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ANNUAL REPORT

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ACCOUNTS

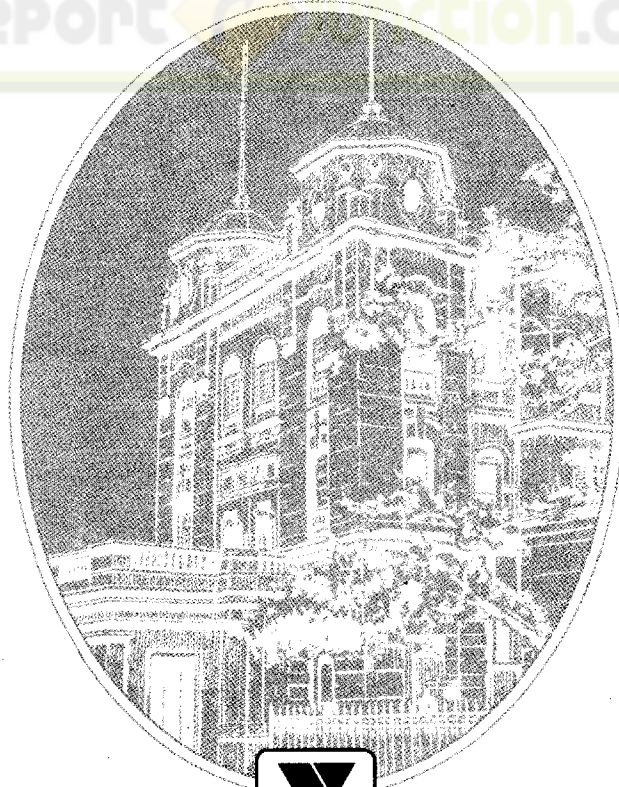
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2003-2004

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ANDREW YULE & CO. LTD.

(A Govt. of India Enterprise)



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## Subsidiary Company :

Hooghly Printing Company, Limited.

**ANDREW YULE & CO. LTD.**

**BOARD OF DIRECTORS**

Arindom Mukherjee – (Chairman and Managing Director)

A. K. Basu

Naresh Chaturvedi

Sunil Mitra

M. K. Sen

S. P. Singh

S. P. Upasani

D. R. S. Chaudhary

**COMPANY SECRETARY**

A. K. Bandyopadhyay

**REGISTERED OFFICE**

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

**Offices at :**

Flat Nos.401 and 402,  
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.

**Auditors**

**MOOKHERJEE BISWAS & PATHAK**

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

**N. SARKAR & CO.,**

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

**KUNDU HOSSAIN KARMAKAR**

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

**Principal Bankers**

Allahabad Bank

Bank of Baroda

State Bank of India

Union Bank of India

United Bank of India



## NOTICE TO MEMBERS

NOTICE is hereby given that the Annual General Meeting of the members of Andrew Yule & Company Limited will be held at the Auditorium of Indian Chamber of Commerce, 10th Floor, "India Exchange", 4, India Exchange Place, Kolkata – 700 001 on Thursday, the 30th day of September, 2004 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, 2004, 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, 2005.
3. To appoint a Director in place of Shri S.P. Upasani 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 Naresh Chaturvedi be and is hereby appointed a Director of the Company."
5. "RESOLVED that Shri Sunil Mitra be and is hereby appointed a Director of the Company."
6. "RESOLVED that Shri D. R. S. Chaudhary be and is hereby appointed a Director of the Company".
7. "RESOLVED that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956 the authorised capital of the Company be and is hereby increased from Rs.75,00,00,000 divided into 7,50,00,000 equity shares of Rs.10/- each to Rs.200,00,00,000 divided into 20,00,00,000 equity shares of Rs.10/- each by creation of 12,50,00,000 new equity shares of Rs.10/- each."
8. "RESOLVED that pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause 5 of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead, the new Clause 5 :

"The Authorised Share Capital of the Company is Rs.200,00,00,000 (Rupees two Hundred Crores) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Rs.10 each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

**ANDREW YULE & CO. LTD.**As Special Resolutions :

9. "RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the existing Article 5 of the Articles of Association be and are hereby deleted and be substituted in its place by the following new Article :

"The Authorised Share Capital of the Company is Rs.200,00,00,000 (Rupees two Hundred Crores) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Rs.10 each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

10. "RESOLVED that pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals/ sanctions and permissions as may be considered necessary from the Central Government and in accordance with the guidelines of Securities and Exchange Board of India (SEBI) for preferential allotment of shares, the consent, approval and authority of the Company be and are hereby accorded to the Board of Directors to issue upto 9,26,49,000 Equity Shares of Rs.10/- each out of the unissued share capital of the Company for cash, at par to the President of India without offering to any other existing shareholders of the Company at such time as the Board of Directors may in its absolute discretion deem fit and proper."

"RESOLVED further that the above new equity shares to be issued shall rank pari passu in all respects with the existing equity shares of the Company."

"RESOLVED further that for the purpose giving effect to this resolution the Board of Directors be and is authorised to do all such acts, deeds, matters and things as may, in its absolute discretion deem necessary, proper or desirable and to settle any question or difficulty or doubt that may arise in regard to the issue and allotment of such shares as aforesaid or any other matters incidental or consequential thereto."

The Registers of Members and Transfer Registers of the Company will remain closed from 20th September to 27th September, 2004, both days inclusive.

Registered Office :  
'Yule House',  
8, Dr. Rajendra Prasad Sarani,  
Kolkata - 700 001.  
2nd September, 2004.

By order of the Board,  
A. K. 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 Meeting.
  2. In terms of Clause (aa) to Sub-Section 8 of Section 224 of the Companies Act, 1956 (Act) the remuneration payable to the auditor(s) appointed under Section 619 of the Act by the Comptroller & Auditor General of India shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine.
  3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the items of Special Business is annexed.
  4. Particulars of Director retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) :  
  
 Shri S.P. Upasani, aged about 65 years, a member of Indian Administrative Service (IAS), 1962 batch, has been on the Board of Directors of the Company since November, 2001. He is a M. Com., LL.B and M.B.A. He has more than 36 years of wide experience in administrative and allied areas under the Government of India and Government of Maharashtra. He had held several key posts viz. Chief Secretary, Government of Maharashtra, Joint Secretary, Ministry of Information & Broadcasting, Chairman – Company Law Board, Chairman – Bureau of Industrial Cost & Prices besides various state level enterprises in Maharashtra. At present he is a member of the Board of Directors of United Western Bank Ltd. and Bharat Heavy Electricals Ltd.
  5. 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.
  6. 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.
  7. Members, who hold shares in de-materialised form are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
  8. Members holding shares in physical form are requested to notify immediately any changes in their address to the Company or its Registrar & Share Transfer Agents. In case their shares are held in dematerialised form, this information should be passed on directly to their respective Depository Participants without any delay.
  9. Pursuant to Section 205A (5) of the Companies Act, 1956 all unclaimed/unpaid dividends upto the financial year ended 31st March, 1994 have been transferred to General Revenue Account of the Central Government. Members concerned are requested to claim such dividends from the Registrar of Companies, West Bengal, Nizam Palace, II MSO Building, 234/4, A.J.C. Bose Road, Calcutta – 700 020 by submitting an application in prescribed form.
  - 10. 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. 4 :** Shri Naresh Chaturvedi, Additional Secretary & Financial Adviser to the Government of India, Ministry of Heavy Industries & Public Enterprises, was appointed as part-time official Director of the Company with effect from 15th October, 2003.
- In terms of the provisions of Section 260 of the Companies Act, 1956 Shri Chaturvedi vacates office at the forthcoming Annual General Meeting. A notice in writing as required under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing the appointment of Shri Naresh Chaturvedi as a Director on the Board and Shri Chaturvedi has agreed to act as Director, if appointed.
- No Director of your Company other than Shri Naresh Chaturvedi is interested or concerned in this Resolution.
- The Board recommends the proposed Resolution for approval.
- Item No. 5 :** Shri Sunil Mitra, Principal Secretary, Industrial Reconstruction Department, Government of West Bengal, was appointed as a Director of the Company in the vacancy caused by the resignation of Shri Jawhar Sircar. In terms of the provisions of Section 262 (2) of the Companies Act, 1956, Shri Sunil Mitra will hold office up to the date of Annual General Meeting.
- The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to proposing the appointment of Shri Sunil Mitra as a Director on the Board and Shri Mitra has agreed to act as Director, if appointed.
- No Director of your Company other than Shri Sunil Mitra is interested or concerned in this Resolution.
- The Board recommends the proposed Resolution for approval.
- Item No. 6 :** Shri D. R. S. Chaudhary, Jt. Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Govt. of India was appointed as part time official Director of the Company in place of Shri A. Didar Singh.
- In terms of the provisions of Section 260 of the Companies Act, 1956 Shri Chaudhary vacates office at the forthcoming Annual General Meeting. A notice in writing as required under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing the appointment of Shri D. R. S. Chaudhary as a Director on the Board and Shri Chaudhary has agreed to act as Director, if appointed.
- No Director of your Company other than Shri D. R. S. Chaudhary is interested or concerned in this Resolution.
- The Board recommends the proposed Resolution for approval.
- Item Nos. 7, 8 & 9 :** In order to arrest rapid depletion in the asset value of the Company and to improve market credibility of the Company, there is urgent necessity to initiate financial and business restructuring of the Company which could be undertaken only with expanded equity base of the Company. At present the capital clause in the Memorandum of Association is Rs.75,00,00,000 consisting of 7,50,00,000 equity shares of Rs.10/- each. It is proposed to enhance the authorized capital from Rs.75,00,00,000 to Rs.200,00,00,000. Accordingly, alteration in the capital clause of the Memorandum of Association and also



alteration in the relevant clause of the Articles of Association are being placed before the meeting for approval.

A copy of the Memorandum & Articles of Association of the Company showing the changes proposed are available for inspection by members during the business hours at the registered office of the Company.

No Directors is interested or concerned in this resolution.

The Central Government has sanctioned and released to the Company a fund of Rs.50.92 crores towards equity for the purpose of Financial & Business Restructuring of the Company. Over and above, sanctioned has been accorded by the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry for conversion of Government loan of Rs.41.73 crores into equity. While sanctioning the proposal for Financial & Business Restructuring of the Company the Central Government has stipulated that the Company shall have to issue fresh equity shares of face value of Rs.10/- each at par equivalent to the aggregate amount of Rs.9264.90 lakhs in the name of the President of India. The decision of the Central Government to participate in the equity capital in the aforesaid manner is certainly beneficial to the interest of the Company.

Under the circumstances the Company will be required to issue 9,26,49,000 equity shares of Rs.10/- at par at a face of value of Rs.9264.90 lakhs to the Central Government in the name of the President of India.

**Item No. 10 :**

As in the past the Central Government has sanctioned and released to the Company by way of Budgetary support the financial assistance of Rs.9264.90 lakhs during the financial year 2003-2004 for meeting the capital expenditure towards implementation of certain Plan Schemes and implementation of Financial & Business Restructuring of the Company. While sanctioning such assistance, the Central Government has particularly stipulated that the Company shall have to issue fresh equity shares of face value of Rs.10 each at par equivalent to the aforesaid amount of Rs.9264.90 lakhs in the name of the President of India. The decision of the Central Government to participate in the equity capital in the manner aforesaid is certainly beneficial to the interest of the Company.

Under the circumstances explained above, the Company will be required to issue 9,26,49,000 equity shares of Rs.10/- each at par for a total face value of Rs.9264.90 lakhs to the Central Government in the name of the President of India.

An application has been submitted to The Securities & Exchange Board of India (SEBI) seeking requisite approval to the proposed conversion of financial assistance of Rs.9264.90 lakhs into the equity shares of Rs.10/- each at par in relaxation of Clause 13.1.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000. The approval is awaited.

The proposal is being placed before the members as a "Special Resolution" in terms of Section 81(1A) of the Companies Act, 1956 as the aforesaid Equity Shares will be issued only to the Central Government in the name of the President of India.

The Board of Directors recommends that the proposed Special Resolution be passed.

None of the Directors has any interest or concern in the proposed resolution.



**ANDREW YULE & CO. LTD.****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, 2004.

**1.0 FINANCIAL RESULTS :**

	(Rs. in lakhs)
Loss for the year before adjustment	5471.23
Add : Provision for wealth tax	2.50
	<u>5473.73</u>
Less : Provision for deferred tax liability	10.73
	<u>5463.00</u>
Loss for the year	5463.00
Add : Loss brought forward from last account	16167.93
	<u>21630.93</u>
Less : Transfer from General Reserve	2467.00
	<u>19163.93</u>
Balance Carried over to Balance Sheet	<u>19163.93</u>

The year under review was a difficult one for the Company due to acute working capital shortage of the Company coupled with sluggish demand for capital goods and severe competition. The performance of Tea Division was severely affected due to continued depressed market condition and lower crop harvest following inadequate and non-timely application of fertilizers and other inputs due to fund constraints. However, there have been marked improvement in the operations of the Company from January, 2004 after the infusion of Rs.49 crores by Central Government. Ministry of Heavy Industries & Public Enterprises has conveyed the approval of the Company to the Financial and Business restructuring proposal of the Company.

Among the Group Companies, the performance of Tide Water Oil Co. (India) Ltd. (TWOL) and Hooghly Printing Co., Ltd. (HPCL), the wholly owned subsidiary of your Company were excellent. Despite intense competition amongst the existing market players and rising trends of cost of

inputs, TWOL achieved a profit before tax of Rs.10.1 crores primarily due to successful launching of new products for the petrol segment.

Hooghly Printing Co., Ltd., (HPCL) recorded a turnover of Rs.882.96 lakhs and the Company had been able to record a PBT (Profit Before Tax) amounting to Rs.115.77 lakhs.

The performance of Yule Financing & Leasing Co., Ltd. continued to be dismal. The Company sustained a loss of Rs.21.29 lakhs against Rs.44.21 lakhs in the previous year.

WEBFIL had turned the corner after successful implementation of the revival package approved by BIFR and recorded profit after tax Rs.64.73 lakhs during the financial year 2003-04.

**2.0 DIVIDEND :**

In view of the loss incurred by the Company your Directors are unable to recommend any dividend for the year ended 31st March, 2004.

**3.0 CONTRIBUTION TO NATIONAL EXCHEQUER :**

Your Company contributed Rs.882.47 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.1873.05 lakhs and production worth Rs.1725.85 lakhs. Improvement in sales of Industrial Fans, Tea Machinery and project completion of Nuclear Power Corporation India Ltd., Tarapur Atomic Ventilation Project increased the sales of the Division during the financial year 2003-04. The Division bagged bulk order from Alstom Ltd. for industrial fans. Opportunities are visible both in areas of supply of equipments as well as projects.



## 4.2 Electrical :

During the year the Division achieved production of Rs.3946 lakhs and sales worth Rs.3976 lakhs. In this year the Division also could not achieve the targeted performance due to persistent financial crisis. Because of the problem of bank operation and non-availability of working capital support from banking system, the Units under the Division had to slash down its performance. For the same reason consolidation of 4 Units based in Kolkata at one place could not be implemented. Financial crunch which the Division aspires to overcome, increase in price of steel and copper are also responsible for unsatisfactory performance of the Division. In order to make a turnaround, the Division reviewed its business and taken necessary steps for optimum utilization of scare resources, to change its customer profile and to put more thrust on exports. Several measures for reduction in costs have also been adopted for sustained development in the competitive environment. The Division has successfully established its identity in the field for system improvement. The specialized products viz. Capacitor Switches, Sectionalisers, Autoreclosers etc. are very much in demand due to special focus put up by the Government through Accelerated Power Development Reconstruction Project (APDRP) route for reduction of distribution losses vis-à-vis increase in revenue. Fund infusion in power sector has brightened the opportunity for increased share in the electrical transformer and switchgear market. An agreement has been entered into with State Trading Corporation of India by the Division for back to back working capital support against L/C backed customers' orders including export to overcome the financial constraints.

## 4.3 Tea :

Despite initiative from the Tea Board, Tea Industry's performance in 2003 was disappointing. Primary factors responsible for

declining exports are the entry barriers erected by some of the major importing countries. Thus Tea Industry continues to be uncompetitive in comparison to other tea producing countries due to lower productivity, declining yields and higher cost of production.

Improved realization of prices with better quality of production could open up a major avenue for better performance during the financial year 2004-05. The Division has taken up implementation of Development Programmes on rejuvenation and infilling in the tea areas to improve yields and up-gradation of manufacturing and support facilities. Other measures including adoption of integrated software system under implementation of better control of operations and reduction of cost and rationalisation of manpower through Voluntary Retirement Scheme are being pursued.

## 5.0 FIXED DEPOSIT :

Deposits from the public and others amounted to Rs.322.50 lakhs as on 31st March, 2004 out of which deposits totaling Rs.1.31 lakhs became due for repayment. Deposits amounting to Rs.0.08 lakhs have since been repaid, leaving a balance of Rs.1.23 lakhs which has not been claimed by the depositors as yet.

## 6.0 EXPORT :

The Company's exports during the year were Rs.52.99 lakhs on F.O.B basis. All out efforts are being made to ensure increase in export performance during the year 2004-05.

## 7.0 PROSPECTS :

Although the Company obtained approval of the Government of India to the Financial & Business Restructuring proposal of the Company, the total fund expected to be received/realized did not mature during the financial year 2003-04. It is hoped that the