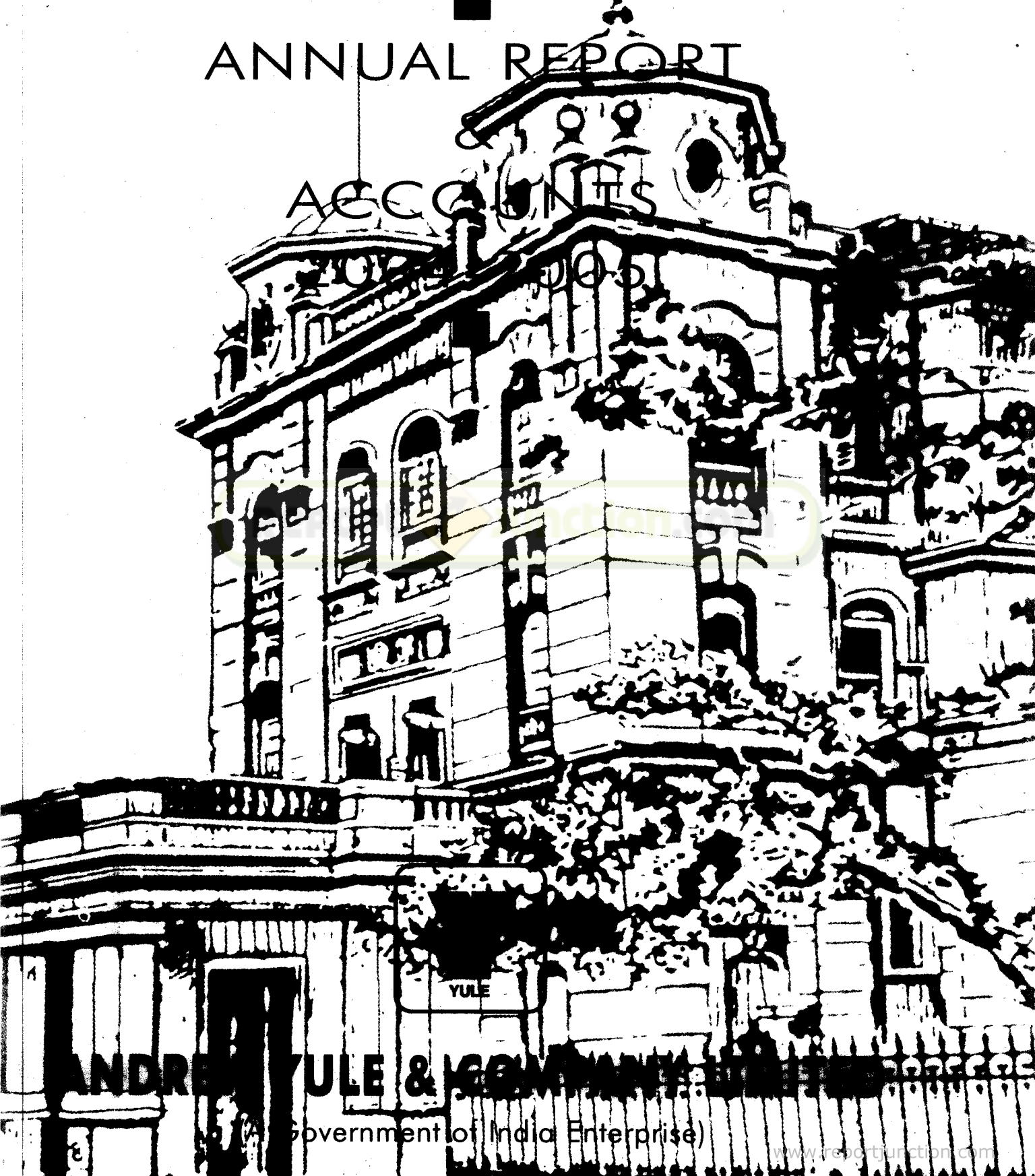


ANNUAL REPORT

ACCOUNTS



YULE

ANDRE YULE & COMPANY

(A Government of India Enterprise)

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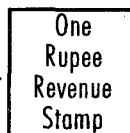
ANDREW YULE & COMPANY LIMITED

PROXY

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 Monday the 26th day of September,
 2005 at 11.00 a.m. and at any adjournment thereof.

As WITNESS my/our hand/hand(s) this day of 2005.

Signed by the said



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 Shripati Singhania Auditorium of Rotary
 Sadan, 94/2, Chowringhee Road, Kolkata-700 020 on Monday the 26th day of September, 2005 at 11.00 a.m.

 * Member/s/Proxy's Signature

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

ANDREW YULE & CO. LTD.**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ANDREW YULE & COMPANY LIMITED, KOLKATA, FOR THE YEAR ENDED 31ST MARCH, 2005.**

I have to state that 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 Andrew Yule & Company Limited, Kolkata, for the year ended 31st March, 2005.

Dated, Kolkata
The 5th September, 2005.

(Arijit Ganguly)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I,
Kolkata.

**REVIEW OF ACCOUNTS OF ANDREW YULE & COMPANY LIMITED FOR THE YEAR ENDED
31ST MARCH, 2005, BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.**

(Review of Accounts has been prepared without taking into account the comments under Section 619(4) of the Companies Act, 1956 and qualification contained in Statutory Auditors' Report)

1. Financial Position :

The table below summarises the financial position of the Company under broad headings for the last three years :

	<u>2002-2003</u>	<u>2003-2004</u>	<u>(Rupees in crore)</u> <u>2004-2005</u>
Liabilities :			
(a) Paid-up Capital :			
(i) Government of India (including share deposit)	54.34	146.99	150.99
(ii) Others	3.93	3.93	3.93
(b) Reserves and Surplus :			
(i) Free Reserves and Surplus	—	—	—
(ii) Capital Reserves	109.12	109.12	108.35
(c) Borrowings from :			
(i) Government of India	41.11	4.92	41.03
(ii) Banks — Cash Credit	55.80	59.20	96.38
(iii) Bonds	50.00	50.00	20.00
(iv) Financial Institutions	8.49	2.69	2.69
(v) Others	7.49	15.91	15.86
(vi) Interest accrued and due	4.39	4.41	8.64
(d) Deferred tax Liability	4.10	3.99	4.11
(e) Current Liabilities and Provisions	196.00	188.45	185.99
TOTAL	534.77	589.61	637.97
Assets :			
(f) Gross block	190.59	194.62	201.24
(g) Less: Cumulative Depreciation	35.89	38.39	41.77
(h) Net Block	154.70	156.23	159.47
(i) Capital Work-in-Progress	4.05	4.62	4.08
(j) Investments	17.47	15.78	15.30
(k) Current Assets, Loans and Advances	207.56	207.03	182.83
(l) Miscellaneous Expenditure not written off	13.98	14.31	8.02
(m) Profit and Loss Account	137.01	191.64	268.27
TOTAL	534.77	589.61	637.97
(n) Working Capital [k - e - c(vi)]	7.17	14.17	(-) 11.80
(o) Capital Employed (n + h)	161.87	170.40	147.67
(p) Net Worth [a + b(i) - l - m]	(-) 92.72	(-) 55.03	(-) 121.37
(q) Net Worth per rupee of paid up capital (in Rupees)	(-) 1.59	(-) 0.365	(-) 0.78

Paid up capital of the Company had been fully eroded in view of negative net worth.

ANDREW YULE & CO. LTD.**2. Working Results :**

(Rupees in crore)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>
(i) Sales	114.28	105.19	123.77
(ii) Less: Excise Duty	6.47	6.18	6.46
(iii) Net Sales	107.81	99.01	117.31
(iv) Other Misc. Income	8.37	10.91	3.93
(v) Profit/Loss before tax and Prior period adjustment	(-) 59.95	(-) 53.40	(-) 70.46
(vi) Prior period adjustment (Net)	0.59	1.34	(-) 4.86
(vii) Profit/Loss before tax	(-) 60.54	(-) 54.74	(-) 75.32
(viii) Tax provision	(-) 0.12	0.11	(-) 0.12
(ix) Profit after tax	(-) 60.66	(-) 54.63	(-) 75.44

3. Ratio Analysis

Some important financial ratios on the financial health and working of the Company at the end of last three years are as under :

(in percentages)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>
A. Liquidity Ratio :			
Current Ratio	104.00	107.35	93.94
B. Debt Equity Ratio :			
Long term Debt to Equity	—	—	—
C. Profitability Ratio	—	—	—

4. Sources and Utilisation of Funds

Funds amounting to Rs.73.69 crore from internal and external sources were generated and utilised during the year as shown below :

Sources of Funds :

(Rupees in crore)

(a) Increase in Share Capital	4.00
(b) Increase in Borrowing	43.24
(c) Decrease in Investments	0.48
(d) Decrease in Working Capital	25.97
Total fund inflow during the year	<u>73.69</u>

Utilisation of Funds :

(a) Loss for the year	75.44
Less: Depreciation	3.38
Less: Deferred Tax (Increase)	0.12
Less: Miscellaneous expenditure written off	6.29
	<u>65.65</u>
Add: Impairment of Assets as on 1st April, 2004.	<u>1.19</u>
	66.84
(b) Increase in Gross fixed assets and capital work-in-progress	6.08
(c) Decrease in Capital Reserve	0.77
Total funds outflow during the year	<u>73.69</u>

(ii)

(Contd.)

5. Inventory Levels :

The inventory levels at the close of last three years are given below :

	2002-2003	2003-2004	(Rupees in crore) 2004-2005
(i) Raw Materials, packing materials and components (including in transit)	8.31	8.62	8.66
(ii) Work-in-Progress/Semi-finished articles	5.06	3.48	5.74
(iii) Finished Goods (including in transit)	5.33	4.52	4.59
(iv) Stores and Spare parts, loose tools	3.25	5.16	5.14
(v) Others	0.16	0.28	0.22

6. Sundry Debtors :

The Sundry debtors vis-a-vis sales during the last three years are given below :

Year ended as on	SUNDRY DEBTORS			Sales during the year	Percentage of total good debts to sales
	Considered Good	Considered Doubtful	Total		
31.03.2003	75.79	27.55	103.34	114.58	66
31.03.2004	67.88	31.55	99.43	105.79	64
31.03.2005	49.60	44.15	93.75	123.77	40

Dated, Kolkata
The 5th September, 2005.

(Arijit Ganguly)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I,
Kolkata.

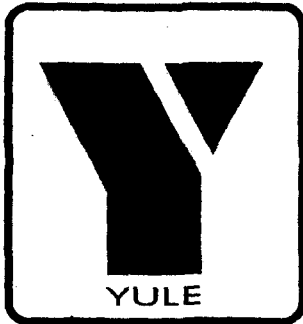


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Subsidiary Company :	
Hooghly Printing Company, Limited.	

ANDREW YULE & CO. LTD.**BOARD OF DIRECTORS**

Arindom Mukherjee — (*Chairman and Managing Director*)

A. K. Basu

D. R. S. Chaudhary

S. Muralidharan

Ardhendu Sen

COMPANY SECRETARY

A. K. Bandyopadhyay

REGISTERED OFFICE

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

Offices at :

404, Guru Angad Bhavan,
71, 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.

*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 Shripati Singhania Auditorium of Rotary Sadan, 94/2, Chowringhee Road, Kolkata-700 020 on Monday, the 26th day of September, 2005 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, 2005, 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, 2006.
3. To appoint a Director in place of Shri D.R.S. Chaudhary 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 an Ordinary Resolution :

4. "Resolved that Shri Ardhendu Sen be and is hereby appointed a Director of the Company."

As a Special Resolution :

5. "RESOLVED that pursuant to the guidelines issued by SEBI under Securities & Exchange Board of India (Delisting of Securities) Guidelines – 2003 dated 17th February, 2003, and other applicable approvals and procedures which may become applicable hereafter, governing the matter, the Company be and is hereby authorised to voluntarily apply for delisting of its Equity Shares from The Calcutta Stock Exchange Association Ltd., and The Delhi Stock Exchange Association Ltd. at such time as the Board of Directors may, in their absolute discretion, consider appropriate and proper without giving an exit option to the shareholders of the Region where the aforesaid Stock Exchanges are situated and the Board of Directors of the Company be and are hereby authorised to do all necessary acts in pursuance with the above matters."

"RESOLVED further that the Board of Directors be and is hereby authorised to settle all questions, difficulties or doubts that may arise with respect to the aforesaid voluntarily delisting of shares as it may in its absolute discretion deems fit, without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution.

The Registers of Members and Transfer Registers of the Company will remain closed from 23rd September to 26th September, 2005, both days inclusive.

Registered Office :
"Yule House",
8, Dr. Rajendra Prasad Sarani,
Kolkata-700 001.
2nd September, 2005.

By Order of the Board,
A.K. Bandyopadhyay,
Company Secretary.

ANDREW YULE & CO. LTD.

- 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 D.R.S. Chaudhary, aged about 52 years, a member of Indian Administrative Service (IAS), has been on the Board of Directors of Company since 31st August, 2004. He is a M.A. and he has more than 28 years of wide experience. At present he is a Joint Secretary to the Govt. of India, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Udyog Bhavan, New Delhi-110 011.
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 and Share Transfer Agents. In case their shares are held in dematerialized 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, Kolkata-700 020 by submitting an application in prescribed form.
10. KINDLY BRING YOUR COPY OF THE ANNUAL REPORT TO THE MEETING.

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

- Item No. 4 : *Shri Ardhendu Sen, 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 Sunil Mitra. In terms of the provisions of Section 262 (2) of the Companies Act, 1956, Shri Ardhendu Sen 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 propose the appointment of Shri Ardhendu Sen as a Director on the Board and Shri Sen has agreed to act as a Director, if appointed.

No Director of your Company other than Shri Ardhendu Sen is interested or concerned in this Resolution.

- Item No. 5 : *The Companies Shares are presently listed on The Stock Exchange, Mumbai, The Calcutta Stock Exchange Association Ltd. and The Delhi Stock Exchange Association Ltd. SEBI through its guidelines known as Securities & Exchange Board of India (Delisting of Securities) Guidelines – 2003 dated 17th February, 2003 has permitted Company's to voluntarily delist its shares from Stock Exchanges where the shares are listed for a period of more than 3 years provided, inter alia a Company is authorised by the Shareholders for making such an application for delisting through a Special Resolution.*

It has been observed that the bulk of the trading in the Company's Equity Shares takes place with the Stock Exchange, Mumbai.

Further, the Company has been spending a considerable amount on listing fees. Accordingly the Board of Directors has decided to take steps to have the Equity Shares of the Company delisted from The Delhi Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd. and The Stock Exchange, Mumbai, where the Company's Shares will continue to be listed, has got Nationwide Trading Terminals and therefore, delisting from The Delhi and Calcutta Stock Exchanges will not effect the trading of these shares by the members located in any part of the Country.

The Board of Directors recommends that the proposed resolution as a Special Resolution for approval.

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