued to Govt. of India in the name of President of India of Rs.2 each towards conversion of Govt. of India loan and advance against Equity as per Sanctioned Rehabilitation Scheme (SRS) dated 30th October, 2007. [Refer Note No.3(b) of Schedule 20]	<u>5674.37</u>	<u>5826.71</u>
	<u>5674.37</u>	<u>5826.71</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve :		
General :		
Balance as per last account	<u>10735.16</u>	<u>10735.16</u>
Special :		
Central/State Subsidy for Capital Assets :		
Balance as per last account	11.40	11.40
Tea Board Subsidy for Capital Assets	46.50	46.50
Less: Transfer to Profit and Loss Account	<u>7.80</u>	<u>7.80</u>
State Housing Subsidies	38.70	38.70
	4.06	4.06
	<u>54.16</u>	<u>54.16</u>
	<u>10789.32</u>	<u>10789.32</u>
Preference Share Capital Redemption Reserve :		
Balance as per last account	<u>84.69</u>	<u>84.69</u>
General Reserve :		
Balance as per last account	2467.00	2467.00
Less: Shown as deduction from balance in Profit and Loss Account (Per Contra)	<u>2467.00</u>	<u>2467.00</u>

	<u>10874.01</u>	<u>10874.01</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 3		
LOANS		
Secured Loans :		
Term Loans :		
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)	381.42	250.00
Add: Interest accrued and due thereon	66.79	153.23
	448.21	403.23
Others (Secured by hypothecation of certain movable properties)	180.00	...
Bonds :		
9% Secured Redeemable Non-convertible 12 Years 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	2.09	270.74
	2002.09	2270.74
9.1% Secured Redeemable Non-convertible 10 Years Bond (Secured by GOI Guarantee)	2000.00	2000.00
From Scheduled Banks on Cash Credit Accounts :		
State Bank of India	1257.75	1264.72
Add: Interest accrued and due thereon	653.14	1026.64
	1910.89	2291.36
Bank of Baroda	5050.55	3756.03
Add: Interest accrued and due thereon	231.34	1940.77
	5281.89	5696.80
Allahabad Bank (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)	344.65	621.79
United Bank of India (for Desam, Khowang, New Dooars and Choonabhutti Tea Estates)	1541.89	1053.79
Union Bank of India (for Banarhat, Karballa, and Hoolungooree Tea Estates)	806.88	723.55
Allahabad Bank (for Tinkong, Basmatia, Rajgarh, Murphulani and Mim Tea Estates) (The above loans are secured by Hypothecation of the whole of crop, book-debts and all other movable assets both presnet and future, and by equitable mortgage of all immovable properties of the Estates)	1613.71	1621.85
Carried over	16130.21	16683.11

(Contd.)

ANDREW YULE & CO. LTD.**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 – (Contd.)**

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 3 - (Contd.)		
LOANS - (Contd.)		
Secured Loans - (Contd.)		
Brought forward	16130.21	16683.11
Unsecured Loans :		
From Bodies Corporate	1000.00	1000.00
Fixed Deposits	221.70	221.70
From Government of India (including interest free loan of Rs.8706.00 lakhs (2006-07 Rs.Nil)	13008.00	11652.24
Add: Interest accrued and due thereon	<u>...</u>	<u>1825.10</u>
	13008.00	13477.34
From West Bengal Industrial Development Corpn. Ltd.(Interest free)	268.86	268.86
West Bengal Govt. Subsidised Housing Scheme Loan for Plantation Workers	0.50	0.50
Add: Interest accrued and due thereon	<u>0.86</u>	<u>0.86</u>
	1.36	1.36
	14499.92	14969.26
	<u>30630.13</u>	<u>31652.37</u>

ANDREW YULE & CO. LTD.

SCHEDULE 4

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in lakhs)

FIXED ASSETS

Description of Assets	GROSS BLOCK			DEPRECIATION			IMPAIRMENT OF ASSETS		NET BLOCK		
	Cost/Book Value as at 1st April, 2007	Additions/ Adjustments during the year	Less: Sales/ Adjustments during the year	Cost/Book Value as at 31st March, 2008	Upto 31st March, 2007	For the year	Less: On Sales/ Adjustments during the year	Upto 31st March, 2007	During the year	As at 31st March, 2008	As at 31st March, 2007
Land (including cost of development and leasehold land Rs.15.10 lakhs; 2006-07 Rs.4.31 lakhs)	175.43	...	...	175.43	...	...	...	...	...	175.43	175.43
Estates[Leasehold(including garden development expenses)]	124.12.17	10.79	...	124.22.96	210.30	12.25	...	...	...	12200.41	12201.87
Buildings	2701.10	69.42	...	2770.52	1032.07	61.78	...	...	...	1676.67	1669.03
Roads and Culverts	55.13	1.81	...	56.94	13.44	0.93	...	...	...	42.57	41.69
Plant and Machinery	3674.17	515.58	17.87	4171.88	2392.78	188.97	-2.77	59.01	32.64	1495.72	1222.38
Drawings, Designs and Tracings etc.	74.99	...	...	74.99	40.91	...	...	34.08	...	...	...
Electrical Installations	656.89	63.94	7.38	713.45	341.41	28.55	2.77	...	...	346.26	315.48
Water Installations	440.56	30.65	...	471.21	178.91	18.10	...	...	...	274.20	261.65
Furniture, Fittings and Office Equipments	387.12	29.36	3.40	413.08	310.15	12.14	3.22	...	...	94.01	76.97
Vehicles	456.91	54.65	...	511.56	277.07	35.06	...	...	...	199.43	179.84
Computer Software	21034.47	776.20	28.65	21782.02	4797.04	357.78	3.22	93.09	32.64	16504.69	16144.34
	...	10.00	...	10.00	...	1.42	...	...	...	8.58	...
Capital Work-in-Progress	21034.47	786.20	28.65	21792.02	4797.04	359.20	3.22	93.09	32.64	16513.27	16144.34
	440.86	410.98	250.08	601.76	...	...	...	51.28	...	550.48	389.58
TOTAL	21475.33	1197.18	278.73	22393.78	4797.04	359.20	3.22	144.37	32.64	17063.75	16533.92
PREVIOUS YEAR'S TOTAL	20914.65	869.92	309.24	21475.33	4486.39	316.73	6.08	144.37	...	16533.92	...

(Contd.)

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 – (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	(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) against which provision for doubtful advances of Rs.99.50 lakhs (Rs.13.78 lakhs) has been provided.
7. The balance of intangible assets of Rs.8.58 lakhs will be amortised over a next period of 4 years and 3¹/₂ months

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in lakhs)

SCHEDULE 5	No. of Shares/ Units	Face Value per Share/ Unit	Book Value	
			As at 31.3.08	As at 31.3.07
INVESTMENTS (Long Term) (At Cost less written off)				
1. Equity Shares in Subsidiary Company – Non-Trade Investments :				
Unquoted :				
Hooghly Printing Co. Ltd.	10,27,128	10	103.20	103.20
Yule Engineering Ltd. – Ordinary Shares (Acquired during the year)	50,000	10	5.00	...
Yule Electrical Ltd. – Ordinary Shares (Acquired during the year)	50,000	10	5.00	...
2. In Other Companies – Non-Trade Investments :				
Equity Shares (Fully Paid) :				
Quoted :				
Yule Financing & Leasing Co. Ltd.	3,00,000	10	27.88	27.88
DPSC 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. (incl.right shares 13294 nos.)	2,12,714	1	4.22	0.23
The Gillapukri Tea & Industries Ltd.	26	10	...	...
Unquoted :				
*The Bengal Coal Co. Ltd.	10,305	100	0.51	0.51
*Katras 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
Jalpaiguri Club Co. Ltd.	40	10	...	...
Phoenix Yule Ltd.	1,19,43,074	10	1194.31	1194.31
6% Cumulative Redeemable Preference Shares – WEBFIL (Acquired during the year)	20,44,000	10	204.40	...
Debentures (Fully Paid) :				
Unquoted :				
Woodlands Hospital & Medical Research Centre Ltd. Rs.65,200 - 5% Non-Redeemable Registered Mortgage Debenture Stock, 1957	...	...	0.65	0.65
Woodlands Hospital & Medical Research Centre Ltd. Rs.600 - 1/2% Registered Mortgage Debenture Stock	6	100	0.01	0.01
Bonds (Fully Paid) :				
Unquoted :				
**WEBFIL Ltd. Zero Rate Unsecured Redeemable Bond	305	100000	305.00	305.00
3. Units (Fully Paid) :				
Quoted :				
Unit Trust of India				
Balance Fund (14267.669 Units reinvested during the year)	1,39,506	10	29.79	11.03
			<u>2072.17</u>	<u>1835.02</u>
			Book Value	
			As at 31.3.08	As at 31.3.07
SUMMARY				
1. Subsidiary Company – Equity Shares			113.20	103.20
2. Other Companies (Non-Trade Investments) :				
Preference Shares			204.40	...
Equity Shares			1419.12	1415.13
Debentures			0.66	0.66
Bonds			305.00	305.00
			<u>1929.18</u>	<u>1720.79</u>
3. Unit Trust of India				
Balance Fund			29.79	11.03
			<u>2072.17</u>	<u>1835.02</u>

(Contd.)

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

	As at 31.3.08		As at 31.3.07	
	Book Value	Market Value	Book Value	Market Value
SCHEDULE 5 – (Contd.)				
INVESTMENTS – (Contd.)				
SUMMARY – (Contd.)				
Aggregate Value of Investments :				
Quoted	230.09	9147.99	207.34	4639.93
Unquoted	1842.08		1627.68	
	<u>2072.17</u>		<u>1835.02</u>	

- Notes:**
- * 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.
 - ** Bonds Issued by WEBFIL Ltd., in lieu of adjustment of Advance to WEBFIL Ltd., as per their approved Revival packag of BIFR.
 - 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 :		Rs.
Transformer & Switchgear Ltd.		
7½% Tax-free Redeemable Cumulative Preference Shares	1,000	100
Unquoted – Equity Shares :		
Transformer & Switchgear Ltd.	22,395	10
Hooghly Docking & Engineering Co. Ltd.	4,410	50
Brentford Electric (India) Ltd.	52,500	10
India Paper Pulp Co. Ltd. (In liquidation)	4,39,675	10

	As at 31.3.08	As at 31.3.07
SCHEDULE 6		
INVENTORIES		
Raw materials, Components and Packaging Materials (Includes Raw Materials-in-Transit Rs.15.83 lakhs; 2006-07 Rs.53.55 lakhs)	1022.42	863.09
Stores and Spare parts	535.86	565.13
Food-stuff	19.54	22.74
Loose tools	4.81	5.34
Finished goods	367.53	427.24
Finished goods-in-transit	29.15	64.97
Work-in-Progress	731.21	587.24
Scrap (at estimated realisable value)	22.51	2.74
	<u>2733.03</u>	<u>2538.49</u>

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

Engineering	438.40	284.54
Electrical	1393.83	1209.26
Project	6.00	43.89
Tea	894.80	1000.80
	<u>2733.03</u>	<u>2538.49</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 7		
SUNDRY DEBTORS		
Unsecured :		
Debts outstanding for a period exceeding six months :		
Considered Good	1715.19	807.17
Considered doubtful	6760.25	6308.65
	<u>8475.44</u>	<u>7115.82</u>
Other Debts :		
Considered good	3123.00	2368.57
	<u>11598.44</u>	<u>9484.39</u>
Less: Provision for doubtful debts	6760.25	6308.65
	<u>4838.19</u>	<u>3175.74</u>
	<u><u>4838.19</u></u>	<u><u>3175.74</u></u>
 Note: The Division-wise Break-up of the Sundry Debtors is as follows :		
Engineering	1025.31	640.06
Electrical	3531.24	2431.46
Project	189.10	38.54
Tea	80.60	59.80
General	11.94	0.88
Belting	...	5.00
	<u>4838.19</u>	<u>3175.74</u>
	<u><u>4838.19</u></u>	<u><u>3175.74</u></u>

SCHEDULE-8

CASH AND BANK BALANCES

Cash-in-hand (as certified)	10.60	25.49
Postage and Stamps-in-hand	0.04	0.07
Cheques-in-hand	426.94	1998.02
Remittances-in-transit	147.20	27.42
Balances with Scheduled Banks :		
On Current Account (Net)	447.05	785.79
On Deposit Account :		
Employees' Security Deposit	0.06	0.06
* Others	<u>12004.43</u>	<u>1471.00</u>
	12004.49	1471.06
Unclaimed Preference Share Redemption Account	0.80	0.80
	<u>13037.12</u>	<u>4308.65</u>
	<u><u>13037.12</u></u>	<u><u>4308.65</u></u>

- Notes:** *1. (a) Includes Bank deposits of Rs.10.00 lakhs (Rs.10.00 lakhs) had been 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.743.03 lakhs (Rs.341.42 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, 2008

(Rupees in lakhs)

	As at 31.3.08	As at 31.3.07
SCHEDULE 9		
OTHER CURRENT ASSETS		
Considered Good		
Deposits with National Bank for Agricultural and Rural Development under Tea Development Account Scheme, 1985 and 1990	0.05	0.69
SCHEDULE 10		
LOANS AND ADVANCES		
Secured		
Loans	36.95	48.40
Unsecured		
Loans	631.83	615.06
Advances recoverable in cash or in kind or for value to be received (including Rs.16.42 lakhs due from Subsidiary; 2006-07 Rs.1.42 lakh).	2490.73	1418.01
Advance Payment of Income/Wealth-tax and F.B.Tax (including Income Tax deducted at source)	972.47	964.75
Balance with Government Authorities	48.77	45.58
Interest accrued on Loans, Deposits etc.	36.77	13.62
Deposits – lodged with various authorities (including National Plan Savings Certificates Rs.0.71 lakh; 2006-07 Rs.0.71 lakh)	250.09	196.84
	<u>4430.66</u>	<u>3253.86</u>
	<u>4467.61</u>	<u>3302.26</u>

Notes: 1. Classification of Loans and Advances :

(A) Secured	Considered Good	36.95	48.40
(B) Unsecured	Considered Good	4430.66	3253.86
	Considered Doubtful	1985.38	1875.20
		<u>6416.04</u>	<u>5129.06</u>
	Less: Provision	1985.38	1875.20
		<u>4430.66</u>	<u>3253.86</u>
		<u>4467.61</u>	<u>3302.26</u>

2. Secured Loans represent House Building and Car Loans (including loan of Rs.0.32 lakhs to a Director; 2006-07 Rs.1.42 lakhs – Maximum amount due at any time during the year Rs.0.32 lakhs; 2006-07 Rs.1.44 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, 2008**

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.08</u>
SCHEDULE 11		
CURRENT LIABILITIES		
Sundry Creditors and Other Liabilities (including due to Subsidiary Rs.2.20 lakhs and Rs.79.02 lakhs being earnest money and Security Deposits; 2006-07 Rs.1.51 lakh and Rs.59.33 lakhs respectively) (See Note No.9 of Schedule 20)	13238.32	11878.51
Advances and Deposits received from Customers and others (including Rs.16.53 lakhs being Security Deposits; 2006-07 Rs.16.73 lakhs)	795.77	589.52
Employees' Security Deposits	0.06	0.06
Interest accrued but not due on loans and deposits	221.68	1174.36
Unclaimed Redeemed Preference Shares	0.80	0.80
	<u>14256.63</u>	<u>13643.25</u>

SCHEDULE 12**PROVISIONS****For Taxation :**

Income Tax	593.48	593.48
Wealth Tax	13.50	9.00
Fringe Benefit Tax	<u>89.64</u>	<u>57.24</u>
	696.62	659.72
" Superannuation and Pension	239.65	239.65
" Stock Obsolescence	539.23	453.86
" Contingencies	554.18	592.07
" <i>Unrealised Profit</i>	...	15.87
" Aqua-culture Project	222.29	222.29
	<u>2251.97</u>	<u>2183.46</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

	2007-08	2006-07
SCHEDULE 13		
SALES		
Sales [including trading item Rs.142.23 lakhs (2006-07 Rs.2.16 lakhs)](after adjusting Rs.5.35 lakhs being returns/adjustments in respect of earlier year; 2006-07 Rs.4.41 lakhs)]	18420.24	14643.99
Add: Inter Unit Transfer of Capital Goods manufactured	19.53	23.96
	18439.77	14667.95
Less: Excise Duty recovered on sales	1360.02	867.38
Trade and Other Discount	168.97	172.37
	1528.99	1039.75
	<u>16910.78</u>	<u>13628.20</u>
SCHEDULE 14		
OTHER INCOME		
Interest on Loans, Advances, Deposits etc. (including TDS for Rs.3.62 lakhs; 2006-07 Rs.33.74 lakhs)	466.69	206.84
Profit on Sale of Stores	0.01	0.53
Sundry Receipts (including insurance claims of Rs.2.61 lakhs; 2006-07 Rs.11.05 lakhs)	543.15	42.21
Tea Board Subsidy	9.44	9.00
Adjustment for Tea Board Subsidy for Capital Assets	...	7.80
Rent and Hire charges	28.39	49.53
Fees received by Directors and Employees	0.32	...
Scrap/Tea waste sale	58.34	30.50
Service charges	44.33	19.72
Export incentives	...	0.10
Items relating to previous years (including depreciation for earlier years Rs.Nil; 2006-07 Rs.6.08 lakhs)	69.34	30.69
Liabilities no longer required written back [Refer Note No.3(p) Sch-20]	5205.91	415.83
Provisions no longer required written back :		
Unrealised Profit	15.87	...
Superannuation and Pension	...	0.06
Doubtful Debts	4.66	...
Doubtful Loans and Advances	11.08	16.54
Stock Obsolescence and Depreciation	28.24	...
Contingencies	37.89	...
	97.75	16.60
	<u>6523.66</u>	<u>829.35</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

	2007-08	2006-07
SCHEDULE 15		
ACCRETION / DECRETION (-) IN STOCKS		
Opening Stock :		
Finished goods	427.24	500.49
Finished goods-in-transit	64.97	12.60
Semi-Finished Articles	180.94	181.37
Work-in-Progress	406.30	279.54
Scrap	2.74	2.29
	1082.19	976.29
<i>Less: CENVAT/VAT on Opening Stock</i>	...	2.22
	1082.19	974.07
Closing Stocks		
Finished goods	367.53	427.24
Finished goods-in-transit	29.15	64.97
Semi-Finished Articles	187.35	180.94
Work-in-Progress	543.86	406.30
Scrap	22.51	2.74
	1150.40	1082.19
	68.21	108.12
SCHEDULE 16		
MATERIALS CONSUMED		
Stocks as at 1st April, 2007 :		
Raw materials, components and packaging materials	823.87	709.14
Materials-in-transit	39.22	26.43
Stores and spare parts	565.13	439.01
Loose tools	5.34	4.44
	1433.56	1179.02
<i>Less: Book value of Stocks sold/adjusted/written off</i>	0.07	...
	1433.49	1179.02
Purchases during the year :		
Raw materials, components and packaging materials (including erection expenses in case of composite contracts and processing charges)	6714.23	3905.44
Stores and spare parts (including trading item of Rs.1.92 lakhs)	1667.19	2296.45
Loose tools	3.23	16.41
	8384.65	6218.30
	9818.14	7397.32
Less: Stocks as at 31st March, 2008 :		
Raw materials, components and packaging materials	995.99	823.87
Materials-in-transit	26.43	39.22
Stores and spare parts	535.86	565.13
Loose tools	4.81	5.34
	1563.09	1433.56
Raw materials and stores used on Capital Jobs Rs.1.03 lakhs and on Repair Jobs, Advertising, Transport, Power and Fuel, Research and Development etc. Rs.1013.13 lakhs; 2006-07 Rs.20.91 lakh and Rs.1077.61 lakhs.	1014.16	1098.52
	2577.25	2532.08
	7240.89	4865.24

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

	<u>2007-08</u>	<u>2006-07</u>
SCHEDULE 17		
SALARIES, WAGES AND BONUS		
Salaries, Wages, Bonus and Gratuity	5558.49	5267.36
Contribution to Provident and Other Funds	569.42	717.75
Welfare and Other Expenses	<u>1082.37</u>	<u>774.78</u>
	7210.28	6759.89
Less: Incurred on Capital jobs, Repair Jobs, Research and Development, Advertising, Transport etc.	<u>177.49</u>	<u>180.49</u>
	<u><u>7032.79</u></u>	<u><u>6579.40</u></u>
 SCHEDULE 18		
INTEREST		
Fixed Deposits	26.67	31.28
Term Loans	375.68	1819.06
Others	<u>1571.16</u>	<u>2197.84</u>
	<u><u>1973.51</u></u>	<u><u>4048.18</u></u>

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

	2007-08	2006-07
SCHEDULE 19		
OTHER EXPENSES		
Power and Fuel	1261.74	1247.23
Tea Cultivation and Manufacturing Expenses	251.89	173.82
Research and Development Expenses	7.90	2.32
Directors' Salaries	16.20	15.21
Directors' fees	1.03	0.37
Rent (Net)	58.87	49.23
Rates and Taxes	25.49	34.98
Repairs and Maintenance :		
Buildings	195.28	174.37
Plant and Machinery	229.30	255.67
Others	47.24	64.26
	471.82	494.30
Travelling Expenses and Upkeep of Vehicles	393.72	359.94
Insurance	30.53	29.11
Brokers' Commission	89.06	78.83
Selling Expenses :		
Selling Agents' Commission	44.17	35.28
Others	426.25	305.03
	470.42	340.31
Miscellaneous Expenses	551.37	519.33
<i>Commission against Govt. Guarantee</i>	...	35.20
Excise Duty	0.34	32.63
Assam Entry Tax	1.54	3.08
<i>Assam Cess on Green Tea Leaf</i>	...	72.50
West Bengal Primary Education Cess	5.96	8.00
West Bengal Rural Employment Cess	11.92	16.00
Tea Cess	28.68	28.84
Education Cess	0.88	0.49
Bank Charges	92.47	90.31
Auditors' Remuneration :		
Audit Fees	3.10	3.10
In Other Capacity :		
Tax Audit Fees	0.61	0.61
For Certificates etc.	1.12	1.31
Out of Pocket Expenses	0.69	0.80
	5.52	5.82
Miscellaneous Expenditure Written off :		
Other Expenses	64.74	315.79
Net Loss on Exchange Fluctuation	0.27	0.26
Items relating to previous years (Refer to Point No.29 of Schedule 20)	1217.20	383.58
<i>Cold Weather expenses written off</i>	...	1105.56
Liquidated Damages and Penalty etc.	251.03	145.94
Rectification/Replacement	47.42	46.14
Provision for :		
Doubtful Debts	456.27	1131.22
Doubtful Loans, Advances and Deposits	121.26	465.60
Stock Obsolescence	113.61	108.10
Contingencies	...	492.66
	691.14	2197.58
	6049.15	7832.70
<i>Less: Amount transferred to Capital jobs etc.</i>	...	1.80
	6049.15	7830.90
	6049.15	7830.90

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008

(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.418.41 lakhs (Rs.134.11 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.729.09 lakhs (Rs.667.09 lakhs)
 - (b) Guarantees and Indemnities given to various Institutions and Authorities in connection with Company's operations amounting to Rs.1253.40 lakhs (Rs.2706.24 lakhs).
 - (c) Guarantees given to banks on behalf of other Group and/or Associate Companies :
 - (i) The Bengal Coal Co. Ltd. – Rs.Nil (Rs.115.00 lakhs)
 - (ii) *India Paper Pulp Co. Ltd. – Rs.265.00 lakhs (Rs.265.00 lakhs).
 - (iii) Other Companies – Rs.328.00 lakhs (Rs.328.00 lakhs) on behalf of Hooghly Printing Co. Ltd., a Subsidiary of the Company.
Rs.30.00 lakhs (Rs.30.00 lakhs) on behalf of Tide Water Oil Co.(India) Ltd., an Associate Company.
 - (d) Disputed Sales Tax aggregating to Rs.5098.05 lakhs (Rs.5116.83 lakhs).
 - (e) Aggregate Income Tax demands (penalty) amounting to Rs.50.53 lakhs (Rs.45.88 lakhs) excluding interest not admitted, against which appeals have been preferred by the Company.
 - (f) Agricultural Income Tax demands amounting to Rs.517.62 lakhs (Rs.484.75 lakhs) including interest upto the date of assessment not admitted, against which appeals have been preferred by the Company.
 - (g) Disputed Excise/Customs Duty matters Rs.613.05 lakhs (Rs.801.82 lakhs) excluding interest against which appeal have been preferred by the Company.
 - (h) Unexpired Letter of Credit opened by the Company's bankers – Rs.321.00 lakhs (Rs.711.43 lakhs).
3. **Sanctioned Rehabilitation Scheme approved by Board for Industrial and Financial Reconstruction (BIFR) vide Order dated 30th October, 2007.**

Pursuant to Sanctioned Rehabilitation Scheme (hereinafter SRS) of BIFR Order stated above, the necessary effects have been given during the year in the Accounts as under :-

- (a) The face value of Equity Shares of the Company has been reduced from Rs.10/- to Rs.2/- per share and the same was ratified by the Shareholders in their meeting held on 20th March, 2008. Accordingly, the total number of equity shares has increased from 7,50,00,000 to 37,50,00,000.
- (b) The effect of capital reduction amounting to Rs.22697.48 lakhs comprising of Paid-up Capital (Rs.4661.37 lakhs), Advance against share pending allotment to Govt. of India (Rs.8714.32 lakhs) and Govt. of India Loan after conversion to Equity (Rs.9321.79 lakhs) has been accounted for by way of capital reduction in the face of Profit and Loss Account.
- (c) Pending confirmation from the respective banks namely State Bank of India, Bank of Baroda and Allahabad Bank the conversion to Equity capital has not been considered in the Accounts.
- (d) Waiver of damages payable upto the date of the Order i.e. 30th October, 2007 u/s.14B of the Employees Provident and Miscellaneous Provisions Act, 1952 no liability has been provided for such damages payable upto 30th October, 2007 in the Accounts for the year. The Company has submitted an application vide letter dated 22.04.2008 and 20.05.2008 to the Central Board of Trustees, Employees Provident Fund Organisation (EPFO) for the order of waiver for an aggregate amount of Rs.667.75 lakhs accrued upto 30th October, 2007 which includes a sum of Rs.50.89 lakhs already recovered by the RPFC of respective jurisdiction in the past. However, an amount of Rs.7.14 lakhs as Damages pertaining to the period from November, 2007 to 31st March, 2008 has been accounted for during the year.
- (e) Write back of accrued interest of Rs.2583.36 lakhs upto 31.03.2007 on GOI loan.
- (f) Write back of accrued interest of Rs.1130.00 lakhs upto 31.03.2007 charged by the Consortium Bankers towards penal interest and interest above PLR rate.
- (g) Write back of accrued interest of Rs.657.98 lakhs charged by the Consortium Bankers being the differential interest between actual rate charged and concessional rate of interest to be charged by the respective Bank as per SRS for the year 2006-07.
- (h) Write back of differential interest against loan given by Union Bank Rs.18.88 lakhs and Allahabad Bank Rs.81.63 lakhs for Tea Division as per SRS.
- (i) Write back of Electricity Duty in Assam Gardens against own generation for the year 2006-07 and 2007-08 amounting to Rs.4.59 lakhs.

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

- (j) Write back of Assam Agricultural Cess of Rs.149.14 lakhs upto 31.03.2007.
- (k) Write back of interest together with penalty upto 31.03.2006 on green leaf cess of Assam Tea Estates for Rs.130.19 lakhs.
- (l) Write back of fees for increase in Authorised Share Capital Rs.93.38 lakhs.
- (m) Govt. of India vide letter 10(3)/2008-PE-I dated 31st March, 2008 and No.10(26)/2005-PE-I dated 18th March, 2008 allocated Rs.150.00 lakhs towards Equity @ Rs.10 per share as investment in the Company for upgradation of Engineering Division and West Bengal Gardens. Since in terms of BIFR order dated 30th October, 2007 the face value of Equity share of the Company will be reduced to Rs.2 in place of Rs.10, the decision of issuance of fresh issue of shares @ Rs.2 per share as above has been kept pending till revised order in this regard received from Govt. of India. Hence the amount of Rs.150.00 lakhs so received during the year has been shown in the Balance Sheet under head "Share pending allotment to Govt. of India".
- (n) Write back of Commission on Government Guarantees Rs.39.96 lakhs.
- (o) Conversion of Rs.204.00 lakhs (being the unrecovered common expenses of the Company from WEBFIL Ltd. – an Associate Company) into 6% Cumulative Redeemable Preference Shares of Rs.10 each of WEBFIL Ltd. at par.
- (p) The aggregate effect of SRS as given in the Accounts during the year Rs.4889.11 lakhs under the line item "Liabilities no longer required written back" in Schedule 14 of Other Income and Rs.8.40 lakhs(debit) under the line item "Interest – Others" in Schedule 18.
- (q) Save and above other items though may have financial impact but no effect given in the Accounts for 2007-08 since the issues are pending with concerned agencies and/or quantum of effect is not yet crystallised.
4. As the necessary fund was available to meet the payment of arrear dues on account of pay revision of Officers and Non-Unionised Supervisory Staff w.e.f. 1st August, 1997 to 30th September, 2000 and the then Directors from 1st January, 1997 to 30th September, 2000, the liability to the tune of Rs.971.89 lakhs including employer's contribution of PF for Rs.109.82 lakhs has been provided in the Accounts for the year as items relating to previous year in Schedule 19.
5. During the year the Company has adopted the Accounting Standard-15 (Revised 2005) for recognizing the Employee Benefits for which independent actuarial valuation was carried out by the Company for the year. In accordance with the transitional provision of this Accounting Standard Rs.137.20 lakhs and Rs.160.25 lakhs representing plan assets for gratuity and superannuation schemes respectively and Rs.126.43 lakhs representing the differential liability (i.e. Rs.441.78 lakhs – Rs.315.35 lakhs) on account of charges for leave encashment for past services and fresh liability amounting to Rs.3.70 lakhs as opening liability for unfunded pension scheme have been accounted for with necessary adjustment in the Accumulated balance of Profit and Loss Account as on 1st April, 2007. The required charge for the year on the basis of actuarial valuation as referred to above has been accounted for in the Profit and Loss Account for the year in compliance with the Accounting Standard. The details of amount recognized in the financial statement in respect of the following Defined Employee Benefit Schemes are disclosed in the table below :-

Employee Benefits	Gratuity	Leave encashment	Pension	Super-annuation
Defined benefit plans/Long term compensated absences. As per actuarial valuation as on 31st March, 2008				
[I] Change in present value of Defined Benefit Obligations during the year ended 31st March, 2008				
[1] Present value of DBO at beginning of period	2472.34	441.78	3.70	383.40
[2] Current Service cost	128.46	35.83	...	15.94
[3] Interest cost	195.04	34.10	0.27	25.85
[4] Curtailment cost/(credit)	...	...	...	...
[5] Settlement cost/(credit)	...	...	...	...
[6] Plan amendments	...	...	...	...
[7] Acquisitions	...	...	...	...
[8] Actuarial (Gains)/Losses	(21.11)	13.98	0.07	(20.15)
[9] Benefits paid	(187.60)	(51.91)	(0.59)	120.48
[10] Present Value of DBO at the end of period	2587.13	473.78	3.45	287.04
[II] Change in Fair value of Assets during the year ended 31st March, 2008				
[1] Plan assets at beginning of period	2609.54	...	...	543.65
[2] Acquisition Adjustment	...	...	...	...
[3] Actual return on plan assets	190.06	...	...	49.97
[4] Actual company contribution	504.00	51.91	0.59	2.94
[5] Benefits paid	(187.60)	(51.91)	(0.59)	(120.48)
[6] Plan assets at the end of the period	3116.00	...	...	476.0

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

[III] Net assets/(liability) recognised in Balance Sheet as at 31st March, 2008

[1] Present value of Defined Benefit Obligation	2587.13	473.78	3.45	287.04
[2] Fair value of plan assets	3116.00	...	...	476.08
[3] Funded status [Surplus/(Deficit)]	528.87	(473.78)	(3.45)	189.04
[4] Unrecognised past service cost	...	...	...	...
[5] Net assets/(liability) recognised in Balance Sheet	528.87	(473.78)	(3.45)	189.04

[VI] Components of employer expenses recognised in Profit and Loss Account for the year ended 31st March, 2008

[1] Current Service Cost	128.46	35.83	...	15.94
[2] Interest Cost	195.04	34.10	0.27	25.85
[3] Expected return on plan assets	(226.95)	...	...	(47.49)
[4] Curtailment cost/(credit)	...	...	...	...
[5] Settlement cost/(credit)	...	...	...	...
[6] Past Service Cost	...	...	...	...
[7] Actuarial Losses/(Gains)	15.78	13.98	0.07	(20.15)
[8] Total expenses recognized in the statement of Profit & Loss Account under the head Salaries & Wages	112.33	83.91	0.34	(25.85)

[V] Actuarial Assumptions

[1] Discount Rate	8.30%	8.30%	8.00%	8.00%
[2] Expected return on plan assets	8.20%	NA	NA	8.00%
[3] Salary escalation	5%	5%	NA	5.00%
[4] Expected Average remaining working lives of employees(years)	19.08	10.55	NA	5.33
[5] Method of valuation	Projected Unit Credit (PUC) Actuarial Method			

6. The medical benefits for the employees for domiciliary treatment is for a block of three years and shall lapse yearly thereafter if the concerned employee does not avail it. The liability towards such unavailed quantum of medical benefits has been determined on actual basis instead of actuarial valuation method since the eligible amount will remain fixed during the eligible extended period. Similarly the liability towards accrued annual leave of the staff/sub-staff of Tea Estates has been determined on actual basis instead of actuarial valuation method since this is a non-vesting item of defined employee benefit. The impact on this count is Rs.96.52 lakhs and Rs.27.68 lakhs respectively.
7. (a) Loans and Advances in Schedule 10 includes an interest free amount of Rs.128.78 lakhs (Rs.111.64 lakhs) given 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. YAIL has since informed that pending implementation of the aforesaid Agro Project, they will have in the meantime engaged in the activities of Oyster Mushroom, Vermiculture and Tea Nursery and will repay the balance advance gradually.
(b) Pursuant to an arrangement with YAIL, regarding takeover of Telepara Unit by them and pending implementation of the Agro Projects on commercial scale, an amount of Rs.21.55 lakhs (Rs.22.93 lakhs) consisting of salaries, wages and other administrative expenses of the said unit has been charged to the Profit and Loss Account of the Company.
8. 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.
9. As the creditors have not informed their status as par "Micro, Small and Medium Enterprises Development Act 2006" the dues to such parties, if any, could not be ascertained. Hence necessary disclosures as required under the aforesaid Act could not be made. However, unpaid overdue amount as on 31st March, 2008 relating to suppliers belonging to SSI Units amounts to Rs.186.49 lakhs (Rs.285.13 lakhs) on account of principal and provision of interest of Rs.336.36 lakhs (Rs.111.18 lakhs) has been made in the Accounts. This disclosure is based on the existing information available with the Company regarding the status of suppliers.

10. Directors' Remuneration :-

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
Salaries	16.20	15.21
Directors' Fees	1.03	0.37
Contribution to Provident Fund	1.83	3.32
Other Perquisites/benefits	0.97	1.37
	<u>20.03</u>	<u>20.27</u>

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

Since the liability for leave encashment, gratuity and superannuation has been computed and accounted for on Actuarial Valuation basis for the Company as a whole as per AS-15 and no separate figure was provided by the Actuary for Directors, the same has not been included in the above figures.

11. Details of "Miscellaneous Expenditure to the extent not written off or adjusted" as on 31st March, 2008 are as follows :-

OTHER EXPENSES	2007-08	2006-07
Expenses spent for development of Proto-type Fan out of grant received under DSIR Scheme	9.00	9.00
Voluntary Retirement	20.04	83.72
	29.04	92.72

12. Inventories include Rs.49.03 lakhs (Rs.59.04 lakhs) worth of stocks lying with third parties for which confirmations are awaited and/or under reconciliation and the same has been fully provided for.
13. 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.
14. 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.10735.16 lakhs under Schedule 2 includes a sum of Rs.10332.52 lakhs as Revaluation Reserve arising out of above revaluation. No Depreciation is charged on such revalued assets, as there is no depreciation charge on Estates.
15. In the matter of dispute with Oil & Natural Gas Commission Ltd. (ONGC) with regard to value of extra work executed, interest due thereon, etc., the Arbitrator has passed the Arbitration Award in favour of the Company for value of extra work Rs.123.79 lakhs, refund of Rs.8.16 lakhs deducted from bills for main work and interest @ 15% p.a. upto the date of payment of the above mentioned amounts. As the Company has already received Rs.70.00 lakhs earlier as the value of extra work out of Rs.123.79 lakhs, ONGC has made final payment of Rs.230.40 lakhs on 2nd June, 2008 comprising of Rs.53.79 lakhs as balance value of extra work, Rs.8.16 lakhs being refund of amount deducted from earlier bills, and Rs.168.45 lakhs as interest upto 2nd June, 2008. Out of the above amount, Rs.53.79 lakhs as value of extra work and Rs.166.84 lakhs as interest due upto 31st March, 2008 has been accounted for as Other Receipts in the Profit and Loss Account for the year. The balance amount of interest Rs.1.60 lakhs pertaining to 2008-09 shall be accounted for in the next year.
16. Provision for Liquidated damages amounting to Rs.1569.84 lakhs (Rs.1343.15 lakhs) have been set off against Sundry Debtors.
17. No provision is made in the Books for possible losses that may arise in respect of long term investments made in Bengal Coal Co. Ltd., Yule Financing & Leasing Co. Ltd., and The Statesman Ltd., aggregating to Rs.28.60 lakhs (Rs.28.60 lakhs). The possible loss, if any, will be accounted for as and when it arises.
18. Yule Financing & Leasing Co. Ltd. (YFLC), an Associate Company of Andrew Yule & Co. Ltd. (AYCL), had large amount of overdue public deposits lying outstanding which could neither be repaid nor serviced primarily because of serious liquidity problem faced by them. Affected depositors resorted to legal action through various Regulatory Authorities, Consumers' Forum and Court of Law. Under the circumstances and in order to pre-empt any coercive action, AYCL being a premier promoter was compelled to intervene with dual objectives of bailing out YFLC and to protect the interest of the affected public depositors.

In November, 2003, GOI approved a Financial Restructuring proposal of AYCL which also included funding to YFLC to the extent of Rs.500.00 lakhs to pay off its large number of affected public depositors. Since fund approved under the scheme was insufficient due to non materialisation of important components namely receipt from dis-investments of shares in Group Companies and mobilisation of fund through Bond issue, the Company could release part fund of Rs.75.00 lakhs only in 2005-06. Owing to pressing requirement, balance fund of Rs.425.00 lakhs was released in favour of YFLC out of the proceeds of 9.1% Bond issued by the Company for Rs.2000.00 lakhs in February, 2007 prior to receipt of Govt. of India approval dated 19th March, 2007 wherein required Interest Free Government Fund for this purpose was earmarked which was received subsequently.

Under this circumstances, the decision of the Company to provide unsecured loan of Rs.500.00 lakhs to YFLC @ 5.5% interest p.a. was based on judicious assessment of situation keeping in view the larger interest of the affected small depositors and consequential obligation of the Company as a whole being the premier promoter. It is to be noted that YFLC has serviced the interest due for the financial year 2006-07 and 2007-08 accordingly. Hence any assessment need to be made after taking into account of the view of this issue in totality instead of non-compliance, if any, of sub-section (1) of Section 372(A) of the Companies Act alone.

19. The major component of the respective balances of Deferred Tax Assets and Liabilities are disclosed in the Accounts. Details of Deferred Tax Liability as on 31st March, 2008 is given below :-

(a) Timing difference of depreciation as per Tax Laws and Books (net)	Rs.311.39 lakhs
Deferred Tax liability	Rs.311.39 lakhs

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

20. (a) In respect of Assessment years, proceedings for which are pending before the various Income Tax/Agricultural Income Tax Authorities on account of Rectification and Appeal Petition filed by the Company, adjustments will be made on final settlement of pending proceedings.
- (b) Undisputed Agricultural Income Tax demands to the tune of Rs.17.00 lakhs in respect of the Assessment years 1989-1990-91, and 1999-2000 will be adjusted against Refund Orders of Rs.157.29 lakhs relating to Assessment years 1994-95, 1996-97 and 2000-01 obtained by the Company. Application for adjustments are pending with the Assessing Authorities.
21. Due to change in Accounting Policy No.3(f) of Major Accounting Policies in regard to valuation of Stock of Finished Goods, the closing stock of Tea is higher by Rs.0.84 lakh.

22. Segment Reporting

The Company's segment information as at and for the year ended 31st March, 2008 are as below :-

Business Segment	Electrical	Tea	Engineering	Segment Total	Elimination	Total
1. Segment Results						
– External sales	7769.65	7458.37	1663.23	16891.25		
	[4875.70]	[7075.24]	[1653.30]	[13604.24]		
– Inter Segment sales	9.34	1.75	2.15	13.24		
	[8.35]	[0.91]	[20.29]	[29.55]		
– Inter Segment Sale of Capital Goods	15.98	...	3.55	19.53		
	[23.96]	[...]	[...]	[23.96]		
– Total Revenue	7794.97	7460.12	1668.93	16924.02	13.24	16910.78
	[4908.01]	[7076.15]	[1673.59]	[13657.75]	[29.55]	[13628.20]
2. Segment Results	1827.23	-71.04	688.38	2444.57	...	2444.57
	[(-)1220.18]	[(-)2811.72]	[(-)603.35]	[(-)4635.25]	[...]	[(-)4635.25]
– Unallocated Corporate expenses net of unallocated income	...	...	...	...	...	-123.28
	...	...	...	...	...	[(-)598.19]
– Operating Profit	...	...	...	...	...	2321.29
	...	...	...	...	...	[(-)5233.44]
– Interest expenses	...	...	...	...	...	1973.51
	...	...	...	...	...	[(-)4048.18]
– Interest/dividend income	...	...	...	...	...	513.40
	...	...	...	...	...	[270.42]
Profit from ordinary activities	...	...	...	...	...	861.18
	...	...	...	...	...	[(-)9011.20]
– Net Profit	...	...	...	...	...	861.18
	[...]	[...]	[...]	[...]	[...]	[(-)9011.20]
– Segment Assets	7385.42	19286.48	2736.32	29408.22	...	29408.22
	[5367.88]	[18441.74]	[1958.55]	[25768.17]	[...]	[25768.17]
– Unallocated corporate Assets	...	...	...	...	...	14917.56
	[...]	[...]	[...]	[...]	[...]	[6040.45]
– Total Assets	...	...	...	...	...	44325.78
	[...]	[...]	[...]	[...]	[...]	[31808.62]
– Segment Liabilities	7582.68	4856.81	2638.66	15078.15	...	15078.15
	[6824.68]	[5846.49]	[2229.97]	[14901.14]	[...]	[14901.14]
– Unallocated corporate Liabilities	...	...	...	...	...	32371.97
	[...]	[...]	[...]	[...]	[...]	[925.57]
– Total Liabilities	...	...	...	...	...	47450.12
	[...]	[...]	[...]	[...]	[...]	[15826.71]
– Capital Expenditure	340.89	572.28	29.02	942.19		
	[86.53]	[538.33]	[35.04]	[659.90]		
– Depreciation including Impairment	75.52	294.77	15.69	385.98		
	[43.21]	[257.68]	[10.09]	[310.98]		
– Non-Cash expenses other than depreciation	598.53	12.05	80.38	690.96		
	[1396.78]	[69.65]	[501.50]	[2020.27]		

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

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.

23. Particulars relating to discontinued operations.

(a) Description of discontinued operations

Business Segments	Discontinued Operations
(i) Engineering Division	Air Handling Unit (AHU) Core Lamination Project (CLP) Project
(ii) Electrical Division	Port Engineering Works (PEW) Turnkey Agency
(iii) Residual Assets/Liabilities of Belting Division (shown under unallocated assets and liabilities)	

(b) Carrying amount of fixed Assets, Current Assets and Current Liabilities in respect of discontinued operations included in the total Assets and liabilities as shown in the Balance Sheet as on 31st March, 2008 :

Sl. No.	Discontinued operations	Fixed Assets	Current Assets	Current liabilities provisions
1.	AHU	...	...	...
2.	CLP	17.28	...	...
3.	PEW	...	...	173.87
4.	Turnkey	...	...	...
5.	Agency	...	...	1.76
6.	Project	0.10	235.22	67.99
7.	Belting	...	61.03	128.19
	Total	17.38	296.15	196.18

(c) Revenue, Expenses and Pre-Tax, Profit/Loss in respect of discontinued operations

	<u>AHU</u>	<u>CLP</u>	<u>PEW</u>	<u>Agency</u>	<u>Turnkey</u>	<u>Project</u>	<u>Belting</u>	<u>Total</u>
Turnover	53.79	...	53.79	...
Operating Expenses	3.27	0.31	3.58
Interest	9.44	9.44
Provisions...	30.38	3.25	33.63	...
Profit/Loss before tax	187.62	-13.00	174.62
Provision for Taxation
Profit/Loss after tax	187.62	-13.00	174.62

(d) Cash Flow

	<u>PEW</u>	<u>Project</u>	<u>Belting</u>
Cash Flow from Operating Activities :			
Net Profit before tax & Extraordinary items	...	187.62	-13.00
Adjustment for :			
Interest charged	9.44
Investment income	...	-166.85	...

(Contd.)

ANDREW YULE & CO. LTD.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

Operating Profit before changes in amount of Current Liabilities and Current Assets	...	20.77	-3.56
Adjustment for :			
Trade Receivables	...	-190.26	5.00
Inventories	...	37.89	..
Loans and Advances	...	-0.01	...
Trade payable	...	-41.11	...
Cash Generated from Operations			
Income Tax			
Net Cash from Operating Activities	...	-172.72	1.44
Cash Flow from Investing Activities	...	166.85	...
Cash Flow from Financing Activities :			
Interest paid	...	...	-9.44
Net Cash used in Financing Activities	...	...	...
Net Charges in Cash and Cash Equivalent	...	-5.87	-8.00

24. Related party disclosure

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

Associate Companies	-	Tide Water Oil Co. (I) Ltd.
	-	DPSC Ltd.
	-	Bengal Coal Co. Ltd.
	-	New Beerbhoom Coal Co. Ltd.
	-	Katras Jherriah Coal Co. Ltd.
	-	Yule Agro Industries Ltd.
	-	WEBFIL Ltd.
	-	Yule Financing and Leasing Co. Ltd.
Joint Venture	-	Phoenix Yule Ltd.

(ii) Key Management Personnel :

(a) Kallol Datta	-	Chairman and Managing Director (w.e.f. 02.07.2007)
(b) S. Muralidharan	-	Director (Finance)
(c) I. Sengupta	-	Director (Personnel)
(d) R. K. Sikdar	-	Director (Planning) (w.e.f. 07.01.2008)
(e) R. K. Babaycon	-	Chief Executive, Tea Division
(f) S. Lahiri	-	Chief Executive, Engineering Division (till 31.07.2007)

(iii) Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 31st March, 2008.

	Associates		Joint Venture		Key Management Personnel and Relatives	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Purchase of goods	18.97	36.51	...	...	...	...
Purchase of service	4.66	...	...	...	...	...
Sale of goods	0.71	12.38	0.06	0.12	...	...
Sale of services	0.13	0.17	...	...	...	...
Interest income	27.50	12.32	...	...	...	...
Dividend income	38.03	37.27	...	...	...	...
Interest expenses	...	...	...	...	...	...
Rent / Hire charges received	21.22	49.04	...	...	...	...
Miscellaneous Receipt	3.15	2.30	3.09	2.66	0.01	0.07
Expenses recovered	309.74	322.45	...	...	...	...
Loan/Advance given	17.14	417.00	...	...	...	...
Remuneration to Directors	...	...	...	...	19.00	19.90
Remuneration to Others	...	...	...	...	11.58	15.54
Balances as on 31st March, 2008						
Debtors / Receivable	63.92	0.24	0.20	0.07	...	...
Advance recoverable in cash	457.12	531.90	1.64	1.64	...	...
Creditors / Payable	0.10	1.42	...	...	...	...
Deposit From	29.05	29.05	...	...	...	...
Loan given	500.00	500.00	...	...	0.32	0.42
Loan taken	1000.00	1000.00	...	...	...	...
Interest payable	...	251.71	...	...	...	...

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

25. Disclosure of Material transaction with related parties.

	2007-08	2006-07
Purchase of Goods		
Tide Water Oil Co. (I) Ltd.	18.97	21.48
Yule Agro Industries Ltd.	...	15.03
Purchase of Service		
Yule Financing & Leasing Co. Ltd.	0.15	...
WEBFIL Ltd.	4.51	...
Sale of goods		
Tide Water Oil Co. (I) Ltd.	0.17	12.09
DPSC Ltd.	0.24	0.09
Phoenix Yule Ltd.	0.06	0.12
Yule Financing & Leasing Co. Ltd.	0.15	...
Coal Companies	0.09	0.11
WEBFIL Ltd.	0.06	0.09
Sale of service		
Tide Water Oil Co. (I) Ltd.	0.13	0.17
Interest income		
Yule Financing & Leasing Co. Ltd.	27.50	12.32
Dividend income		
Tide Water Oil Co. (I) Ltd.	34.26	34.26
DPSC Ltd.	3.77	3.01
Rent and Hire charge received		
Tide Water Oil Co. (I) Ltd.	18.27	31.10
WEBFIL Ltd.	1.42	16.73
Coal Companies	1.53	1.21
Miscellaneous Receipts		
Yule Financing & Leasing Co. Ltd.	...	0.04
WEBFIL Ltd.	0.02	0.01
Coal Companies	3.00	1.75
Tide Water Oil Co. (I) Ltd.	0.13	0.50
Phoenix Yule Ltd.	3.09	2.66
Expenses recovered		
Yule Financing & Leasing Co. Ltd.	...	1.29
WEBFIL Ltd.	26.43	38.75
Coal Companies	0.10	0.75
Tide Water Oil Co. (I) Ltd.	283.21	281.66
Loan/Advance given		
Yule Agro Industries Ltd.	17.14	...
Yule Financing & Leasing Co. Ltd.	...	417.00
Key Management Personnel		
[a] Remuneration to Directors		
Kallol Dutta	5.04	...
S. Muralidharan	6.82	6.45
I. Sengupta	5.80	5.35
R. K. Sikdar	1.34	...
Arindom Mukherjee	...	8.10
[b] Remuneration to others		
R. K. Sikdar	4.20	5.26
R. K. Babeycon	5.53	5.08
S. Lahiri	1.85	5.20
[c] Miscellaneous Receipts		
Kallol Dutta	0.01	...
S. Muralidharan	...	0.04
I. Sengupta	...	0.01
Arindom Mukherjee	...	0.02

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
26. Earning per share		
(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	28,37,18,478	5,82,67,078
Weighted average number of Equity Shares outstanding during the year	5,88,83,065	5,82,67,078
Face value of each Equity Share	Rs.2.00	Rs.10.00
(b) Profit after Tax available for Equity Shareholders	Rs.5,33,46,330.53	Rs.(-)89,57,40,727.66
(c) Basic earnings per Share	Rs.0.91	Rs.(-)15.37

Note: There was no change in basic structure of Paid-up Share Capital during the year. Hence diluted earning per share is not applicable.

27. 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, 2008
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, 2006	As at 31st December, 2005
1. Assets		
(a) Fixed Assets	999.60	682.46
(b) Current Assets, Loans and Advances		
(i) Inventories	513.94	329.65
(ii) Sundry Debtors	969.51	855.19
(iii) Cash and Bank Balances	498.12	605.29
(iv) Loans and Advances	346.40	314.95
2. Liabilities		
(a) Current Liabilities and Provisions		
(i) Liabilities	937.93	668.18
(ii) Provisions	122.28	101.67
(b) Deferred Tax Liability (Net)	12.11	61.27
	For the year ended 31st December, 2006	For the year ended 31st December, 2005
1. Income		
(a) Sales	4620.42	3819.48
(b) Other Income	36.71	70.83
(c) Accretion/Decretion in Stocks	177.16	(-)16.91
2. Expenditure		
(a) Raw Materials, Components and Packing Materials	3151.67	2453.97
(b) Salaries, Wages and Bonus	270.20	314.04
(c) Interest	...	0.18
(d) Other Expenses	774.56	627.83
(e) Depreciation	119.42	137.78
(f) Extra-Ordinary Expenses net of Extra-ordinary item	60.19	37.12
(g) Provision for Taxation –		
(i) Current	208.58	143.14
(ii) Deferred	(-) 49.516	(-)20.96

As the financial year of the joint venture ends on 31st December every year, and the financial statement as at 31.12.2007 has not yet been available to the Company, the financial statement of the joint venture prepared for the year ended 31st December, 2006,

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

being the latest available financial statement of the joint venture, has been considered for the purpose of Financial Reporting of interests in Joint Venture in accordance with Accounting Standard 27.

28. Provision has been made against "Contingencies" for the following items :-

	As on 01.04.07	Provision written back during the year	As on 31.03.08
(a) Unconfirmed stock with various third parties	111.82	37.89	73.93
(b) Hooghly Docking & Port Engineering Co. Ltd.	117.66	...	117.66
(c) Orissa Cements Ltd.	351.37	...	351.37
(d) Fixed Deposit as Guarantee for Brentford Unit after Nationalisation and other Miscellaneous	10.00	...	10.00
(e) Others	1.22	...	1.22
Total	592.07	37.89	554.18

The contingent liabilities and liabilities mentioned at Note No..2 and 27 above respectively are dependent upon Court decision/out of Court settlement/disposal of appeals etc.

No reimbursement is expected in the case of contingent liabilities and liabilities shown respectively under Note No.2 and 27 above.

29. Details of Expenses under Item relating to previous year are as under (Sch.19) :-

Interest on Sales tax loan	7.83
Interest on Sales tax dues	5.67
Service and erection cost	0.20
Security service charges	0.28
Travelling expenses	4.20
Legal expenses	5.71
Excise duty	16.36
Bonus	16.47
Central sales tax	1.06
Interest on State Bank of India	2.94
One Time settlement with State Bank of India	58.90
Employees State Insurance	0.33
Miscellaneous expenses	35.89
Arrear salary of Executive/Asstt.	971.91
Comm. Tax	0.27
Establishment expenses	0.16
Stock of stores	1.88
Food Stuff	3.34
Warehouse	0.20
Professional Tax	0.12
Vermiculture	2.53
Repair	0.97
Gas	6.35
Professional fees	0.10
Input tax	0.32
CENVAT	0.15
Labour welfare	0.17
Settlement money	4.91
Medical	0.10
Firewood	67.78
Packing material	0.10
Total	1217.20

Previous years figure are not available.

30. Vide a Resolution passed in the Annual General Meeting of the Company held on 30th September, 2004, the Authorised Share Capital of the Company was increased from Rs.7500.00 lakhs to Rs.20000.00 lakhs for which required Form No.5 had not been filed with the Registrar of Companies since the Company was declared as "Sick Company" by BIFR at its hearing held on 20th September, 2004.

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

In the meantime BIFR vide its Order dated 30th October, 2007 reduced the face value of Equity Shares of the Company from existing Rs. 10 to Rs.2 per share and accordingly capital clause of Memorandum of Association and Article of Association were altered by the shareholders in the Extraordinary General Meeting held on 20th March, 2008, by superceding the earlier resolution passed in the Annual General Meeting held on 30th September, 2004, keeping Authorised capital remaining the same as Rs.7500.00 lakhs. Since no Form No.5 was filed with Registrar of Companies, question of alteration of share capital did not arise, hence the liability towards dues of Registration fees to the tune of Rs.93.38 lakhs has written back and accounted for during the year under review.

31. In the matter of eviction suit filed by the Lessor pending since 1985 against the Company (Lessee), the Hon'ble High Court vide Order dated 22nd May, 2003 granted time extension to the Company to demolish the existing structure and construct a new building on the leasehold property viz. Rajgarh Project within 21st May, 2008 failing which the eviction suit will be heard as an undefended suit. For development of this property, the Company has entered into an agreement dated 28th September, 2007 giving the right to the Developer to develop and sub-let/sub-lease the property for which the Company received a consideration of Rs.207.00 lakhs. The Developer will also pay the lease rent as agreed between the Company and the Landlord. Initial work on development has already started. Despite Company's efforts to comply with the direction of the Court, the said project could not be completed within the stipulated time.

Under the circumstances, in order to preempt the invocation of aforesaid undefended eviction clause of the pending suit of 1985, the Company submitted a leave seeking further extension of time of construction stating the updated position of progress of construction together with reasons for delay in completion of the same which is pending with Hon'ble High Court. In the matter of such prayer of the Company, the Hon'ble High Court has given specific direction in this regard vide order dated 11th June, 2008, which are as under :-

- (a) Suit will not be transferred to undefended list.
- (b) Sebait will receive monthly occupancy charges @ Rs.3.00 lakh per month from April, 2008 onwards.
- (c) The order will not stand in the way of the parties settling the matter out of Court.
- (d) More importantly, Plaintiff and other appearing Sebait and the next friend of the Deity have no objection what the defendant has sought for.

In view of such position, direction from Hon'ble High Court, which has been consented by Lessor, the Company expects that the matter will be settled amicably with the lessor, and extension of time for development of the property will be granted by the Court as given in the past by the same Court. Therefore, one time consideration of Rs.207.00 lakh as aforesaid has been recognised as income during the year as the Company is reasonably certain that the above mentioned matter will be settled amicably with the Landlord and will be agreed by the Court.

32. 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.
33. (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.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

Class of Goods	Unit	Capacity		Actual Production	
		Licensed 2007-08	Installed 2007-08	2007-08	2006-07
A. ENGINEERING DIVISION					
I. SIROCCO UNIT :					
(1) Tea Machinery :					
Tea Drying Machines	Nos.	120	120	-	-
Tea Leaf Processing Machines	"	24	24	-	-
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	-	-
Tea Machinery Spares	Rs.	Worth about Rs.10.08 lakhs	Worth about Rs.10.08 lakhs	Rs.Nil	Rs.Nil
(2) Industrial Fans and Blowers :					
Assorted Fans	Nos.	900	900	57	32
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	-	-
II. AIR POLLUTION CONTROL UNIT :					
(1) Air Pollution Control Equipment :					
Cyclones					
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	100	100	-	4
	Sets	N.A.	As required	-	-

(Contd.)

SCHEDULE 20 – (Contd.)

34. 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 :

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 - (Contd.)

(Rupees in lakhs)

Class of Goods	Unit	Capacity		Actual Production	
		Licensed 2007-08	Installed 2007-08	2007-08	2006-07
B. ELECTRICAL DIVISION					
I. SWITCHGEAR UNIT :					
(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	-	3
Circuit Breakers upto 660 Volts Unit Rating	"	600	600	-	6
Flame Proof Air Break Gate End Boxes and Starters upto 250 HP	"	1800	1800	-	5
Flame Proof Air Cooled Signalling and Lighting Transformer	"	300	300	-	-
Flame Proof Control Switches etc.	"	800	800	-	-
Flame Proof Drill Control Panel	"	1200	1200	-	77
Flame Proof 3.3KV Oil/Air Break Starters (upto 1200HP)	"	300	300	-	-
Flame Proof Transwitch Unit	"	100	100	22	4
Circuit Breakers above 660 Volts Rating	"	600	600	366	224
6.6KVA Vacuum Contactors upto 400 Amps.	"	50	50	1	-
LT Motor Control Centres	"	200	200	2	-
(i) Shaft and Cage Communication System	Rs.	Worth Rs.300.00 lakhs	Worth Rs.300.00 lakhs	Rs.Nil	Rs.Nil
(ii) Face Signalling Unit					
(iii) Intrinsically Safe Telephone Systems					
(iv) Pre-start Alarm to indicate status of the machine					
(v) Intrinsically Safe Insulation Tester					
(v) Intrinsically Safe Insulation Tester					
II. TOGAMI UNIT :					
Electromagnetic Contactors upto 600 Amps	Nos.	84,000	84,000	10918	14,595
Bi-metallic Overload Relays upto 600 Amps	"	68,000	68,000	628	2,206
Moulded Case Circuit Breakers upto 1200 Amps	"	12,000	9,000	1378	1,757
Industrial Motor Starters	"	25,000	25,000	47	250
11 KV Pole Mounted Sectionalizer	"	500	500	-	15
11 KV Pole Mounted Capacitor Switch	"	1,500	1,500	36	53
Pole Mounted Vacuum Circuit Breakers/Auto Reclosure/Vacuum Capacitor Switch	"	125	50	40	124
Switch Fuse Unit	"	N.A.	As required	-	-
III. TRANSFORMER AND SWITCHGEAR UNIT :					
Current and Potential Transformers	Nos.	4,050	1,500	-	-
Power and Distribution Transformers	KVA	5,00,000	5,00,000	721500	5,58,000
Control Panel and Systems	Nos.	350	350	24	26
Air Break Switches upto 12 KV and 630 Amps	"	500	500	-	-
Air Break Load Interruptors upto 33 KV and 830 Amps	"	500	500	-	-

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 - (Contd.)

(Rupees in lakhs)

SCHEDULE 20 - (Contd.)

34. 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 2007-08	Installed 2007-08	2007-08	2006-07
B. ELECTRICAL DIVISION : - (Contd.)					
IV. BRENTFORD UNIT :					
Power Voltage Regulator upto 7500 KVA	KVA	1,85,000	1,85,000	50200	36130
Power Transformer upto 2500 KVA	"	50,000	50,000	8200	140
Rectifiers upto 2500 KW	KW	20,000	20,000	-	-
C. TEA DIVISION					
*Tea	Kgs.	-	1,12,00,000	9283955	93,16,713
Tea Purchases	Kgs.	N.A.	N.A.	-	1330
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. 390021Kgs. (2006-07 3,38,290 Kgs.) including 2299 kgs kept for issue to labourers.

(b) Details of Raw Materials and Components Consumed :

Class of Goods	Unit	Quantity		Amount	
		2007-08	2006-07	2007-08	2006-07
Laminations	M.T.	552.654	392.028	1240.50	861.11
Steel	"	734.777	621.591	432.41	279.69
Copper, Flats, Wires etc.	"	339.048	216.137	1175.84	792.56
** Green Tea Leaf	Kgs.	4,41,73,771	4,40,01,875	-	-
Sundries (None of which individually exceeds 10% of the consumption)		-	-	3679.67	1717.25
				6528.42	3650.61

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.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

Class of Goods	Unit	Opening Stock		Purchases		Closing Stock		Sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
A. ENGINEERING DIVISION									
I. SIROCCO UNIT :									
Tea Leaf Processing Machine	No./Set	-	-	-	-	-	-	-	-
Multi Air Heaters	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Assorted Fans	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Turnkey Contract	Rs.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
									1564.38
									(527.64)
									61.98
									(132.13)
II. AIR POLLUTION CONTROL UNIT :									
Air Pollution Control Equipment :									
Spares Components etc. for	Rs.	-	-	-	-	-	-	-	-
Air Pollution Control Equipment	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
and their erection	Rs.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
									(121.71)
									171.29
									(436.77)
III PROJECT UNIT									
Engineering Project	Rs.	-	-	-	-	-	-	-	-
									53.79
									(-)
B. ELECTRICAL DIVISION :									
I. SWITCHGEAR UNIT :									
Circuit Breakers upto 660V Unit Rating	Nos.	-	-	-	-	-	-	-	-
Flame Proof Transwitch Unit	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Motor Control Centre Panel	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Flame Proof Gate End Boxes and Starters upto 250 HP	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Circuit Breakers above 660V unit Rating	"	14	20.17	-	-	12	35.96	(5)	(2.94)
	"	(4)	(5.54)	(-)	(-)	(14)	(20.17)	368	921.13
6.6KV Vacuum Contactors upto 400 Amps	"	(-)	(-)	(-)	(-)	(-)	(-)	(214)	(392.15)
FLP Drill control Panel	"	(-)	(-)	(-)	(-)	(-)	(-)	1	0.55
Shaft and Cage Communication System	Rs.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Face Signalling Units	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Intrinsically Safe Telephone System	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Pre-start alarm to indicate status of the machine	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
System and Contract Engg.	Rs.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
									(31.26)

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

34. 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. ELECTRICAL DIVISION :- (Contd.)									
II. TOGAMI UNIT :									
Electromagnetic Contactors upto 600 Amps.	Nos.	5413 (5532)	46.13 (32.61)	- (-)	- (-)	4067 (5413)	56.53 (46.13)	12139 (14714)	444.30 (406.96)
Bi-metallic Overload Relays upto 600 Amps	"	2055 (2361)	8.45 (9.91)	- (-)	- (-)	1760 (2055)	9.86 (8.45)	923 (2512)	11.33 (12.95)
Moulded Case Circuit Breakers upto 1200 Amps	"	1595 (1696)	15.94 (17.52)	- (-)	- (-)	2494 (1595)	39.60 (15.94)	479 (1858)	68.53 (41.56)
Industrial Motor Starters	"	113 (251)	2.01 (3.97)	- (-)	- (-)	106 (113)	2.50 (2.01)	42 (388)	1.68 (12.93)
11 KV Pole Mounted Sectionalizer	"	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (15)	- (19.89)
11 KV Pole Mounted Capacitor Switch	"	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	36 (53)	46.26 (46.74)
Pole Mounted Vacuum Circuit Breaker/Auto Reclosure	"	30 (-)	36.55 (-)	- (-)	- (-)	- (30)	- (36.55)	70 (94)	193.81 (165.84)
Switch Fuse Unit	"	32 (32)	0.20 (0.20)	- (-)	- (-)	23 (32)	0.28 (0.20)	1 (-)	0.01 (-)
III. TRANSFORMER AND SWITCHGEAR UNIT :									
Power and Distribution Transformer	KVA	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	721500 (558000)	5937.48 (3703.08)
Control Panel and Systems (including Air break Load Interruptors)	Nos.	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	24 (26)	29.90 (29.24)
IV. BRENTFORD UNIT :									
Power Voltage Regulator upto 7500KVA	KVA	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	50200 (36130)	743.50 (436.28)
Power Transformer upto 2500KVA	KVA	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	8200 (140)	129.80 (4.95)

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

34. 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
C. TEA DIVISION :									
Tea	Kgs.	418643	329.55	252147	125.68	278230	248.43	9675787	7458.37
		(611504)	(420.93)	(1330)	(1.92)	(418643)	(329.55)	(9510904)	(7075.24)
Aromatic Oil	Kgs.	308	0.59	-	-	308	0.59	-	-
		(308)	(0.59)	(-)	(-)	(308)	(0.59)	(-)	(-)
Spares, Components and Trading items :									
Sirocco Unit	Rs.	-	-	-	-	-	-	-	2.60
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(560.99)
Switchgear Unit	Rs.	-	-	-	-	-	-	-	152.23
		(-)	(5.67)	(-)	(-)	(-)	(-)	(-)	(174.30)
Togami Unit	Rs.	-	32.62	-	-	-	2.93	-	75.37
		(-)	(16.15)	(-)	(-)	(-)	(32.62)	(-)	(171.35)
Brentford Unit	Rs.	-	-	-	-	-	-	-	31.00
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(55.55)
			492.21		125.68		396.68		18420.24
			(513.09)		(1.92)		(492.21)		(14643.99)

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 innumerable items.

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

(3) Stock of Tea as on 31st March, 2008 includes 12,180 kgs., value Rs.11.35 lakhs lying with third party.

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

34. 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			
	2007-08	%	2006-07	%	2007-08	%	2006-07	%
Imported	64.94	1.00	35.77	0.98	1.09	0.15	0.56	0.05
Indigenous	6463.48	99.00	3614.84	99.02	707.61	99.85	1198.56	99.95
	6528.42	100.00	3650.61	100.00	708.70	100.00	1199.12	100.00

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

	2007-08	2006-07
Raw Materials and Components	54.77	54.78
Stores and Spare Parts	...	0.61
	54.77	55.39

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

	5.38	163.70
	5.38	163.70

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

	3.06	0.49
	3.06	0.49

ANDREW YULE & CO. LTD.**NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)**

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

35. 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.				3	2	2	9	
State Code (Refer Code List)	2	1						
Balance Sheet Date	3	1	0	3	2	0	0	8

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

Public Issue								N	I	L
Right Issue								N	I	L
Bonus Issue								N	I	L
Private Placement					1	5	0	0	0	

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

Total Liabilities			4	7	6	3	9	9	0
Total Assets			4	7	6	3	9	9	0

Sources of funds :

Paid up Capital (including shares pending allotment of Rs.150.00 lakhs)				5	8	2	4	3	7
Reserves and Surplus			1	0	8	7	4	0	1
Secured Loans			1	6	1	3	0	2	1
Unsecured Loans			1	4	4	9	9	9	2
Deferred Tax Liability					3	1	1	3	9

Application of funds :

Net Fixed Assets			1	7	1	7	7	6	0
Investments				2	0	7	2	1	7
Net Current Assets				8	5	6	7	4	1
Miscellaneous Expenditure						2	9	0	4
Accumulated Losses			1	9	7	9	3	6	8

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

35. 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	6	9	1	0	7	8					
Total Expenditure (including extra-ordinary item)			2	2	6	8	8	1	8					
	+ –													
Profit/Loss before Tax	✓							8	6	1	1	7		
	+ –													
Profit/Loss after Tax	✓								5	3	3	4	6	
(Please tick Appropriate box + for Profit – for Loss)														
Earning per Share in Re.								0	/	9	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 – 3rd July, 2008.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN,
I. SENGUPTA. } *Directors.*
R. K. SIKDAR

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.
Kolkata – 3rd July, 2008.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

ANDREW YULE & CO. LTD.

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

(1) Name of the Subsidiary Company
HOOGHLY PRINTING COMPANY LIMITED
YULE ENGINEERING LIMITED
YULE ELECTRICAL LIMITED

(2) Holding Company's Interest :

- (A) Hooghly Printing Co. Ltd.
Entire issued Share Capital of 10,27,128 Ordinary Shares of Rs.10 each, fully paid.
- (B) Yule Engineering Ltd.
Entire issued Share Capital of 50,000 Ordinary Shares of Rs.10 each, fully paid.
- (C) Yule Electrical Ltd.
Entire issued Share Capital of 50,000 Ordinary Shares of Rs.10 each, fully paid.

(3) Net aggregate amount of Subsidiary's profit not dealt with the Holding Company's accounts :

Name of the Subsidiary	Profit for the	Profit for the
	Financial year ended 31st March, 2008	previous year ended 31st March, 2007
Hooghly Printing Co. Ltd.	5.48	20.25
Yule Engineering Ltd.	...	...
Yule Electrical Ltd.	...	...

(4) Net aggregate amount of Subsidiary's profit dealt within the Holding Company's accounts :

Name of the Subsidiary	Profit for the	Profit for the
	Financial year ended 31st March, 2008	previous year ended 31st March, 2007
Hooghly Printing Co. Ltd.	Nil	Nil
Yule Engineering Ltd.	Nil	Nil
Yule Electrical Ltd.	Nil	Nil

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA – 3rd July, 2008.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director*.
CA S. MURALIDHARAN,
I. SENGUPTA. } *Directors*.
R. K. SIKDAR

CONSOLIDATED ACCOUNTS

Statement of Major Accounting Policies forming part of the Consolidated Financial Statements for the year ended 31st March, 2008.

The financial statements have been prepared under the historic cost convention on accrual basis adjusted by revaluation of certain fixed assets in compliance with all material aspect of applicable Accounting Standards in India and the relevant provisions of The Companies Act, 1956 and on the Accounting Principles of going concern.

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.,

- [i] Certain land, buildings, blending plants and laboratory equipment and grease plant are stated on the basis of their revaluation being inclusive of resultant write-ups. Other fixed assets are stated at cost.
- [ii] 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. However, 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) 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.
- (h) Grant/Subsidy in respect of capital expenditure is accounted for as per applicable Accounting Standard and depreciations on the Assets acquired out of such subsidy is adjusted thereagainst.
- (i) Expenditure incurred/capitalised in respect of projects abandoned/to be abandoned are accounted for in compliance of relevant Accounting Standard.
- (j) Provision for impairment of assets is made in compliance with AS-28.

3. Inventories :

- (a) Stocks of stores, spares, raw materials etc., are valued at lower of cost or net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished products in which those will be incorporated are expected to be sold at or above cost. Cost is determined at weighted average cost basis.

In case of Hooghly Printing Co. Ltd. raw materials and stores and spares are valued at cost.

(Contd.)

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.

- (b) Work-in-Progress is valued at Works Cost. Works cost includes direct materials, labour and manufacturing overhead. 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%.

- (c) 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.
- (d) 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.
- (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.

In case of Phoenix Yule Ltd. traded finished goods are valued at the lower of cost of procurement and net realisable value.

- (g) Imported materials lying in bonded warehouse and at Port are valued at cost including Customs Duty, Port Charges etc.
- (h) 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.
- (i) Stock of scrap as per stock records, is valued on the basis of estimated realisable value. However, tea waste is not valued.

- (j) 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.
- (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.,
- [a] Revenue from sale of goods is recognised on transfer of substantial risks and rewards of ownership to customers.
- [b] Revenue from service contracts is recognised as and when the related invoices are raised on rendering of service to customers.
- [c] Export incentive benefits are recognised on despatch of goods to customers.
- (v) In case of Tide Water Oil Co. (I) Ltd., sales are recognised when goods are supplied.
- (b) Partial deliveries are accounted for in accordance with the billing schedule as per the terms of sales contract.
- (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) [i] Sales is inclusive of excise duty wherever is applicable.
[ii] In case of Phoenix Yule Ltd. sales (net of excise duty) is stated inclusive of Sales Tax.
[iii] In case of Tide Water Oil Co. (I) Ltd. sales are recorded net of Sales Tax/VAT and inclusive of Excise Duty.
- (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.

(Contd.)

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.

(f) In case of Hooghly Printing Co. Ltd. credit of scrap is taken in miscellaneous receipts when disposed off.

(g) In case of Katras Jherriah Coal Co. Ltd. interest income and income from debentures are accounted for on accrual basis.

(h) In case of New Beerbhoom Coal Co. Ltd. interest income and income from debentures are accounted for on accrual basis.

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 involving estimated value above Rs.0.25 lakh per case is booked on the basis of claims from the customers admitted by the Company wherever it is possible to estimate.

(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 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.

(f) Provisions made and Provisions no longer required written back during the year are netted against in respect of each individual items.

(g) Payment of Technical Know how Fees is accounted for in compliance with the relevant Accounting Standard.

(h) Provision for unrealised profit is made in respect of partially completed composite/turnkey contracts on basis of proportionate direct cost on the revenue recognised.

(i) In case of Phoenix Yule Ltd. commission to consignment agents is recognised on despatch of goods to customers in accordance with the terms of the related agreements.

10. Deferred Revenue Expenditure :

(a) 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.

(b) 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.

(c) 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.

(Contd.)

11. Contingent Liabilities/Capital Losses and Contingent Assets :

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.

Provisions for contingent liabilities are made in compliance with Accounting Standard-29.

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) In respect of any import of materials both under CIF, FOB and C&F Contracts, purchases are booked at the exchange rates ruling 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.
- (c) Exports/Overseas Sales are booked at the rates ruling on the date of bill of lading. Exchange difference, if any, 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, whichever is earlier, is accounted for in Profit and Loss Account.
- (d) Receivables and Payables in foreign currency are reported in the Balance Sheet at the parity rate ruling at the close of the financial year. The exchange difference arising on the settlement of such receivables/payable or on reporting such receivables/payables at rates different from those at which those are initially recorded during the period or reported in previous Balance Sheet is accounted for in Profit and Loss Account.
- (e) Wherein contract for import or export is covered by forward exchange contract any premium or discount at inception of such contract and any other gain or loss arising out of exchange differences between the forward contract rate and the rate on the day of reporting are treated in compliance with Accounting Standard-11.
- (f) In case of Phoenix Yule Ltd.
 - [i] Transactions in foreign currency are recorded in the books of the Company at the exchange rates prevailing

on the dates of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies, other than those covered by foreign exchange contracts, are translated at the year-end foreign exchange rates.

- [ii] Exchange differences arising on settlement/translations are recognised in the Profit and Loss Account for the year, except when such exchange differences are related to acquisition of fixed assets from outside India. In those cases, the exchange differences are adjusted in the carrying values of assets.
- [iii] In case of forward exchange contracts other than those related to acquisition of fixed assets from outside India, premium or discount on such contracts are recognised in the Profit and Loss Account over the lives of the contracts. In case the contracts are related to acquisition of fixed assets from outside India premium or discount on such contracts are adjusted to the carrying values of the assets.

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. Employee Benefits :

- (a) Defined Contribution Schemes (DCS) : Company's contribution towards Provident Fund paid/payable during the year to the Provident Fund Authority are charged to the Profit and Loss Account.
- (b) Company's liabilities towards Defined Benefit Schemes for Gratuity, Superannuation and Pension, value of Plan Assets of the Trustee managed Funds maintained for meeting such liabilities, contribution to those Funds and benefits paid out of such Funds are ascertained and accounted for on the basis of independent actuarial valuation as per the requirement of Accounting Standard-15 (Revised 2005) on "Employee Benefit".

In respect of a section of employees, the Company's liability towards Defined Benefit for Provident Fund is determined and accounted for on the basis of prescribed contributions to the respective Trustee managed Funds and shortfall, if any, in plan assets as per Audited Accounts of such Fund.

In respect of post retirement Defined Benefit Scheme of Leave Encashment, the Company's liability is determined and accounted for on the basis of independent actuarial valuation as required by Accounting Standard-15 (Revised 2005) though there is no funding for such liability.

- (c) Leave encashment and Pension fund is unfunded but benefits have determined and accounted for in accordance with Accounting Standard-15 (Revised 2005).
- (d) Compensation paid under Voluntary Retirement Scheme as termination benefits, on or before 31st March, 2009, shall be accounted for as a deferred revenue expenditure and written off equally over a period of five years commencing from the year in which it is disbursed. However, such carry forward shall not be continued beyond accounting period commencing on or after 1st April, 2010.

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**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. (The Company) and its Subsidiary, Associates and Joint Venture Companies (the Andrew Yule Group) as at 31st March, 2008, 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 :

(Rupees in lakhs)		
<u>Name of the Companies</u>	<u>Total Assets</u>	<u>Total Revenues</u>
A. Subsidiary		
[i] Hooghly Printing Co. Ltd.	735.88	404.33
[ii] Yule Engineering Co. Ltd.	5.00	...
[iii] Yule Electrical Co. Ltd.	5.00	...
B. Joint Venture		
Phoenix Yule Ltd.	4226.18	7276.98

	<u>Net Carrying cost of investment as on 31st March, 2008</u>	<u>Current year's share of Profit</u>
--	---	---

C. Associates

1. Tide Water Oil Co. (India) Ltd.	1592.70	554.26
2. Katras Jherriah Coal Co. Ltd.	4.88	(-) 2.10
3. The New Beerbhoom Coal Co. Ltd.	10.81	(-) 4.53

1. 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.

2. **The accounts are prepared on the principle applicable to a going concern even though the net worth of the Company is fully eroded. In the proceedings of hearing held on 30th October, 2007 before the Board for Industrial and Financial Reconstruction (BIFR) rehabilitation scheme of the Company with cut-off date as at 31st March, 2006 has been sanctioned which is in process of implementation.**

3. **The Authorised Share Capital of the Company was increased from Rs.7500.00 lakhs to Rs.20000.00 lakhs vide a Resolution passed in its Annual General Meeting held on 30th September, 2004. By a subsequent resolution superceding the above referred Resolution passed in the Extraordinary General Meeting of the Shareholders of the Company held on 20th March, 2008, the Authorised Share Capital has been reduced from Rs.20000.00 lakhs to Rs.7500.00 lakhs and the provision made in respect of Registration fees of Rs.93.38 lakhs including additional fees upto 31st March, 2007 payable for the non-payment of the Registration fees has been reversed in the Books of Account.**

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- As Form No.23 was filed with the Registrar of Companies, West Bengal, on 14th October, 2004 regarding alteration of the Articles of Association of the Company for increase in the Authorised Share Capital from Rs.7500.00 lakhs to Rs.20000.00 lakhs, the reduction in Authorised Share Capital by a subsequent Resolution and the reversal of the Registration fees, as aforesaid, is not in accordance with the provisions of the Act.
4. Non-provision against diminution in value of investments in Bengal Coal Co. Ltd., Yule Financing & Leasing Co. Ltd., and The Statesman Ltd., aggregating to Rs.28.60 lakhs. [Refer to Note No.20(a) in Schedule 20].
 5. Recognition of consideration amount of Rs.207.00 lakhs received from Builder-cum-Agent as "income" during the year is not in accordance with the generally accepted accounting principle till extension of time for development of property is granted by the Hon'ble Court failing which the Head Lease is liable to be terminated and the Builder-cum-Agent is entitled to get refund of the above consideration amount (Ref. Note No.35 of Schedule 20).
 6. Attention is drawn to Note No.3 of Schedule 20 regarding inclusion of write back of interest on loans and others aggregating to Rs.4795.74 lakhs in line item "Liabilities no longer required written back" in Schedule 14 of "Other Income" instead of showing the above as an extraordinary item in the statement of Profit and Loss Account due to which the impact of the same on the current years profit is not perceivable.
 7. Non-confirmation and non-reconciliation of year end balances in respect of Sundry Debtors, Deposits, Advances, Creditors, Dues to/from Govt. Undertakings and Stock with third Parties etc. (Refer to Note No.15 in Schedule 20).
 8. [i] Non-compliance of sub-section 1 of 372A of the Companies Act, 1956 in respect of the following investment made and loan granted during the year/earlier year and shown in the Balance Sheet as at 31st March, 2008 which is in excess of the limit prescribed under the aforesaid section without obtaining approval of shareholders by way of special resolution :
 - [a] Investment of Rs.305.00 lakhs in Zero Rate Unsecured Redeemable Bond of WEBFIL Ltd.
 - [b] Unsecured loan of Rs.500.00 lakhs to Yule Financing & Leasing Co. Ltd.
- [ii] Grant of unsecured loan of Rs.500.00 lakhs to Yule Financing & Leasing Co. Ltd. @ 5.5% p.a. which is lower than the rate prescribed under sub-section 3 and the guidelines prescribed by the Central Govt. under sub section 7 of section 372A of the Act.
9. [i] Non-provision against possible loss arising out of unsecured loan of Rs.500.00 lakhs, as referred to (i) and (ii) hereinabove, to a Company whose net worth is fully eroded due to which its ability to meet the financial obligation arising in respect of above is doubtful.
 - [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.20(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.1.50 lakh out of which Group share in Consolidated Accounts is Rs.0.49 lakh [Refer to Note No.20(c) in Schedule 20].
 - [iv] Non Provision towards diminution in value of long term investments of Katras Jherriah Coal Co. Ltd., amounting to Rs.2.39 lakhs one of which group share in consolidated accounts is Rs.0.76 lakh [Refer to Note No.20(d) in Schedule 20].
 10. [i] 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.26 in Schedule 20).
 - [ii] Non-provision of Rs.4.50 lakhs in the Accounts of The New Beerbhoom Coal Co. Ltd., in respect of

(Contd.)

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.23(a) in Schedule 20).

[iii] In case of New Beerbhoom Coal Co. Ltd. write back of provision for cess of Rs.4.38 lakhs which was not finalised by the Commissioner of Payments, Kolkata, in absence of any confirmation received from the Commissioner of Payments, Kolkata. Group share in Consolidated Accounts is Rs.1.44 lakhs. (Refer to Note No.23(b) 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.24(a) 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.25 in Schedule 20).

[d] Write back for provision of cess for Rs.1.45 lakhs which was not yet been finalised by the Commissioner of Payments, Kolkata, in absence of any confirmation received from the Commissioner of Payments, Kolkata. Group share in Consolidated is Rs.0.46 lakh. (Refer to Note No.24(b) in Schedule 20).

11. **Penalty/interest for non-deduction and non-collection of income tax at source has not been ascertained and provided for.**

12. Read with 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.7 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, Profit and Loss Account and the Cash Flow Statement 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-5 regarding non-presentation of Extraordinary item in the statement of Profit and Loss Account (Refer to our comments in item No.6 above), AS-9 on matters dealt with in paragraph 8(ii) and 9(i) of Major Accounting Policy regarding income stated therein which are accounted for on actual receipt basis, AS-13 regarding Accounting for investments (refer to our comments in Item No.4 above), and AS-24 in respect of non-disclosure of the date and nature of the initial disclosure events and significant changes, if any, in the amount or timing difference of cash flows relating to the assets and liabilities to be settled.**

13. 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.

14. **Without considering the items mentioned in Paragraphs 2 and 7 (to the extent not determinable), 8 and 9(i), 10(iv)(a) above, the effect of which could not be determined, had the observations in paragraphs 3, 4, 5, 6, 9(ii), 9(iii), 9(iv) and 10(i), 10(ii), 10(iii), and 10(iv)(b), 10(iv)(c) and 10(iv)(d) (to the extent determinable) above been considered, the**

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loss for the year before Extraordinary items would have been Rs.3426.99 lakhs and profit after Extraordinary items and tax would have been Rs.1368.75 lakhs as against the reported profit of Rs.1810.56 lakhs, accumulated loss net of General Reserve would have been Rs.16835.13 lakhs as against the reported figure of Rs.16393.32 lakhs, net current assets would have been Rs.10149.96 lakhs as against the reported figure of Rs.10546.17 lakhs, and investments would have been Rs.2167.19 lakhs as against the reported figure of Rs.2212.79 lakhs.

Subject to the foregoing paragraphs 1 to 12, 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, 2008;
- [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 A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

Kolkata – 13th August, 2008.

ANDREW YULE & CO. LTD.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

		(Rupees in lakhs)	
	Schedules	As at 31.03.08	As at 31.03.07
SOURCES OF FUNDS			
(1) Shareholders' Funds :			
(a) Share Capital	1	5674.37	5826.71
(b) Share pending allotment to Govt. of India		150.00	10892.90
(c) Reserves and Surplus	2	10874.01	10874.01
		<u>16698.38</u>	<u>27593.62</u>
(2) Loan Funds :			
(a) Secured Loans	3	16329.28	16683.11
(b) Unsecured Loans		14499.92	14969.26
		<u>30829.20</u>	<u>31652.37</u>
(3) Deferred Tax Liability (Net)			
(Note No.28 on Schedule 20)		211.53	35.71
TOTAL		<u>47739.11</u>	<u>59281.70</u>
APPLICATIONS OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	4	23891.08	22524.29
(b) Less: Depreciation and Impairment of Assets		6322.30	5795.12
(c) Net Block		17568.78	16729.17
(d) Capital work-in-progress (net of Impairment of Assets)		863.76	839.96
		<u>18432.54</u>	<u>17569.13</u>
(e) Pre-operative Expenditure (Pending Allocation)		113.85	113.85
		<u>18546.39</u>	<u>17682.98</u>
(2) Investments			
	5	2212.79	1437.98
(3) Current Assets, Loans and Advances :			
(a) Inventories	6	3131.14	3061.60
(b) Sundry Debtors	7	6142.46	4165.86
(c) Cash and Bank Balances	8	14391.66	5114.33
(d) Other Current Assets	9	0.05	0.69
(e) Loans and Advances	10	4921.44	3833.35
		<u>28586.75</u>	<u>16175.83</u>
Less: Current Liabilities and Provisions :			
(a) Current Liabilities	11	15368.37	14636.76
(b) Provisions	12	2672.21	2498.15
		<u>18040.58</u>	<u>17134.91</u>
Net Current Assets		<u>10546.17</u>	<u>(-) 959.08</u>
(4) (a) Miscellaneous Expenditure to the extent not written off or adjusted:			
(i) Other Expenses		40.44	92.72
(b) Profit and Loss Account		16393.32	41027.10
TOTAL		<u>47739.11</u>	<u>59281.70</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 – 13th August, 2008.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director*.
CA S. MURALIDHARAN,
I. SENGUPTA.
R. K. SIKDAR } *Directors*.

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.
Kolkata – 13th August, 2008.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

ANDREW YULE & CO. LTD.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedules	2007-08	2006-07
(Rupees in lakhs)			
INCOME			
Sales	13	24592.09	18647.18
Interest and Dividend on Investments (Gross)		41.56	37.90
Other Income	14	6617.40	871.20
Accretion/Decretion (-) in Stocks	15	5.96	284.59
		<u>31257.01</u>	<u>19840.87</u>
EXPENDITURE			
Materials Consumed	16	11774.88	8085.68
Salaries, Wages and Bonus	17	7464.35	6998.81
Interest	18	1975.85	4048.18
Other Expenses	19	7487.41	8766.08
Depreciation	4	521.53	440.23
Impairment of Assets		32.64	...
		<u>29256.66</u>	<u>28338.98</u>
Profit/Loss(-) before Extra-ordinary items		2000.35	(-) 8498.11
Add/Less : Extra-ordinary items :			
Extra-ordinary Expenses net of Extra-ordinary Income (Proportionate share of Joint Venture vide Note No.2(iii) of Schedule 20]		22.67	60.19
Profit/Loss(-) for the year		1977.68	(-) 8558.30
Add/Less : Provision for Taxation :			
[a] Wealth Tax (Proportionate share of Joint Venture Rs.0.02 lakh; 2006-07 Rs.0.03 lakh)	4.52	2.28	
[b] Income Tax (Earlier year)	...	315.57	
[c] Income Tax (Current Year)[Proportionate share of Joint Venture Rs.488.39 lakhs; 2006-07 Rs.201.46 lakhs]	490.99	209.46	
[d] Fringe Benefit Tax (Prop. share of Joint Venture Rs.4.42 lakhs; 2006-07 Rs.7.09 lakhs)	37.45	36.24	
[e] Deferred Tax	290.15	...	
		<u>823.11</u>	<u>563.55</u>
Add : Provision for deferred tax liability written back [Proportionate share of Joint Venture Rs.108.36 lakhs; 2006-07 Rs.49.16 lakhs]		1154.57	(-) 9121.85
		<u>108.36</u>	<u>449.76</u>
Add : Share of Profit of Associates		1262.93	(-) 8672.09
		<u>547.63</u>	<u>174.50</u>
Less : Transfer to General Reserve		1810.56	(-) 8497.59
		...	6.00
Add : Loss brought forward from last account		1810.56	(-) 8503.59
		(-) 43493.78	(-) 35155.64
Add/Less : Capital Reduction		(-) 41683.22	(-) 43659.23
		<u>22697.48</u>	<u>...</u>
Less : Dividend Tax (Proportionate share of Joint Venture Rs.40.58 lakhs; 2006-07 Rs.Nil)		(-) 18985.74	(-) 43659.23
		<u>40.58</u>	<u>0.87</u>
Add : Balance in General Reserve (per contra)		(-) 19026.32	(-) 43660.10
Balance carried to Balance Sheet		2633.00	2633.00
Basic and Diluted earnings per share (Note No.32 of Schedule 20)		<u>(-) 16393.32</u>	<u>(-) 41027.10</u>
		3.07	(-) 14.58

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 – 13th August, 2008.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN,
I. SENGUPTA,
R. K. SIKDAR } *Directors.*

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.
Kolkata – 13th August, 2008.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

ANDREW YULE & CO. LTD.**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008
PREPARED PURSUANT TO THE LISTING AGREEMENTS WITH STOCK EXCHANGES**

	(Rupees in lakhs)	
	2007-08	2006-07
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and extraordinary items	2547.98	(8498.11)
Adjustments for		
Depreciation/Impairment of Assets	554.17	440.23
<i>Adjustment of depreciation for earlier years</i>	...	(6.08)
Miscellaneous Expenditure written off	64.74	315.79
Interest charged	1975.85	4048.18
Profit on sale of fixed assets	0.21	0.12
Investment Income	(510.73)	(248.91)
<i>Tea Board Subsidy Transferred to Profit and Loss Account</i>	...	(7.80)
Operating profit before changes in amount of Current Liabilities and Current Assets	4632.22	(3956.58)
Adjustments for		
Trade Receivables	(10277.69)	6998.42
Inventories	(69.54)	(510.97)
Trade payable	1790.46	(5235.13)
Cash Generated from Operations	(3924.55)	(2704.26)
Wealth Tax paid	(2.47)	...
Fringe Benefit Tax paid	(6.29)	...
<i>Dividend tax</i>	...	(0.87)
Cash-flow before Extraordinary Items	(3933.31)	(2705.13)
Extraordinary Items (Net)	(22.67)	(60.91)
Extraordinary Income		
Capital Reduction	22697.48	...
NET CASH FROM OPERATING ACTIVITIES (A)	18741.50	(2766.04)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including Capital WIP and Pre-operative Expenditure)	(1403.05)	(998.78)
Loans	(305.03)	(382.21)
<i>Sale of fixed assets</i>	...	1.42
Investment made	(774.81)	244.53
<i>Subsidy received from Tea Board for Capital Assets</i>	...	46.50
Income from Investments	487.58	(305.00)
NET CASH FROM INVESTING ACTIVITIES (B)	(1995.31)	(1393.54)

(Contd.)

ANDREW YULE & CO. LTD.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008
PREPARED PURSUANT TO THE LISTING AGREEMENTS WITH STOCK EXCHANGES – (Contd.)**

	(Rupees in lakhs)	
	2007-08	2006-07
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Net Proceeds from borrowings	3439.95	7064.27
Interest paid	(7191.65)	(1277.85)
Advance against equity	(152.34)	589.00
Proceeds from equity	(10742.90)	...
NET CASH USED IN FINANCING ACTIVITIES (C)	(14646.94)	6375.42
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)	2099.25	2215.84
CASH AND CASH EQUIVALENT Opening Balance as at 1st April, 2007	3652.47	1436.63
CASH AND CASH EQUIVALENT Closing Balance as at 31st March, 2008	5751.72	3652.47

1. Cash Flow Statement has been prepared by following Indirect Method mentioned in AS-3.

2. Break-up of Cash and Cash equivalent

Cash in hand	10.76	25.52
Postage and Stamps in hand	0.04	0.07
Cheques in hand	426.94	1998.02
Remittance in transit	147.20	27.42
Remittance with Scheduled Banks :		
On Current Account	460.44	1023.05
Fixed Deposit with Banks maturing within 3 months	4706.34	578.39
	5751.72	3652.47

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.

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA – 13th August, 2008.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN,
I. SENGUPTA. } *Directors.*
R. K. SIKDAR

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA D. CHAKRABORTY)
Partner,
Membership No.8122.
Kolkata – 13th August, 2008.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA S. NANDI)
Partner,
Membership No.58689.

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in lakhs)

	As at 31.3.08	As at 31.3.07
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
37,50,00,000 Equity Shares of Rs.2 each (Previous year 7,50,00,000 Equity Shares of Rs.10 each)	7500.00	7500.00
Issued, Subscribed and Fully Paid-up :		
28,37,18,478 Equity Shares of Rs.2 each (Previous year 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.] Out of the above 225451400 Nos. of shares issued to Govt. of India in the name of President of India of Rs.2 each towards conversion of Govt. of India loan and advance against Equity as per Sanctioned Rehabilitation Scheme (SRS) dated 30th October, 2007. [Refer Note No.3(b) of Schedule 20]	5674.37	5826.71
	<u>5674.37</u>	<u>5826.71</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve :		
General :		
Balance as per last account	10735.16	10735.16
Special :		
Central/State Subsidy for Capital Assets :		
Balance as per last account	11.40	11.40
Tea Board Subsidy for Capital Assets	46.50	46.50
Less: Transfer to Profit and Loss Account	<u>7.80</u>	<u>7.80</u>
	38.70	38.70
State Housing Subsidies	4.06	4.06
	<u>10789.32</u>	<u>10789.32</u>
Preference Share Capital Redemption Reserve :		
Balance as per last account	<u>84.69</u>	<u>84.69</u>
General Reserve :		
Balance as per last account	2467.00	2467.00
Less: Shown as deduction from balance in Profit and Loss Account (Per Contra)	<u>2467.00</u>	<u>2467.00</u>

	<u>10874.01</u>	<u>10874.01</u>

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 3		
LOANS		
Secured Loans :		
Term Loans :		
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)	381.42	250.00
Add: Interest accrued and due thereon	66.79	153.23
	448.21	403.23
Others (Secured by hypothecation of certain movable properties)	180.00	...
Bonds :		
9% Secured Redeemable Non-convertible 12 Years 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	2.09	270.74
	2002.09	2270.74
9.1% Secured Redeemable Non-convertible 10 Years Bond (Secured by GOI Guarantee)	2000.00	2000.00
From Scheduled Banks on Cash Credit Accounts :		
State Bank of India	1257.75	1264.72
Add: Interest accrued and due thereon	653.14	1026.64
	1910.89	2291.36
Bank of Baroda	5050.55	3756.03
Add: Interest accrued and due thereon	231.34	1940.77
	5281.89	5696.80
Allahabad Bank (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)	344.65	621.79
United Bank of India (for Desam, Khawang, New Dooars and Choonabhutti Tea Estates)	1541.89	1053.79
Union Bank of India (for Banarhat, Karballa, and Hoolungooree Tea Estates)	806.88	723.55
United Bank of India (for Hooghly Printing Co. Ltd.)	199.07	...
Allahabad Bank (for Tinkong, Basmatia, Rajgarh, Murphulani and Mim Tea Estates) (The above loans are secured by Hypothecation of the whole of crop, book-debts and all other movable assets both presnet and future, and by equitable mortgage of all immovable properties of the Estates)	1613.71	1621.85
Carried over	16329.28	16683.11

(Contd.)

ANDREW YULE & CO. LTD.**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008 – (Contd.)**

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 3 - (Contd.)		
LOANS - (Contd.)		
Secured Loans - (Contd.)		
Brought forward	16329.28	16683.11
Unsecured Loans :		
From Bodies Corporate	1000.00	1000.00
Fixed Deposits	221.70	221.70
From Government of India (including interest free loan of Rs.8706.00 lakhs (2006-07 Rs.Nil) <i>Add: Interest accrued and due thereon</i>	13008.00 <u>...</u>	11652.24 <u>1825.10</u>
	13008.00	13477.34
From West Bengal Industrial Development Corpn. Ltd.(Interest free)	268.86	268.86
West Bengal Govt. Subsidised Housing Scheme Loan for Plantation Workers <i>Add: Interest accrued and due thereon</i>	0.50 <u>0.86</u>	0.50 <u>0.86</u>
	1.36	1.36
	<u>14499.92</u>	<u>14969.26</u>
	<u>30829.20</u>	<u>31652.37</u>

ANDREW YULE & CO. LTD.

SCHEDULE 4
SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008
(Rupees in lakhs)

Description of Assets	GROSS BLOCK			DEPRECIATION			IMPAIRMENT OF ASSETS		NET BLOCK		
	Cost/Book Value as at 31st March, 2007	Additions/ Adjustments during the year	Less: Sales/ Adjustments during the year	Cost/Book Value as at 31st March, 2008	Upto 31st March, 2007	For the year	Less: On Sales/ Adjustments during the year	Upto 31st March, 2008	During the year	As at 31st March, 2008	As at 31st March, 2007
Goodwill	12.15	...	...	12.15	...	...	...	...	...	12.15	12.15
Land (including cost of development and leasehold land Rs.15.10 lakhs; 2006-07 Rs.4.31 lakhs) Estates/Leasehold (including garden development expenses)]	175.43	...	...	175.43	...	...	...	...	...	175.43	175.43
Buildings	1242.17	10.79	...	1242.96	210.30	12.25	...	222.55	...	1220.41	1220.87
Roads and Culverts	2701.89	69.42	...	2771.31	1032.86	61.78	...	1094.64	...	1676.67	1669.03
Plant and Machinery	55.13	1.81	...	56.94	13.44	0.93	...	14.37	...	42.57	41.69
Drawings, Designs and Tracings etc.	3830.04	515.58	17.87	4327.75	2527.86	192.25	-2.77	2722.88	59.01	1513.22	1243.17
Electrical Installations	74.99	...	...	74.99	40.91	...	...	40.91	34.08	...	...
Water Installations	660.21	63.94	7.38	716.77	343.27	28.65	2.77	369.15	...	347.62	316.94
Furniture, Fittings and Office Equipments	440.56	30.65	...	471.21	178.91	18.10	...	197.01	...	274.20	261.65
Vehicles	393.21	29.36	3.55	419.02	315.03	12.22	3.36	323.89	...	95.13	78.18
Computer Software (Intangible Assets)	456.91	54.65	...	511.56	277.07	35.06	...	312.13	...	199.43	179.84
Share of Joint Venture [Note No.2(iii) of Sch-20]	21212.69	776.20	28.80	21960.09	4939.65	361.24	3.36	5297.53	93.09	16536.83	16179.95
Capital Work-in-Progress Share of Joint Venture [Note No.2(iii) of Sch-20]	...	10.00	...	10.00	...	1.42	...	1.42	...	8.58	...
Share of Joint Venture [Note No.2(iii) of Sch-20]	21212.69	786.20	28.80	21970.09	4939.65	362.66	3.36	5298.95	93.09	16545.41	16179.95
Capital Work-in-Progress Share of Joint Venture [Note No.2(iii) of Sch-20]	1311.60	636.37	26.98	1920.99	762.38	158.87	23.63	897.62	...	1023.37	549.22
Share of Joint Venture [Note No.2(iii) of Sch-20]	22524.29	1422.57	55.78	23891.08	5702.03	521.53	26.99	6196.57	93.09	17568.78	16729.17
Capital Work-in-Progress Share of Joint Venture [Note No.2(iii) of Sch-20]	440.86	720.37	250.08	911.15	...	...	...	...	51.28	859.87	389.58
Share of Joint Venture [Note No.2(iii) of Sch-20]	450.38	...	446.49	3.89	...	...	...	...	...	3.89	450.38
TOTAL	891.24	720.37	696.57	915.04	...	...	...	...	51.28	863.76	839.96
PREVIOUS YEAR'S TOTAL	23415.53	1833.55	752.35	24806.12	5702.03	521.53	26.99	6196.57	144.37	18432.54	17569.13
PREVIOUS YEAR'S TOTAL	22420.40	1370.58	375.45	23415.53	5269.99	440.23	8.19	5702.03	144.37	17569.13	(Contd.)

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008 – (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	(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) against which provision for doubtful advances of Rs.99.50 lakhs (Rs.99.50 lakhs) has been provided.
7. The balance of intangible assets of Rs.8.58 lakhs will be amortised over a next period of 4 years and 3 $\frac{1}{2}$ months.
8. Share of Joint Venture in relation to "Addition to Plant and Machinery" in the previous year includes a value of Rs.32.57 lakhs, which represents certain machinery spares re-classified from inventories to fixed assets, being usable only in connection with particulars items of fixed assets and being of irregular use. Corresponding share of depreciation charged for the previous year on such machinery spares amounts to Rs.23.11 lakhs including Rs.17.89 lakhs pertaining to prior years.

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees in lakhs)

SCHEDULE 5	No. of Shares/ Units	Face Value per Share/ Unit	Book Value	
			2007-08	2006-07
INVESTMENTS (Long Term)				
(At Cost less written off)				
1. (A) In Associates – Non-Trade Investments :				
Equity Shares (Fully Paid) :				
Quoted :				
Tide Water Oil Co. (India) Ltd.				
	2,28,390	10	141.07	141.07
			1451.63	897.37
			1592.70	1038.44
Unquoted :				
New Beerbhoom Coal Co. Ltd.				
	1,05,355	10	12.27	12.27
			-1.46	0.64
			10.81	12.91
Katrass Jherriah Coal Co. Ltd.				
	60,260	10	6.95	6.95
			-2.07	2.46
			4.88	9.41
(B) In Other Companies – Non-Trade Investments :				
Equity Shares (Fully Paid) :				
Quoted :				
	3,00,000	10	27.88	27.88
	3,01,269	10	12.50	12.50
	1,45,000	10	14.50	14.50
	1,040	10	0.13	0.13
	208	10	...	...
	2,12,714	1	4.22	0.23
	26	10	...	...
Unquoted :				
	10,305	100	0.51	0.51
	9,966	100	4.70	4.70
	750	10	0.08	0.08
	40	10	...	...
	20,44,000	10	204.40	...
Debentures (Fully Paid) :				
Unquoted :				
Woodlands Hospital & Medical Research Centre Ltd. (formerly The East India Clinic Ltd.) Rs.65,200 - 5% Non-Redeemable Registered Mortgage Debenture Stock, 1957				
	...	...	0.68	0.65
Woodlands Hospital & Medical Research Ltd. (formerly The East India Clinic Ltd.) Rs.600 - 1/2% Registered Mortgage Debenture Stock				
	6	100	0.01	0.01
Bonds (Fully Paid) :				
Unquoted :				
	305	100000	305.00	305.00
2. Units (Fully Paid) :				
Quoted :				
Unit Trust of India				
	139506	10	29.79	11.03
			2212.79	1437.98
Market value of quoted investments			9147.99	4639.93

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 5 – (Contd.)

INVESTMENTS – (Contd.)

- Notes:**
- * 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.
 - ** Bonds Issued by WEBFIL Ltd., in lieu of adjustment of Advance to WEBFIL Ltd., as per their approved Revival packag of BIFR.
 - 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.		
7½% 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, 2008

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 6		
INVENTORIES		
At or under cost :		
Raw materials, Components and Packaging Materials (Includes Stores-in-Transit Rs.15.83 lakhs; 2006-07 Rs.53.55 lakhs)	1029.50	870.84
Stores and Spare parts (Including Stores-in-Transit Rs.Nil; 2006-07 Rs.Nil)	536.54	565.73
Food-stuff	19.54	22.74
Loose tools	4.81	5.34
At Cost or net realisable value whichever is lower :		
Finished goods	367.95	427.77
Finished goods-in-transit	29.15	64.97
Work-in-Progress	731.49	587.52
Scrap (at estimated realisable value)	22.51	2.74
	<u>2741.49</u>	<u>2547.65</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)(Net of provision)	389.65	513.95
	<u>3131.14</u>	<u>3061.60</u>
SCHEDULE 7		
SUNDRY DEBTORS		
Unsecured :		
Debts outstanding for a period exceeding six months :		
Considered good	1719.74	808.14
Considered doubtful	6760.25	6308.65
	<u>8479.99</u>	<u>7116.79</u>
Other Debts :		
Considered good	3287.19	2388.21
	<u>11767.18</u>	<u>9505.00</u>
Less: Provision for doubtful debts	6760.25	6308.65
	<u>5006.93</u>	<u>3196.35</u>
Add: Net share of Joint Venture (Note No.2(iii) of Schedule-20)	1135.53	969.51
	<u>6142.46</u>	<u>4165.86</u>
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash-in-hand	10.76	25.52
Postage and Stamps-in-hand	0.04	0.07
Cheques-in-hand	426.94	1998.02
Remittances-in-transit	147.20	27.42
Balances with Scheduled Banks :		
On Current Account (Net)(Including debit balance of Cash Credit of Subsidiary Rs.3.48 lakhs; 2006-07 Rs.229.50 lakhs)	460.44	1023.05
On Deposit Account :		
Employees' Security Deposit	0.06	0.06
* Others	<u>12004.81</u>	<u>1541.27</u>
	12004.87	1541.33
Unclaimed Preference Share Redemption Account	0.80	0.80
	<u>13051.05</u>	<u>4616.21</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	1340.61	498.12
	<u>14391.66</u>	<u>5114.33</u>

Notes: *1. (a) Includes Bank deposits of Rs.10.00 lakhs (Rs.10.00 lakhs) had been 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.743.03 lakhs (Rs.341.42 lakhs) is 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, 2008

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 9		
OTHER CURRENT ASSETS		
Considered Good		
Deposits with National Bank for Agricultural and Rural Development under Tea Development Account Scheme, 1985 and 1990	0.05	0.69
	<u>0.05</u>	<u>0.69</u>
SCHEDULE 10		
LOANS AND ADVANCES		
Secured		
Loans	36.95	48.40
Unsecured		
Loans	631.90	615.10
Advances recoverable in cash or in kind or for value to be received	2500.98	1418.38
Advance Payment of Income/Wealth-tax/Fringe Benefit Tax (including Tax deducted at source)	1165.29	1151.48
Balance with Government Authorities	49.58	48.54
Interest accrued on Loans, Deposits etc.	36.77	13.62
Deposits – lodged with various authorities (including National Plan Savings Certificates Rs.0.71 lakh; 2006-07 Rs.0.70 lakh)	259.80	200.69
	<u>4681.27</u>	<u>3496.21</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	240.17	337.14
	<u>4921.44</u>	<u>3833.35</u>
Notes: 1. Classification of Loans and Advances :		
(A) Secured Considered Good	36.95	48.40
(B) Unsecured Considered Good	4884.49	3784.95
Considered Doubtful	1986.10	1879.18
	<u>6870.59</u>	<u>5664.13</u>
Less: Provision	1986.10	1879.18
	<u>4884.49</u>	<u>3784.95</u>
	<u>4921.44</u>	<u>3833.35</u>

2. Secured Loans represent House Building and Car Loans (including loan of Rs.0.32 lakhs to a Director; 2006-07 Rs.1.42 lakhs – Maximum amount due at any time during the year Rs.0.32 lakh; 2006-07 Rs.1.44 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, 2008

(Rupees in lakhs)

	<u>As at 31.3.08</u>	<u>As at 31.3.07</u>
SCHEDULE 11		
CURRENT LIABILITIES		
Sundry Creditors and Other Liabilities :		
Due to Small Scale Industries	13255.83	291.15
*Others (including Rs.59.33 lakhs being Earnest Money and Security Deposits; 2006-07 Rs.461.23 lakhs)	7.83	11639.23
Advances and Deposits received from Customers and others (including Rs.16.73 lakhs being security deposits; 2006-07 Rs.89.40 lakhs)	807.24	593.67
Employees' Security Deposits	0.06	0.06
Interest accrued but not due on loans and deposits	221.68	1174.36
Unclaimed Redeemed Preference Shares	0.80	0.80
	14293.44	13699.27
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	1074.93	937.49
	15368.37	14636.76

SCHEDULE 12

PROVISIONS

For Taxation :

Income Tax	784.29	781.69
Wealth Tax	13.50	9.00
Fringe Benefit Tax	92.73	59.69
	890.52	850.38
" Superannuation and Pension	239.65	239.65
" Employees' Benefit	3.39	0.88
" Stock Obsolescence	539.23	453.86
" Contingencies	554.18	592.07
" <i>Unrealised Profit</i>	...	15.87
" Aqua-culture Project	222.29	222.29
" <i>Dividend Tax</i>	...	0.87
	2449.26	2375.87
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	222.95	122.28
	2672.21	2498.15

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

	<u>2007-08</u>	<u>2006-07</u>
SCHEDULE 13		
SALES		
Sales and Work done [including trading item Rs142.23 lakhs (2006-07 Rs.2.16Nil)(after adjusting Rs.5.35 lakhs being returns/adjustments in respect of earlier year; 2006-07 Rs.4.41 lakhs)]	18824.57	15042.56
Add: Inter Unit Transfer of Capital Goods manufactured	<u>19.53</u>	<u>23.96</u>
	18844.10	15066.52
Less: Excise Duty recovered on sales	1360.02	867.38
Trade and Other Discount	<u>168.97</u>	<u>172.37</u>
	<u>1528.99</u>	<u>1039.75</u>
Net sales and job work done	17315.11	14026.77
Add: Share of Joint Venture vide Note No.2(iii) of Schedule 20 (Net of Excise Duty Rs.Nil; 2006-07 Rs.511.54 lakhs)	<u>7276.98</u>	<u>4620.41</u>
	<u>24592.09</u>	<u>18647.18</u>
SCHEDULE 14		
OTHER INCOME		
Interest on Loans, Advances, Deposits etc. (Gross)	469.17	211.01
Profit on sale of stores	0.21	0.53
Sundry Receipts (including insurance claims of Rs.2.61 lakhs; 2006-07 Rs.11.05 lakhs)	549.18	43.16
Tea Board Replantation Subsidy	9.44	9.00
Adjustment for Tea Board Subsidy for Capital Assets		7.80
Rent and Hire charges	28.39	49.53
Fees and Commission received by Directors and Employees	0.32	...
Scrap/Tea waste sale	58.34	30.50
Service charges	44.33	19.72
Export incentives	...	0.10
Items relating to previous years (including depreciation for earlier year Rs.Nil; 2006-07 Rs.6.08 lakhs)	69.34	30.69
Liabilities no longer required written back	5269.24	415.83
Provisions no longer required written back :		
Superannuation and Pension	...	0.06
Food stuff	...	16.54
Doubtful Debs	...	0.02
Contingencies	<u>37.89</u>	...
	<u>37.89</u>	<u>16.62</u>
	6535.85	834.49
Add : Share of Joint Venture (Note No.2(iii) of Schedule-20)	81.55	36.71
	<u>6617.40</u>	<u>871.20</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

	<u>2007-08</u>	<u>2006-07</u>
SCHEDULE 15		
ACCRETION / DECRETION (-) IN STOCKS		
Opening Stock :		
Finished goods	427.77	501.07
Finished goods-in-transit	64.97	12.60
Semi-Finished Articles	180.94	181.37
Work-in-Progress	406.58	280.46
Scrap	<u>2.74</u>	<u>2.29</u>
	1083.00	977.79
<i>Less: CENVAT/VAT on Opening Stock</i>	...	2.22
	1083.00	975.57
Closing Stocks :		
Finished goods	367.95	427.77
Finished goods-in-transit	29.15	64.97
Semi-Finished Articles	187.35	180.94
Work-in-Progress	544.13	406.58
Scrap	<u>22.51</u>	<u>2.74</u>
	<u>1151.09</u>	<u>1083.00</u>
	68.09	107.43
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	<u>(-) 62.13</u>	<u>177.16</u>
	<u>5.96</u>	<u>284.59</u>
SCHEDULE 16		
MATERIALS CONSUMED		
Stocks as at 1st April, 2007 :		
Raw materials, components and packaging materials	831.62	751.49
Materials-in-transit	39.22	26.43
Stores and spare parts	565.72	439.84
Loose tools	5.34	4.44
	1441.90	1222.20
<i>Less: Book value of Stocks sold/adjusted/written off</i>	0.07	...
	1441.83	1222.20
<i>Add : Adj. of previous year</i>	...	...
	1441.83	1222.20
Purchases during the year :		
Raw materials, components and packaging materials (including erection expenses in case of composite contracts and processing charges)	6915.17	3938.53
Stores and spare parts (including Trading item of Rs.1.92 lakhs)	1668.99	2297.29
Loose tools	<u>3.23</u>	<u>16.41</u>
	8587.39	6252.23
	10029.22	7474.43
Less: Stocks as at 31st March, 2008 :		
Raw materials, components and packaging materials	1003.07	831.62
Materials-in-transit	26.43	39.22
Stores and spare parts	536.54	565.72
Loose tools	<u>4.81</u>	<u>5.34</u>
	1570.85	1441.90
Raw materials and stores used on Capital Jobs Rs.1.03 lakhs and on Repair Jobs, Advertising, Transport, Power and Fuel, Research and Development etc. Rs.1013.13 lakhs; 2006-07 Rs.20.91 lakhs and Rs.1077.61 lakhs.	<u>1014.16</u>	<u>1098.52</u>
	<u>2585.01</u>	<u>2540.42</u>
	7444.21	4934.01
Add : Share of Joint Venture (Note No.2(iii) of Schedule-20)	<u>4330.67</u>	<u>3151.67</u>
	<u>11774.88</u>	<u>8085.68</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

	<u>2007-08</u>	<u>2006-07</u>
SCHEDULE 17		
SALARIES, WAGES AND BONUS		
Salaries, Wages, Bonus and Gratuity	5665.09	5392.09
Contribution to Provident and Other Funds	584.43	734.46
Welfare and Other Expenses	1089.98	782.55
	7339.50	6909.10
Less: Incurred on Capital jobs, Repair Jobs, Research and Development, Advertising, Transport etc.	177.49	180.49
	<u>7162.01</u>	<u>6728.61</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	302.34	270.20
	<u>7464.35</u>	<u>6998.81</u>
SCHEDULE 18		
INTEREST		
Fixed Deposits	26.67	31.28
Term Loans	375.68	1819.06
Others	1573.50	2197.84
	1975.85	4048.18
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	...	...
	<u>1975.85</u>	<u>4048.18</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees in lakhs)

SCHEDULE 19	2007-08	2006-07
OTHER EXPENSES		
Power and Fuel	1267.10	1251.62
Miscellaneous Tea Cultivation and Manufacturing Expenses	251.89	173.82
Research and Development Expenses	7.90	2.32
Directors' Salaries	16.20	15.21
Director' Fees	1.03	0.37
Rent (Net)	63.06	54.84
Rates and Taxes	26.52	36.18
Repairs and Maintenance :		
Buildings	195.28	174.37
Plant and Machinery	231.73	257.22
Others	49.27	64.26
	476.28	495.85
Travelling Expenses and Upkeep of Vehicles	397.03	365.08
Insurance	31.53	30.61
Brokers' Commission	89.06	78.83
Selling Expenses :		
Selling Agents' Commission	44.17	53.72
Others	446.11	308.79
	490.28	362.51
Miscellaneous Expenses	583.86	636.79
Commission against Govt. Guarantee	...	35.20
Excise Duty	...	32.63
Turnover Tax	0.34	...
Assam Cess on Green Tea Leaf	1.54	72.50
West Bengal Primary Education Cess	5.96	8.00
West Bengal Rural Employment Cess	11.92	16.00
Tea Cess	28.68	28.84
Educaion Cess	0.88	0.49
Assam Entry Tax	...	3.08
Bank Charges	93.00	92.25
Auditors' Remuneration :		
Audit Fees	3.38	3.38
In Other Capacity :		
Tax Audit Fees	0.68	0.68
For Certificates etc.	1.12	1.31
Out of Pocket Expenses	0.69	0.80
	5.87	6.17
Miscellaneous Expenditure Written off :		
Other Expenses	64.74	315.79
Net Loss on Exchange Fluctuation	0.27	0.26
Items relating to previous years	1217.20	383.58
Cold Weather Expenses written off	...	1105.56
Liquidated Damages and Penalty etc.	251.03	145.94
Rectification/Replacement	47.42	46.14
Provision for :		
Doubtful Debts	456.27	1131.22
Doubtful Loans, Advances and Deposits	121.26	465.60
Stock Obsolescence	113.61	108.10
Contingencies	...	492.66
	691.14	2197.58
	6121.73	7994.04
Less : Amount transferred to Capital jobs etc.	...	1.80
	6121.73	7992.24
Add : Share of Joint Venture (Note No.2(iii) of Schedule-20)	1365.68	773.84
	7487.41	8766.08

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008

(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, 2008</u>
Hooghly Printing Co. Ltd.	India	100
Yule Engineering Co. Ltd.	India	100
Yule Electrical 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 :-

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Ownership Interest as at 31st March, 2008</u>	<u>Ownership interest as at 31st March, 2007</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.34.26 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, 2008 (Schedule–5) and stated at cost.

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (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, 2008</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, 2007 has been included in this Consolidated Financial Statements.

3. Sanctioned Rehabilitation Scheme approved by Board for Industrial and Financial Reconstruction (BIFR) vide Order dated 30th October, 2007.

Pursuant to Sanctioned Rehabilitation Scheme (hereinafter SRS) of BIFR Order stated above, the necessary effects have been given during the year in the Accounts as under :-

- [a] The face value of Equity Shares of the Company has been reduced from Rs.10/- to Rs.2/- per share and the same was ratified by the Shareholders in their meeting held on 20th March, 2008. Accordingly, the total number of equity shares has increased from 7,50,00,000 to 37,50,00,000.
- [b] The effect of capital reduction amounting to Rs.22697.48 lakhs comprising of Paid-up Capital (Rs.4661.37 lakhs), Advance against share pending allotment to Govt. of India (Rs.8714.32 lakhs) and Govt. of India Loan after conversion to Equity (Rs.9321.79 lakhs) has been accounted for by way of capital reduction in the face of Profit and Loss Account.
- [c] Pending confirmation from the respective banks namely State Bank of India, Bank of Baroda and Allahabad Bank the conversion to Equity capital has not been considered in the Accounts.
- [d] Waiver of damages payable upto the date of the Order i.e. 30th October, 2007 u/s.14B of the Employees Provident and Miscellaneous Provisions Act, 1952 no liability has been provided for such damages payable upto 30th October, 2007 in the Accounts for the year. The Company has submitted an application vide letter dated 22.04.2008 and 20.05.2008 to the Central Board of Trustees, Employees Provident Fund Organisation (EPFO) for the order of waiver for an aggregate amount of Rs.667.75 lakhs accrued upto 30th October, 2007 which includes a sum of Rs.50.89 lakhs already recovered by the RPFC of respective jurisdiction in the past. However, an amount of Rs.7.14 lakhs as Damages pertaining to the period from November, 2007 to 31st March, 2008 has been accounted for during the year.
- [e] Write back of accrued interest of Rs.2583.36 lakhs upto 31.03.2007 on GOI loan.
- [f] Write back of accrued interest of Rs.1130.00 lakhs upto 31.03.2007 charged by the Consortium Bankers towards penal interest and interest above PLR rate.
- [g] Write back of accrued interest of Rs.657.98 lakhs charged by the Consortium Bankers being the differential interest between actual rate charged and concessional rate of interest to be charged by the respective Bank as per SRS for the year 2006-07.
- [h] Write back of differential interest against loan given by Union Bank Rs.18.88 lakhs and Allahabad Bank Rs.81.63 lakhs for Tea Division as per SRS.
- [i] Write back of Electricity Duty in Assam Gardens against own generation for the year 2006-07 and 2007-08 amounting to Rs.4.59 lakhs.
- [j] Write back of Assam Agricultural Cess of Rs.149.14 lakhs upto 31.03.2007.
- [k] Write back of interest together with penalty upto 31.03.2006 on green leaf cess of Assam Tea Estates for Rs.130.19 lakhs.
- [l] Write back of fees for increase in Authorised Share Capital Rs.93.38 lakhs.
- [m] Govt. of India vide letter 10(3)/2008-PE-I dated 31st March, 2008 and No.10(26)/2005-PE-I dated 18th March, 2008 allocated Rs.150.00 lakhs towards Equity @ Rs.10 per share as investment in the Company for upgradation of Engineering Division and West Bengal Gardens. Since in terms of BIFR order dated 30th October, 2007 the face value of Equity share of the Company will

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

be reduced to Rs.2 in place of Rs.10, the decision of issuance of fresh issue of shares @ Rs.2 per share as above has been kept pending till revised order in this regard received from Govt. of India. Hence the amount of Rs.150.00 lakhs so received during the year has been shown in the Balance Sheet under head "Share pending allotment to Govt. of India".

- [n] Write back of Commission on Government Guarantees Rs.39.96 lakhs.
 - [o] Conversion of Rs.204.00 lakhs (being the unrecovered common expenses of the Company from WEBFIL Ltd. – an Associate Company) into 6% Cumulative Redeemable Preference Shares of Rs.10 each of WEBFIL Ltd. at par.
 - [p] The aggregate effect of SRS as given in the Accounts during the year Rs.4889.11 lakhs under the line item "Liabilities no longer required written back" in Schedule 14 of Other Income and Rs.8.40 lakhs(debit) under the line item "Interest – Others" in Schedule 18.
 - [q] Save and above other items though may have financial impact but no effect given in the Accounts for 2007-08 since the issues are pending with concerned agencies and/or quantum of effect is not yet crystallised.
4. 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, 2008 is Rs.2389.08 lakhs (Rs.22524.29 lakhs) out of which on the gross block of value Rs.165.92 lakhs (Rs.166.07 lakhs), depreciation has been provided under "Written down value method". The amount of depreciation so charged up to 31st March, 2008 is Rs.145.93 lakhs (Rs.142.61 lakhs) out of total depreciation of Rs.6322.30 lakhs (Rs.5795.12 lakhs) provided upto 31st March, 2008.

In Hooghly Printing & Co. Ltd. one Heidelberg Machine has been imported which is lying inside the press and can not be made operational due to the restraining order of the Hon'ble High Court Calcutta. All expenses incurred directly related to installations of Machines including interest on term loan has been capitalised upto the year end.

5. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.518.53 lakhs (Rs.430.84 lakhs).
6. 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.729.09 lakhs (Rs.667.09 lakhs).
 - [b] Guarantees and Indemnities given to various institutions and Authorities in connection with Company's operations amounting to Rs.1253.40 lakhs (Rs.2706.24 lakhs).
 - [c] Guarantees given to banks in favour of other Group and/or Associate Companies :
 - [i] The Bengal Coal Co. Ltd. – Rs.Nil (Rs.115.00 lakhs).
 - [ii] India Paper Pulp Co. Ltd. – Rs.265.00 lakhs (Rs.265.00 lakhs).
- In respect of item Nos.(ii) above, although the notice of invocation of the guarantees have been received neither any payment nor any provision has been made as the matters are under sub-judice.
- [d] Disputed Sales Tax matters aggregating to Rs.5404.57 lakhs (Rs.5282.84 lakhs).
 - [e] Aggregate Income Tax demands amounting to Rs.66.69 (Rs.53.96) not admitted, against which appeals have been preferred by the Company.
 - [f] Agricultural Income Tax demands amounting to Rs.517.62 lakhs (Rs.484.75 lakhs) not admitted, against which appeals have been preferred by the Company.

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

- [g] Disputed Excise/Customs Duty matters Rs.736.82 lakhs (Rs.883.15 lakhs).
- [h] Unexpired Letter of Credit opened by the Company's bankers – Rs.321.00 lakhs (Rs.711.43 lakhs).
7. The Group has adopted Accounting Standard-15 (AS-15) (Revised 2005) on "employee benefits". These Consolidated Financial Statements include the obligations as per requirement of this Standard.
8. As the necessary fund was available to meet the payment of arrear dues on account of pay revision of Officers and Non-Unionised Supervisory Staff w.e.f. 1st August, 1997 to 30th September, 2000 and the then Directors from 1st January, 1997 to 30th September, 2000, the liability to the tune of Rs.971.89 lakhs including employer's contribution of PF for Rs.109.82 lakhs has been provided in the Accounts for the year as items relating to previous year in Schedule 19.
9. [a] Loans and Advances in Schedule 10 includes an interest free amount of Rs.128.78 lakhs (Rs.111.64 lakhs) given 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. YAIL has since informed that pending implementation of the aforesaid Agro Project, they will have in the meantime engaged in the activities of Oyster Mushroom, Vermiculture and Tea Nursery and will repay the balance advance gradually.
- [b] Pursuant to an arrangement with YAIL, regarding takeover of Telepara Unit by them and pending implementation of the Agro Projects on commercial scale, an amount of Rs.21.55 lakhs (Rs.22.93 lakhs) consisting of salaries, wages and other administrative expenses of the said unit has been charged to the Profit and Loss Account of the Company.
10. 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.
11. As the creditors have not informed their status as par "Micro, Small and Medium Enterprises Development Act 2006" the dues to such parties, if any, could not be ascertained. Hence necessary disclosures as required under the aforesaid Act could not be made. However, unpaid overdue amount as on 31st March, 2008 relating to suppliers belonging to SSI Units amounts to Rs.186.49 lakhs (Rs.285.13 lakhs) on account of principal and provision of interest of Rs.336.36 lakhs (Rs.111.18 lakhs) has been made in the Accounts. This disclosure is based on the existing information available with the Company regarding the status of suppliers.
12. Directors' Remuneration :-

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
		[Rupees in lakhs]
Salaries	16.20	15.21
Directors' Fees	1.03	0.37
Contribution to Provident Fund/Superannuation Fund	1.83	3.32
Other Perquisites/benefits	0.97	1.37
	20.03	20.27
Add : Share of Joint Venture (Note No.2(iii) on Schedule-20)	3.80	3.63
	23.83	23.90

Since the liability for leave encashment, gratuity and superannuation has been computed and accounted for on Actuarial Valuation basis for the Company as a whole as per AS-15 and no separate figure was provided by the Actuary for Directors, the same has not been included in the above figures.

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

13. Details of "Miscellaneous Expenditure to the extent not written off or adjusted" as on 31st March, 2008 are as follows :-

	[Rupees in lakhs]	
<u>OTHER EXPENSES</u>	<u>2007-08</u>	<u>2006-07</u>
Expenses spent for development of Proto-type Fan out of grant received under DSIR Scheme	9.00	9.00
Voluntary Retirement	20.04	83.72
	<u>29.04</u>	<u>92.72</u>

14. Inventories include Rs.49.03 lakhs (Rs.59.04 lakhs) worth of stocks lying with third parties for which confirmations are awaited and/or under reconciliation and the same has been fully provided for.

15. 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.

16. 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.10735.16 lakhs under Schedule 2 includes a sum of Rs.10332.52 lakhs as Revaluation Reserve arising out of above revaluation. No Depreciation is charged on such revalued assets, as there is no depreciation charge on Estates.

17. In the matter of dispute with Oil & Natural Gas Commission Ltd. (ONGC) with regard to value of extra work executed, interest due thereon, etc., the Arbitrator has passed the Arbitration Award in favour of the Company for value of extra work Rs.123.79 lakhs, refund of Rs.8.16 lakhs deducted from bills for main work and interest @ 15% p.a. upto the date of payment of the above mentioned amounts. As the Company has already received Rs.70.00 lakhs earlier as the value of extra work out of Rs.123.79 lakhs, ONGC has made final payment of Rs.230.40 lakhs on 2nd June, 2008 comprising of Rs.53.79 lakhs as balance value of extra work, Rs.8.16 lakhs being refund of amount deducted from earlier bills, and Rs.166.45 lakhs as interest upto 2nd June, 2008. Out of the above amount, Rs.53.79 lakhs as value of extra work and Rs.166.84 lakhs as interest due upto 31st March, 2008 has been accounted for as Other Receipts in the Profit and Loss Account for the year. The balance amount of interest Rs.1.60 lakhs pertaining to 2008-09 shall be accounted for in the next year.

18. Provision for Liquidated damages amounting to Rs.1569.84 lakhs (Rs.1343.15 lakhs) have been set off against Sundry Debtors.

19. Vide a Resolution passed in the Annual General Meeting of the Company held on 30th September, 2004, the Authorised Share Capital of the Company was increased from Rs.7500.00 lakhs to Rs.20000.00 lakhs for which required Form No.5 had not been filed with the Registrar of Companies since the Company was declared as "Sick Company" by BIFR at its hearing held on 20th September, 2004.

In the meantime BIFR vide its Order dated 30th October, 2007 reduced the face value of Equity Shares of the Company from existing Rs.10 to Rs.2 per share and accordingly capital clause of Memorandum of Association and Article of Association were altered by the shareholders in the Extraordinary General Meeting held on 20th March, 2008, by superceding the earlier resolution passed in the Annual General Meeting held on 30th September, 2004, keeping Authorised capital remaining the same as Rs.7500.00 lakhs. Since no Form No.5 was filed with Registrar of Companies, question of alteration of share capital did not arise, hence the liability towards dues of Registration fees to the tune of Rs.93.38 lakhs has written back and accounted for during the year under review.

20. [a] No provision is made in the Books for possible losses that may arise in respect of long term investments made in Bengal Coal Co. Ltd., Yule Financing & Leasing Co. Ltd., and The Statesman Ltd., aggregating to Rs.28.60 lakhs (Rs.28.60 lakhs). The possible loss, if any, will be accounted for 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.1.50 lakh (Rs.1.42 lakh) 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.0.49 lakhs (Rs.0.47 lakhs).

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

- [d] In Katras Jherriah Coal Co. Ltd. diminution in value of long term investment amounting to Rs.2.39 lakhs (Rs.2.25 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.0.76 lakh (Rs.0.71 lakh).
21. Yule Financing & Leasing Co. Ltd. (YFLC), an Associate Company of Andrew Yule & Co. Ltd. (AYCL), had large amount of overdue public deposits lying outstanding which could neither be repaid nor serviced primarily because of serious liquidity problem faced by them. Affected depositors resorted to legal action through various Regulatory Authorities, Consumers' Forum and Court of Law. Under the circumstances and in order to pre-empt any coercive action, AYCL being a premier promoter was compelled to intervene with dual objectives of bailing out YFLC and to protect the interest of the affected public depositors.
- In November, 2003, GOI approved a Financial Restructuring proposal of AYCL which also included funding to YFLC to the extent of Rs.500.00 lakhs to pay off its large number of affected public depositors. Since fund approved under the scheme was insufficient due to non materialisation of important components namely receipt from dis-investments of shares in Group Companies and mobilisation of fund through Bond issue, the Company could release part fund of Rs.75.00 lakhs only in 2005-06. Owing to pressing requirement, balance fund of Rs.425.00 lakhs was released in favour of YFLC out of the proceeds of 9.1% Bond issued by the Company for Rs.2000.00 lakhs in February, 2007 prior to receipt of Govt. of India approval dated 19th March, 2007 wherein required Interest Free Government Fund for this purpose was earmarked which was received subsequently.
- Under this circumstances, the decision of the Company to provide unsecured loan of Rs.500.00 lakhs to YFLC @ 5.5% interest p.a. was based on judicious assessment of situation keeping in view the larger interest of the affected small depositors and consequential obligation of the Company as a whole being the premier promoter. It is to be noted that YFLC has serviced the interest due for the financial year 2006-07 and 2007-08 accordingly. Hence any assessment need to be made after taking into account of the view of this issue in totality instead of non-compliance, if any, of sub-section (1) of Section 372(A) of the Companies Act alone.
22. 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) had been introduced with effect from 1st April, 2005. In the previous year, specific clarification was awaited from the West Bengal Sales Tax authorities regarding continuation of the remission benefits under the VAT Rules. Also, the Company was yet to receive the renewed Eligibility Certificate that would enable the Company to avail of the remission benefits after 31st March, 2005. Pending receipt of the aforesaid clarification and Eligibility Certificate, it had been considered prudent not to recognise Central Sales Tax aggregating Rs.36574468, collected/collectible on sales made during the period 1st April, 2005 to 31st December, 2005, as revenue for the previous year. Accordingly, the aforesaid amount had been considered as liability in the financial statements of the previous year.
- In the current year, the Company has received the required Eligibility Certificate from the West Bengal Sales Tax authorities, pursuant to which the aforesaid liability on account of Central Sales Tax aggregating Rs.36574468 collected/collectible on sales made during the period 1st April, 2005 to 31st December, 2005 has been considered as revenue for the year. The group interest in the same amount is Rs.9509362.
23. [a] 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).
- [b] Write back for provision of cess of Rs.4.38 lakhs. Group interest in the said amount is Rs.1.44 lakhs.
24. [a] 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).
- [b] Write back for provision of cess for Rs.1.45 lakhs. Group interest in the said amount is Rs.0.46 lakhs.
25. 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).
26. 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).

(Contd.)

ANDREW YULE & CO. LTD.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

27. [a] In respect of Assessment years, proceedings for which are pending before the various Income Tax/Agricultural Income Tax Authorities on account of Rectification and Appeal Petition filed by the Company, adjustments will be made on final settlement of pending proceedings.
- [b] Undisputed Agricultural Income Tax demands to the tune of Rs.17.00 lakhs in respect of the Assessment years 1989-1990-91, and 1999-2000 will be adjusted against Refund Orders of Rs.157.29 lakhs relating to Assessment years 1994-95, 1996-97 and 2000-01 obtained by the Company. Application for adjustments are pending with the Assessing Authorities.
28. In computing Deferred Tax Liability of the Company for the Financial Year 2007-08, unabsorbed depreciation, business loss as per Income Tax Act, 1961 has not been recognised as Deferred Tax Assets. The balance of Deferred Tax Liability as on 31st March, 2008 stood at Rs.211.53 lakhs (Rs.35.71 lakhs) including share of Joint Venture Rs.(102.22 lakhs i.e. deferred assets)(Rs.12.11 lakhs).
29. Consolidated Segment Reporting :

The Group's segment information as at and for the year ended 31st March, 2008 are as below :-

[Rupees in lakhs]

	2007-08		
	External Sales	Inter Segment Sales	Total
1. Segment Revenue			
Electrical	7769.65	9.34	7778.99
	[4875.70]	[8.35]	[4884.08]
Tea	7458.37	1.75	7460.12
	[7075.21]	[0.94]	[7076.15]
Engineering	1663.23	2.15	1665.38
	[1653.30]	[20.29]	[1673.59]
Printing	404.33	7.48	411.81
	[398.60]	[9.40]	[408.00]
Conveyor Belt System	7276.98	...	7276.98
	[4620.41]	[...]	[4620.41]
Segment Total	24572.56	20.72	24593.28
	[18623.22]	[38.98]	[18662.20]
IUT Sale of Capital Goods			19.53
			[23.96]
Eliminations			20.72
			[38.98]
Consolidated Total			24592.09
			[18647.18]
2. Segment Results			
Electrical			1827.23
			[(-)1220.18]
Tea			(-)71.04
			[(-)2811.72]
Engineering			688.38
			[(-)603.35]
Printing			29.34
			[32.59]
Conveyor Belt System			1126.55
			[511.97]

(Contd.)

ANDREW YULE & CO. LTD.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

Segment Total		3600.46
		[(-)4090.69]
Unallocated Corporate Expenses (Net of Unallocated Income)		(-)147.28
		[(-)614.61]
Profit before Interest and Taxation		3453.18
		[(-)4705.30]
Interest etc. paid		1975.85
		[4048.18]
Interest/Dividend Income		523.02
		[255.37]
Profit from ordinary activity		2000.35
		[(-)8498.11]
Extra ordinary Income (Net)		...
		[...]
Extra ordinary Expenses (Net)		22.67
		[(-)60.19]
Net Profit		1977.68
		[(-)8558.30]
Provision for Taxation (Net of written back)		(-)714.75
		[(-)113.79]
3. Profit after taxation before share of results of Associates		1262.93
		[(-)8672.09]
Share of Profit of Associates		547.63
		[174.50]
4. Profit after taxation		1810.56
		[(-)8497.59]
Other Information	<u>Segment Assets</u>	<u>Segment Liabilities</u>
Electrical	7385.42	7582.39
	[5367.88]	[6824.68]
Tea	19286.48	4856.31
	[18441.74]	[5845.08]
Engineering	2736.32	2638.66
	[1958.55]	[2229.97]
Printing	735.88	450.13
	[555.18]	[259.34]
Conveyor Belt System	4226.18	1259.62
	[3318.31]	[1059.77]
Segment Total	34370.28	16787.11
	[29641.66]	[16218.84]
Unallocated Corporate Assets/Liabilities	15068.62	32358.16
	[5655.13]	[916.07]
Total	49438.90	49145.27
	[35296.79]	[17134.91]

(Contd.)

ANDREW YULE & CO. LTD.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

	Capital Expenditure	Depreciation including Impairment	Non-Cash Expenditure Other than Depreciation
Electrical	340.89	75.52	598.53
	[86.53]	[43.21]	[1396.78]
Tea	572.28	294.77	12.05
	[538.33]	[257.68]	[69.65]
Engineering	29.02	15.69	80.38
	[35.05]	[10.09]	[501.30]
Printing	309.39	3.46	...
	[...]	[4.08]	[...]
Conveyor Belt System	636.37	158.87	422.02
	[438.10]	[119.42]	[75.99]
Segment Total	1887.95	548.31	1112.98
	[1098.01]	[434.48]	[2043.92]

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.

30. Particulars relating to discontinued operations.

[a] Description of discontinued operations

Business Segments	Discontinued Operations
[i] Engineering Division	Air Handling Unit (AHU)
	Core Lamination Project (CLP)
	Project
[ii] Electrical Division	Port Engineering Works (PEW)
	Turnkey
	Agency
[iii] Residual Assets/Liabilities of Belting Division	
(shown under unallocated assets and liabilities)	

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

- [b] Carrying amount of fixed Assets, Current Assets and Current Liabilities in respect of discontinued operations included in the total Assets and liabilities as shown in the Balance Sheet as on 31st March, 2008 :

Sl. No.	Discontinued operations	Fixed Assets	Current Assets	Current liabilities provisions
1.	AHU	...	...	...
2.	CLP	17.28	...	...
3.	PEW	...	...	173.87
4.	Turnkey	...	...	...
5.	Agency	...	...	1.76
6.	Project	0.10	235.22	67.99
7.	Belting	...	61.03	128.19
	Total	17.38	296.15	196.18

- [c] Revenue, Expenses and Pre-Tax, Profit/Loss in respect of discontinued operations

	AHU	CLP	PEW	Agency	Turnkey	Project	Belting	Total
Turnover	53.79	...	53.79
Operating Expenses	3.27	0.31	3.58
Interest	9.44	9.44
Provisions	30.38	3.25	33.63
Profit/Loss before tax	187.62	-13.00	174.62
Provision for Taxation
Profit/Loss after tax	187.62	-13.00	174.62

- [d] Cash Flow

	PEW	Project	Belting
Cash Flow from Operating Activities :			
Net Profit before tax & Extraordinary items	...	187.62	-13.00
Adjustment for :			
Interest charged	9.44
Investment income	...	-166.85	...
Operating Profit before changes in amount of Current Liabilities and Current Assets	...	20.77	-3.56
Adjustment for :			
Trade Receivables	...	-190.26	5.00
Inventories	...	37.89	..
Loans and Advances	...	-0.01	...
Trade payable	...	-41.11	...
Cash Generated from Operations			
Income Tax			
Net Cash from Operating Activities	...	-172.72	1.44
Cash Flow from Investing Activities	...	166.85	...
Cash Flow from Financing Activities :			
Interest paid	-9.44
Net Cash used in Financing Activities
Net Charges in Cash and Cash Equivalent	...	-5.87	-8.00

(Contd.)

ANDREW YULE & CO. LTD.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

31. 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.
	- WEBFIL Ltd.
	- Yule Financing & Leasing Co. Ltd.

[ii] Key Management Personnel

[a] Kallol Datta	- Chairman and Managing Director (w.e.f. 02.07.2007)
[b] S. Muralidharan	- Director (Finance)
[c] I. Sengupta	- Director (Personnel)
[d] T. K. Mukherjee	- Managing Director, Phoenix Yule Ltd.
[e] R. K. Sikdar	- Director (Planning) (w.e.f. 07.01.2008)
[f] R. K. Babaycon	- Chief Executive, Tea Division
[g] S. Lahiri	- Chief Executive, Engineering Division (till 31.07.2007)

[iii] Disclosure of transactions between the Group and related parties and the status of outstanding balance as on 31st March, 2008.

	<u>Associates</u>	<u>Key Management Personnel and Relatives</u>
Purchase of goods	...	...
	[15.03]	[...]
Purchase of services	4.66	...
	[...]	[...]
Sale of goods	0.45	...
	[1.58]	[...]
Sale of services	...	...
	[...]	[...]
Interest income	27.50	...
	[12.32]	[...]
Dividend income	3.77	...
	[3.01]	[...]
Rent / Hire charges received	1.42	...
	[17.61]	[...]
Miscellaneous Receipt	0.02	0.01
	[0.80]	[0.07]
Expenses recovered	26.43	...
	[40.79]	[...]
Loan given	17.14	...
	[417.00]	[...]
Remuneration to Directors	...	19.00
	[...]	[23.53]
Remuneration to Others	...	11.58
	[...]	[15.54]
Balances as on 31st March, 2008		
Debtors / Receivable	0.86	...
	[0.17]	[...]
Advance recoverable	376.85	...
	[484.08]	[...]

(Contd.)

ANDREW YULE & CO. LTD.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

Creditors / Payable	0.10	...
	[1.42]	[...]
Deposits from	0.25	...
	[29.05]	[...]
Loan given	500.00	0.32
	[500.00]	[0.42]
Loan taken	...	...
	[1000.00]	[...]
Interest payable	...	...
	[251.71]	[...]

32. Earning per share

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
[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	28,37,18,478	5,82,67,078
Weighted average number of Equity Shares outstanding during the year	5,88,83,065	5,82,67,078
Face value of each Ordinary Share	Rs.2.00	Rs.10.00
[b] Profit after Tax available for Equity Shareholders	Rs. 1810.56 lakhs	Rs. (-) 8497.59 lakhs
[c] Basic earnings per Share	Rs.3.07	Rs. (-)14.58

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

33. Provision has been made against "Contingencies" for the following items :-

[Rupees in lakhs]

	As on 01.04.07	Provision written back during the year	As on 31.03.08
[a] Unconfirmed stock with various third parties	111.82	37.89	73.93
[b] Hooghly Docking & Port Engineering Co. Ltd.	117.66	...	117.66
[c] Orissa Cements Ltd.	351.37	...	351.37
[d] Fixed Deposit as Guarantee for Brentford Unit after Nationalisation and other Miscellaneous	10.00	...	10.00
[e] Others	1.22	...	1.22
Total	592.07	37.89	554.18

The contingent liabilities and liabilities mentioned at Note No.6c(ii) and 33 above respectively are dependent upon Court decision/out of Court settlement/disposal of appeals etc.

No reimbursement is expected in the case of contingent liabilities and liabilities shown respectively under Note No.6c(ii) and 33 above.

34. Details of Expenses under Item relating to previous year are as under (Schedule 19) :-

[Rupees in lakhs]

Interest on Sales tax loan	7.83
Interest on Sales tax dues	5.67
Service and erection cost	0.20

(Contd.)

ANDREW YULE & CO. LTD.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

Security service charges	0.28
Travelling expenses	4.20
Legal expenses	5.71
Excise duty	16.36
Bonus	16.47
Central sales tax	1.06
Interest on State Bank of India	2.94
One Time settlement with State Bank of India	58.90
Employees State Insurance	0.33
Miscellaneous expenses	35.89
Arrear salary of Executive/Asstt.	971.91
Comm. Tax	0.27
Establishment expenses	0.16
Stock of stores	1.88
Food Stuff	3.34
Warehouse	0.20
Professional Tax	0.12
Vermiculture	2.53
Repair	0.97
Gas	6.35
Professional fees	0.10
Input tax	0.32
CENVAT	0.15
Labour welfare	0.17
Settlement money	4.91
Medical	0.10
Firewood	67.78
Packing material	0.10
Total	<u>1217.20</u>

Previous years figure are not available.

35. In the matter of eviction suit filed by the Lessor pending since 1985 against the Company (Lessee), the Hon'ble High Court vide Order dated 22nd May, 2003 granted time extension to the Company to demolish the existing structure and construct a new building on the leasehold property viz. Rajgarh Project within 21st May, 2008 failing which the eviction suit will be heard as an undefended suit. For development of this property, the Company has entered into an agreement dated 28th September, 2007 giving the right to the Developer to develop and sub-let/sub-lease the property for which the Company received a consideration of Rs.207.00 lakhs. The Developer will also pay the lease rent as agreed between the Company and the Landlord. Initial work on development has already started. Despite Company's efforts to comply with the direction of the Court, the said project could not be completed within the stipulated time.

Under the circumstances, in order to preempt the invocation of aforesaid undefended eviction clause of the pending suit of 1985, the Company submitted a leave seeking further extension of time of construction stating the updated position of progress of construction together with reasons for delay in completion of the same which is pending with Hon'ble High Court. In the matter of such prayer of the Company, the Hon'ble High Court has given specific direction in this regard vide order dated 11th June, 2008, which are as under:

[a] Suit will not be transferred to undefended list.

[b] Sebit will receive monthly occupancy charges @ Rs.3.00 lakh per month from April, 2008 onwards.

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

[c] The order will not stand in the way of the parties settling the matter out of Court.

[d] More importantly, Plaintiff and other appearing Sebit and the next friend of the Deity have no objection what the defendant has sought for.

In view of such position, direction from Hon'ble High Court, which has been consented by Lessor, the Company expects that the matter will be settled amicably with the lessor, and extension of time for development of the property will be granted by the Court as given in the past by the same Court. Therefore, one time consideration of Rs.207.00 lakh as aforesaid has been recognised as income during the year as the Company is reasonably certain that the above mentioned matter will be settled amicably with the Landlord and will be agreed by the Court.

36. 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.
37. Previous year's figures have been re-classified/re-grouped wherever necessary to conform with current year's presentation.

ANDREW YULE & COMPANY LIMITED

P R O X Y

I/We,..... of
.....
being a Member/Members of Andrew Yule & Co. Ltd. hereby appoint
..... of
..... or failing him.....
..... of
..... as my/our proxy in my/our absence to attend and vote for me/us, and
on my/our behalf, at the Annual General Meeting of the Company to be held on Tuesday the 16th day of
September, 2008 at 11.00 a.m. and at any adjournment thereof.

As WITNESS my/our hand/hand(s) this..... day of..... 2008.

Signed by the said.....

One
Rupee
Revenue
Stamp

.....

Note: The Proxy must be deposited at the Registered Office of the Company at 8, Dr. Rajendra Prasad Sarani, Kolkata – 700 001 not less than 48 hours before the time for holding the Meeting.



**THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER
AT THE ENTRANCE OF THE MEETING HALL**

ANDREW YULE & COMPANY LIMITED

Name of the attending Member.....
(in Block Letters)

Member's Folio Number.....
Name of Proxy (in Block Letters) to be filled in if the Proxy attends instead of the Member

No. of Shares held.....

I hereby record my presence at the Annual General Meeting at the Williamson Magor Hall of The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata– 700 001 on Tuesday, the 16th September, 2008 at 11.00 a.m.

.....
* Member/s/Proxy's Signature

* To be signed at the time of handing over this slip. [114]