

ANDREW YULE
& COMPANY LIMITED



ANNUAL REPORT
& ACCOUNTS 1998-99





Table of Contents	Page
Shareholders' Information	2
Board of Directors	3
Auditors, Legal Advisers and Principal Bankers	4
Notice to Members	5
Directors' Report	7
Auditors' Report	15
Comments of the Comptroller and Auditor General of India	18
Review of the Accounts by the Comptroller and Auditor General of India	18
Statement of Accounting Policies	21
Balance Sheet	26
Profit and Loss Account	27
Schedules to the Balance Sheet	28
Schedules to the Profit and Loss Account	41
Notes on Accounts	45
Statement of Cash Flow	62
Statement u/s 212 of the Companies Act, 1956	64

Subsidiary Company :

Hooghly Printing Company, Limited

ANDREW YULE & CO. LTD.**SHAREHOLDERS' INFORMATION****CORPORATE & REGISTERED OFFICE :**

REGISTRATION NO. 21-3229

"Yule House", 8, Dr. Rajendra Prasad Sarani, Calcutta-700 001
 Tel : 242-8210, 242-8550
 E-mail : webfil@giase101.vsnl.net.in/ifsales @cal.vsnl.net.in
 Telegram : "YULETIDE"
 Fax : 91-33-242-9770/5477/1087

SHAREHOLDER SERVICES, ENQUIRIES, COMPLAINTS :

Share Department,
 "Yule House", 8, Dr. Rajendra Prasad Sarani, Calcutta-700 001
 Tel : 242-8210, 242-8550
 E-mail : webfil@giase101.vsnl.net.in/ifsales @cal.vsnl.net.in
 Telegram : "YULETIDE"
 Fax : 91-33-242-9770/5477/1087

SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST AUGUST, 1999

Category	No. of Shares	% of total Shares
CENTRAL GOVERNMENT	4,61,33,306	92.15
FINANCIAL INSTITUTIONS	21,58,962	4.31
NATIONALISED BANKS	19,380	0.04
MUTUAL FUNDS	51,476	0.10
DOMESTIC COMPANIES	1,67,474	0.33
NON-DOMESTIC COMPANIES	500	...
RESIDENT INDIVIDUALS	14,74,897	2.94
NON-RESIDENT INDIVIDUALS (INDIAN)	15,371	0.03
NON-RESIDENT INDIVIDUALS (FOREIGN NATIONAL)	40,707	0.10
DIRECTORS & THEIR RELATIVES	5	...
	<u>5,00,62,078</u>	<u>100.00</u>

DISTRIBUTION OF HOLDING AS ON 31ST AUGUST, 1999

Range of Shares		No. of Holders	% of total Holders	No. of Shares	% of total Shares
From	To				
	500	7368	93.42	7,63,765	1.53
501	1000	303	3.84	2,26,481	0.45
1001	2000	111	1.41	1,56,773	0.31
2001	3000	43	0.55	1,06,215	0.21
3001	4000	16	0.20	54,896	0.11
4001	5000	11	0.14	50,844	0.10
5001	10000	15	0.19	1,06,987	0.21
10001		20	0.25	4,85,96,117	97.08
TOTAL		7887	100.00	5,00,62,078	100.00

EXCHANGES LISTED AT :

The Equity Shares of the Company are listed at the Stock Exchanges at Calcutta, Mumbai and Delhi.



BOARD OF DIRECTORS

Sujit Chakravorti — *Chairman & Managing Director*

A. K. Basu

Brig. R. K. Kashyap, VSM (Retd.)

Pradeep Kumar

P. R. Ray

A. V. Singh

E. I. Thomas

COMPANY SECRETARY

D. Bose

REGISTERED OFFICE

'Yule House'

8, Dr. Rajendra Prasad Sarani,
Calcutta - 700 001

Report  Junction.com

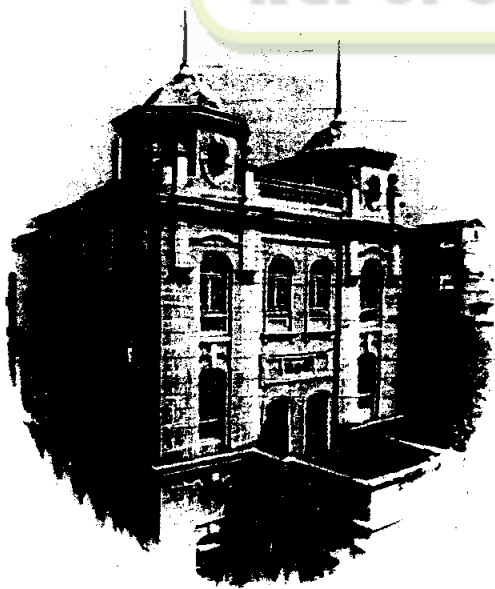
Offices at :

Flat Nos. 401, 402 & 406
Laxmi Bhavan, 72, Nehru Place,
New Delhi - 110 019

32, Ramjibhai Kamani Marg,
Kamani Chambers,
Ballard Estate, Mumbai - 400 038

'Mount View'
646, Anna Salai,
Chennai-600 006

JVL Plaza,
501, Anna Salai,
Teynampet, Chennai - 600 018



ANDREW YULE & CO. LTD.

Auditors

S. K. Singhania & Company
Chartered Accountants
19-A, Chowringhee Road,
Calcutta 700 087

Saha Ganguli & Associates
Chartered Accountants
"Shantiniketan"
8, Camac Street, 6th Floor,
Calcutta-700 017

Report



junction.com

Mitra Ghosh & Ray
Chartered Accountants,
182/8, Sarat Bose Road,
Calcutta-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, Calcutta-700 001 on Thursday, the 30th day of September, 1999 at 11.00 a.m. to transact the following business :

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 1999, Balance Sheet as-at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Pradeep Kumar 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 resolution:-

As an Ordinary Resolution :

3. "RESOLVED that Shri Prasad Ranjan Ray be and is hereby appointed a Director of the Company."

The Registers of Members and Transfer Registers of the Company will remain closed from 16th September to 24th September, 1999 both days inclusive.

Report Junction.com

Registered Office :

"Yule House"

8, Dr. Rajendra Prasad Sarani,
Calcutta-700 001

1st September, 1999

By Order of the Board,

D. BOSE
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 Meeting.
 2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the item : of Special Business is annexed.
 3. 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.
 4. Pursuant to Section 205A (5) of the Companies Act, 1956, all dividends declared upto the financial year ended 31st March, 1994 which remained unclaimed/unpaid have been transferred to the General Revenue Account of the Central Government. Members concerned are requested to claim such dividends from the Registrar of Companies, West Bengal, Nizam Palace, II MSO Building, 234/4, A.J.C. Bose Road, Calcutta - 700 020.
 5. KINDLY BRING YOUR COPY OF THE ANNUAL REPORT TO THE MEETING.

ANDREW YULE & CO. LTD.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 3:**

Shri Prasad Ranjan Ray, Secretary, Commerce and Industries Department, Government of West Bengal was appointed as a Director of the Company on 13th Jan., 1999 in terms of Section 262 of the Companies Act, 1956 (the Act) to fill-up the casual vacancy caused by the resignation of Shri S. N. Roy. He will hold office upto the date of this Annual General Meeting. The Company has received a notice under Section 257 of the Act from a member proposing the appointment of Shri Prasad Ranjan Ray as a Director of the Company at this Annual General Meeting and Shri Ray has consented to act as such, if appointed.

The Board recommends appointment of Shri Prasad Ranjan Ray as a Director.

No Director other than Shri Ray has any interest or concern in the proposed resolution.





DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report and Accounts of the Company for the financial year ended 31st March, 1999.

1.0 FINANCIAL RESULTS :

	(Rs. in lakhs)
Profit before Tax	410.50
Less : Provision for Taxation	190.00
	220.50
Add : Development Allowance Reserve written back	1.79
	222.29
Less : Loss brought forward from last Account	(-) 3,863.18
	(-) 3,640.89
Less : Transfer from General Reserve	2,865.00
Balance carried over to Balance Sheet	(-) 775.89

The year 1998-99 was an eventful year for your Company. The Belting Division was finally hived off to Phoenix Yule Private Ltd. a new Joint Venture Company (JVC) on 1st February, 1999 which in turn became a deemed public limited company and started operations in the name and style of Phoenix Yule Limited (PYL) from the aforesaid date. Phoenix AG, Germany, the leading international player in conveyor belt industry worldwide holds 74% equity in the said JVC and the balance 26% is held by the Company. It is perhaps the first business restructuring of a Central Public Sector Undertaking in terms of spinning off one of its operating Divisions and forming a Joint Venture with majority holding by a global market leader. It is the beginning of a new era and PYL will be a great success with the synergies of your Company and the foreign partner. PYL has already absorbed the latest technology from Phoenix AG, Germany and is producing the excellent product establishing a strong brand image with best technical support and other assistance from the Joint Venture Partner on a continuous basis.

The economic scenario continued to be sluggish during the year under review. Consequently, the performance of your Company also suffered in the financial year 1998-99. Further, the activity of erstwhile Belting Division for the peak performing months i.e. February and March, 1999 could not be

reflected in the Accounts for the year 1998-99 as the Joint Venture Company, Phoenix Yule Limited commenced its business from 1st February, 1999. However, taking into consideration the savings of substantial interest burden through repayment of various institutional loans by utilising the fund infused by the Central Government, the profit on sale of assets of erstwhile Belting Division and even after making provision for salary revision the profitability had increased to Rs. 4.10 crores as against Rs. 3.04 crores achieved in the preceding year.

As the members are aware, fresh equity shares equivalent to Rs. 1168 lakhs had already been issued and allotted in favour of the President of India during the year 1997-98 in partial conversion of the financial assistance of Rs. 3949 lakhs extended by the Central Government. In completion of the exercise, equity shares in conversion of the balance amount of Rs. 2781 lakhs have also been issued in the current financial Year.

The efforts for spinning off the Engineering Division by formation of a Joint Venture Company with the participation of a suitable partner did not materialise. Accordingly, in order to ensure rejuvenation / turn around of the Division to meet the growing challenges, a Revival-Cum-Restructuring proposal is under consideration of the Central Government.

It is a pleasure to note that the performance of Dishergarh Power Supply Co., Ltd., Tide Water Oil Co. (India) Ltd., DESCON Consultants & Investments Ltd. were excellent. The operations of Yule Financing & Leasing Co., Ltd., however, continued to suffer seriously owing to depressed money market situation and the restrictions imposed by the Reserve Bank of India on acceptance of Public deposits. The performance of Hooghly Printing Co., Ltd., the wholly owned subsidiary, was not up to the expected level. The operating results of WEBFIL Ltd. for the 18 months period ended 31st March, 1999 was unsatisfactory. It may be noted that WEBFIL Ltd. has been referred to BIFR and a revival package for the same has also been submitted.

2.0 DIVIDEND :

Despite the profit earned the accumulated loss is yet to be completely wiped off and hence the Directors regret their inability to recommend any dividend

ANDREW YULE & CO. LTD.

for the year ended 31st March, 1999.

3.0 CONTRIBUTION TO NATIONAL EXCHEQUER :

Your Company contributed Rs. 3667 lakhs during the year to the national exchequer by way of duties, tax, cess, etc.

4.0 OPERATIONS :

4.1 Engineering Division :

The Performance of the Division showed a downward trend as the expected level of activity could not be achieved due to continuing serious liquidity crisis. While the Kalyani Unit recorded more activity, the poor performance of Air Pollution Control Unit following the low order-in-take and acute shortage of working capital had adversely affected the operations of the Division. However, with the prospect of larger outlay in the core sector the Unit is looking forward to improved order book position.

The Division is in dire need of infusion of long term fund for its sustenance and eventual growth. With this object in view, a revival-cum-restructuring plan for Engineering Division has already been submitted to the Central Government for its consideration.

4.2 Electrical Division :

The overall performance of the Division improved considerably compared to that of in previous year. The activity of Electrical Systems Group was quite satisfactory and Togami Unit also made positive contribution during the year. The other Units were also able to improve their performance.

The general recession in the electrical industry continued to affect the division and this unfavourable position was further accentuated by non-availability of adequate liquidity arising out of blockage of funds with major customers viz. State Electricity Boards.

• The greater emphasis by the Central Government for development of Power Transmission & Distribution infrastructure and substantial investment programme during the ninth plan period in expansion of transmission systems is expected to offer wide opportunities to the growth of Electrical Division.

Accordingly, the Division is making all out efforts to gear up its activities and focus its attention to all

major areas including marketing, reduction in manufacturing cycle, value engineering, cost control, product development/upgradation, etc.

In this context it is a pleasure to note that Electrical Systems Group of the Division by virtue of its proven ability and expertise has been successful in securing a prestigious order for a large value.

4.3 Belting Division :

The Belting Division having been hived off with effect from 1st February, 1999 the performance of the Division for the period April, 1998 to 31st January, 1999 has been incorporated in the Accounts under review. The operations during the aforesaid period was particularly affected as the major customers in the cement and steel industries had restricted or deferred their purchases.

4.4 Tea Division :

The Tea Division during the year under review has maintained its satisfactory performance by achieving a higher production of 4.80 lakh kgs. over the last year despite unprecedented flood that affected the operation of the gardens severely both in West Bengal and Assam. As reported last, Company's changed agricultural policy pursued over the years, has resulted in higher yield and better quality standard. The export performance of the Division remained at the same level despite pressure on prices during the year due to excess global production.

The Division is in the process of implementing its comprehensive development plan on a sustained basis for upgradation of the Tea Estates with simultaneous action for modernisation of manufacturing facilities to ensure improvement in the quality of teas in future.

The tea industry as a whole is experiencing difficulties in absorbing the continued increase in the costs of wages and foodgrains for the workers, recent imposition of excise duty on bulk tea in addition to the existing levies. The situation has been further aggravated by severe drought continued during the earlier part of the current financial year. However, with the improved field practices and adoption of effective cost control measures the Division is confident to maintain its profitability.



5.0 ISO 9000/14000 :

During the year under review, three more tea estates at Dooars viz. Banarhat, New Dooars and Choonabhutti have obtained accreditation of ISO 9002 System. The Mim Tea Estate at Darjeeling is at the advanced stage of obtaining accreditation of ISO 14001 System for environmental management in addition to ISO 9002 System already acquired by it earlier.

6.0 FIXED DEPOSIT :

Deposit from the public and others amounted to Rs. 816.37 lakhs as on 31st March, 1999 out of which deposits totalling Rs. 1.86 lakhs became due for repayment. Deposits amounting to Rs. 0.15 lakh have since been renewed/repaid leaving a balance of Rs. 1.71 lakhs which have not been claimed by the depositors as yet.

7.0 EXPORT :

The Company's export during the year was Rs. 1819 lakhs on C.I.F. basis and the foreign exchange earnings had for the first time exceeded the outflow. Suitable steps have been taken for further increase in exports in the current financial year.

8.0 PROSPECT :

The improvement in the overall situation in the country coupled with policy initiatives for revival of economy, recovery in industrial growth, expansion of capacity in different core sectors are expected to offer opportunities of new business and different Divisions of the Company are looking forward to reap benefit in such changed scenario. The steps taken by the Company for improvement of production and quality of tea along with the current favourable trend in both domestic and international markets would help Tea Division to yield better results. The implementation of revival and rehabilitation scheme for Engineering Division which is under active consideration of the Central Government is likely to contribute effectively towards the performance. The Electrical Division which having created a niche in the execution of Turnkey Projects relation to power transmission and distribution sector is confident of doubling its turnover within next 3 years.

9.0 MEMORANDUM OF UNDERSTANDING (MOU) :

The Company has entered into an MOU for the year 1999-2000 with the Ministry of Industry, Government of India. The Company has secured "Very Good" rating for the year 1997-98. The provisional rating for the year 1998-99 is also "Very Good".

10.0 SUBSIDIARY :

The performance of Hooghly Printing Co., Ltd., the wholly owned subsidiary was not satisfactory. However, in implementation of the programme for modernisation of the press, a new generation 4-colour Off-set printing machine has since been installed and commissioned at the end of the last financial year.

Your Directors are hopeful that with the improvement in infrastructural facility Hooghly Printing would be able to cater to the needs of customers of different segments effectively and thus retain its share in the market.

11.0 R & D ACTIVITIES AND ENERGY CONSERVATION :

Information relating to conservation of energy, power and fuel consumption, technology absorption and other related matters, pursuant to Section 217 (1) (e) of the Companies Act, 1956 is given in a statement annexed to this report.

12.0 Y2K COMPLIANCE :

The Company has taken necessary steps to ensure that all its systems in operational and accounting areas are Y2k compliant by 31st December, 1999 and significant progress has been achieved in this regard.

It is not possible for your Company to completely assess the Y2K readiness of its suppliers and service providers. However, all possible steps are being taken, including contingency plans, to protect business continuity and to manage possible disruptions resulting from Y2K failures.

The total cost for remediation process will not be significant.

13.0 AUDITORS' REPORT :

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

13.1 The status of recovery of dues from Tea Trading