

Annual Report *2007-08*



ANDREW YULE & CO. LTD.



Table of Contents	Page
Board of Directors.....	2
Notice to Members	3
Report of the Directors & Management Discussion and Analysis	7
Report on Corporate Governance	16
Shareholders' Information	20
Auditors' Report.....	25
Comments of the Comptroller & Auditor General of India	30
Statement of Major Accounting Policies	31
Balance Sheet	34
Profit and Loss Account.....	35
Statement of Cash Flow	36
Schedules to the Balance Sheet	38
Schedules to the Profit and Loss Account	48
Notes on Accounts.....	52
Statement U/s. 212 of the Companies Act, 1956.....	72
 Consolidated Statement of Major Accounting Policies	 74
Consolidated Auditors' Report	78
Consolidated Balance Sheet	82
Consolidated Profit and Loss Account	83
Consolidated Statement of Cash Flow	84
Consolidated Schedules to the Balance Sheet	86
Consolidated Schedules to the Profit and Loss Account	96
Consolidated Notes on Accounts	100

Subsidiary Companies :

Hooghly Printing Company, Limited.

Yule Electrical Limited

Yule Engineering Limited

ANDREW YULE & CO. LTD.**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.**

ANDREW YULE & CO. LTD.**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	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. 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.	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.	Joined the Indian Administrative Service in 1965 and acted as : District Magistrate 1966-75 M.D. Marketing Federation 1975-76 Education Secretary 1983-87 Chief Electoral Officer, West Bengal 1983-87	Stood First in S.F. Examination, WBSE in 1958. Stood First in First Class, B.A. (Eco. Hons.) from Presidency College - 1962. Joined Indian Administrative Service 1965.	Tata Metaliks Ltd., Usha Martin Ltd. Visa Comtrade Ltd., Carter Engineering Pvt. Ltd.

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>
	327.71
Profit for the year (PAT)	533.46
Less: Loss brought forward from last Account	<u>(-)45,658.94</u>
	(-)45,125.48
Add: Capital Reduction as per BIFR Order	<u>22,697.48</u>
	(-)22,428.00
Add: Transaction effect of opening assets (Net of liability) for employees benefit as per AS 15	<u>167.32</u>
	(-)22,260.68
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.

(Contd.)

ANDREW YULE & CO. LTD.**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 crystalised".

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 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".

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.)