

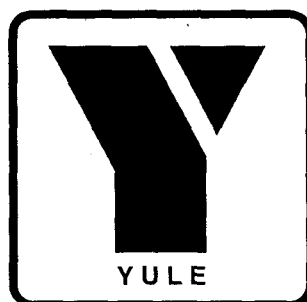


**Andrew Yule & Co. Ltd.**

**Annual Report**

**08-09**

Engineering | Electrical | Tea | Lubricants | Communication | Printing



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#### **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)
Sriprakash Kar	- Director (Finance)
Rajiv Bansal	- 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.

**Auditor**

**S. GHOSH & CO.,**  
Chartered Accountants,  
2, Anthony Bagan Lane,  
Kolkata - 700 009

**Principal Bankers**

Allahabad Bank

Bank of Baroda

State Bank of India

Union Bank of India

United Bank of India



**ANDREW YULE & CO. LTD.****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 Thursday, the 24<sup>th</sup> September, 2009 at 11-00 a.m. to transact the following business :

1. To consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009, 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 Auditor of the Company for the financial year ending 31<sup>st</sup> March, 2010.
3. To appoint a Director in place of Shri Ashok Kumar Basu 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 Resolutions :**

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

The Registers of Members and Transfer Registers of the Company will remain closed from 17<sup>th</sup> September, 2009 to 24<sup>th</sup> September, 2009, both days inclusive.

**Registered Office :**

"Yule House",  
8, Dr. Rajendra Prasad Sarani,  
Kolkata - 700 001.  
26th August, 2009.

By Order of the Board,  
D. 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/her 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 17<sup>th</sup> September, 2009 to 24<sup>th</sup> September, 2009, 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 de-materialised form are requested to bring their client ID and DP ID Nos. for easier identification of 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 dematerialized 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 No.4 :**

Shri Sumanta Chaudhuri, Secretary, Industrial Reconstruction & Public Enterprises Department, Government of West Bengal was appointed a Part-time Director with effect from 30th November, 2007, in place of Shri Ardhendu Sen and will hold office till the conclusion of ensuing Annual General Meeting. Notice under Section 257 of the Act along with requisite fees have been received from one of the member of the Company proposing the appointment of Shri Chaudhuri as Director of the Company and he had agreed to act as Director, if appointed.

None of the Directors other than Shri Chaudhuri is interested in this Resolution.

The Board recommends this Resolution 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 Ashok Kumar Basu	24th March, 1942	30th November, 2007.	Jointed the Indian Administrative Service in 1965.  At present Members of West Bengal Planning Board.	IAS (Retd.)	Tata Mataliks Ltd. Usha Martin Ltd. Visa Comtrade Ltd. ISW Bengal Steel Ltd. Tinplate Co. of India Ltd. W.B. Power Development Corporation Ltd. Visa Power Ltd. Tata Power Co. Ltd. Bharat Heavy Electricals Ltd. Carter Engineering Pvt. Ltd.
Shri Sumanta Chaudhuri	24th January, 1961.	30th November, 2007.	At present Secretary to the Govt. of West Bengal Industrial Reconstruction & Public Enterprises.	IAS	West Bengal Small Scale Industries Development Corporation Ltd. West Bengal Industries Infrastructure Development Corporation Ltd. West Bengal Tea Development Corpn. Ltd. Shantiniketan Infrastructure Pvt. Ltd. Bengal Integrated Auto Industrial Park Pvt. Ltd.

**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, 2009.

**1.0 FINANCIAL RESULTS :**

(Rs. Lakhs)

Profit before Taxation	3175.89
Less: Provision for Taxation :	
(a) Wealth Tax	2.50
(b) Fringe Benefit Tax	27.35
(c) Deferred Tax	1.14
(d) Income Tax (in respect of earlier year)	208.72
	<u>239.71</u>
Profit for the year (PAT)	2936.18
Less: Loss brought forward from last Account	<u>(-)22260.68</u>
	<u>(-)19324.50</u>
Add: Balance in General Reserve	2467.00
Balance carried over to Balance Sheet	<u><u>(-)16857.50</u></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, 2009.

**3.0 CONTRIBUTION TO NATIONAL EXCHEQUER :**

Your Company contributed Rs.829.55 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.2388.80 lakhs, production of Rs.2105.57 lakhs and recorded a profit of Rs.245.37 lakhs as compared to a profit of Rs.694.35 lakhs in previous year.

**4.2 Electrical :**

During the year the Division achieved a turnover of Rs.7122.58 lakhs, production worth Rs.6494.91 lakhs and recorded a profit of Rs.3129.57 lakhs as compared to a profit of Rs.1,033.51 lakhs in previous year.

**4.3 Tea :**

The Tea Division achieved a turnover of Rs.9467.53 lakhs, production worth Rs.9664.48 lakhs and incurred a loss of Rs.199.09 lakhs as compared to a loss of Rs.1,107.55 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-off-Date' of 31st March, 2006.

As per the Scheme two new 100% subsidiaries namely, Yule Engineering Ltd. and Yule Electrical Ltd. have already been incorporated and Certificate of Commencement of Business have 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 and 2008-09. Balance will be considered in the Books of Accounts for the year 2009-10.

The Company has issued 1,26,10,000 Equity Shares of Rs.2/- each in the name of Bank of Baroda for converting funded interest as per BIFR Order dated 30th October, 2007.

The effect of capital reduction for issuing above Equity Shares, amounting to Rs.10,08,80,000 and its adjustment with the debit balance in the Profit & Loss Account as on 31st March, 2009, has been considered in the books of accounts for the year 2008-09.

Fresh issue of Equity Shares for converting excess funded interest of State Bank of India and Allahabad Bank as per BIFR Scheme, will be taken into consideration in the books of accounts for the accounting year 2009-10, after receiving the sanctions from the respective Banks.

**6.0 FIXED DEPOSIT :**

Deposits from the public and others amounted to Rs.0.90 lakhs as on 31st March, 2009 which became

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**ANDREW YULE & CO. LTD.**

due for repayment though has not been claimed by the depositors as yet.

**7.0 EXPORT :**

The Company's exports during the year were Rs.329.54 lakhs on F.O.B. basis.

**8.0 PROSPECTS :**

The Company with proper planning and dedicated work, is implementing the Rehabilitation Scheme as approved by BIFR dated 30<sup>th</sup> October, 2007. Bank Restructuring to wipe off accumulated loss as per the projection is under progress. It is hoped that the action initiated by the Company for disposal of its holding in associated Companies would materialize during the financial year 2009-10.

The overall outlook for the year 2009-10 looks to be positive, considering the fact that, various strategic measures undertaken by the Company are already giving results alongwith improvement in operational efficiency.

**9.0 SUBSIDIARY :**

The performance of Hooghly Printing Co. Ltd. the wholly owned subsidiary continued to be profitable. The sales achieved was Rs.651.11 lakhs compared to Rs.411.81 lakhs in the previous year. The profit before tax recorded was Rs.6.70 lakhs as against Rs.5.48 lakhs in the year 2007-2008. 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.

**10.0 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.

**11.0 AUDITORS' REPORT :**

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

- 11.1 [a] The Board for Industrial & Financial Reconstruction (BIFR) at its final hearing held on 30<sup>th</sup> October, 2007, approved the Rehabilitation Scheme of the Company with 'cut-off-date' as at 31<sup>st</sup> March, 2006, which is

in process of implementation and the same has been disclosed in Note No.3 in Schedule 20 to the Accounts.

- [b] The Accounts have been prepared on the principle applicable to a going concern, even though the net worth of the Company is fully eroded because share pending allotment to Government of India Rs.490.00 lakhs and Bank of Baroda Rs.250.80 lakhs totaling to Rs.740.80 lakhs has not been considered for the purpose of net worth. The fact has been disclosed in Note No.4 in Schedule 20 to the Accounts.

- 11.2 Considering the financial performance of M/s. Yule Financing & Leasing Company Ltd. over the preceding years, the decline in the value of investment of Rs.27.88 lakhs made by AYCL in the said Company is not considered of a permanent nature. Thus no provision against diminution in value of investments in Yule Financing & Leasing Co. Ltd. has been made.

- 11.3 Confirmation of year end balances in respect of Sundry Debtors, Deposits, Advances, Creditors, Dues to/from Govt. Undertakings and Stock with third parties etc. have been sought for and the facts have been disclosed in Note No.13 in Schedule 20.

- 11.4 The reason for grant of unsecured loan of Rs.500 lakhs to Yule Financing & Leasing Co. Ltd. @ 5.5% interest p.a. which is lower than the rate prescribed under Sub-section 3 and the guidelines prescribed by the Central Government under Sub-section 7 of Section 372A of the Act has been disclosed in Note No.16 in Schedule 20.

- 11.5 The TDS/Service Tax Returns have since been filed by the concerned units. A penalty of Rs.4,000/- only towards delayed filing of service tax return has also been paid.

- 11.6 The reconciliation between the book records and the physical inventory of Fixed Assets is still under process and discrepancy noticed would be dealt suitably in the Books of Accounts.

- 11.7 Proposal for increasing the frequency and area of coverage of Internal Audit is under active consideration.

- 11.8 Out of the arrears of statutory dues outstanding as on 31<sup>st</sup> March, 2009, a sum of Rs.18.33 lakhs has since been paid. A detailed examination of the balance outstanding dues as reported is under way for initiating necessary corrective action.

**12.0 COMPTROLLER & AUDITOR GENERAL OF INDIA'S REVIEW AND COMMENTS :**

The Comptroller and Auditor General of India has no

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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 31<sup>st</sup> March, 2009, Review of the Accounts by the Comptroller & Auditor General of India is annexed to this report.

**13.0 HUMAN RESOURCES DEVELOPMENT :**

The Company considers that the human resources are valuable assets for the Company and its Group. The Company endeavour 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 2008-09 were 488 (2007-08 : 479) 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 31<sup>st</sup> March, 2009 stood at 15575.

**14.0 MAJOR ACCOUNTING POLICIES :**

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

**15.0 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.

**16.0 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.

**17.0 AUDITORS :**

The Comptroller and Auditor General of India appointed M/s. S. Ghosh & Co., Chartered Accountants as Auditor for the year ended 31<sup>st</sup> March, 2009.

The Auditors for the year ended 31<sup>st</sup> March, 2010 will be appointed by the Comptroller & Auditor General of India.

**18.0 DIRECTORS' :**

Shri Sumanta Chaudhuri, Secretary, Industrial Reconstruction & Public Enterprises Department, Government of West Bengal was appointed a Part-time Director with effect from 30<sup>th</sup> November, 2007, in place of Shri Ardhendu Sen 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 Chaudhuri as Director.

Shri Ashok Kumar Basu, retires from the Board by rotation and being eligible offers himself for reappointment.

Shri Amitava Ray and Shri Subir Das had retired from the Board of Directors of the Company as their terms expired. The Board places on record its deep appreciation of the valuable services and guidance rendered by Shri Ray and Shri Das during their association with the Company.

The Central Government has appointed Shri Sriprakash Kar as Director (Finance) of the Company for a period of five years with effect from 22<sup>nd</sup> July, 2009 or until further orders, whichever is earlier.

**19.0 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

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**ANDREW YULE & CO. LTD.**

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brought to the notice of Vigilance Department and appropriate disciplinary action set-in motion as and when mis-conduct were prima facie established.

**20.0 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.

**21.0 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.

**22.0 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 cooperation 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, bondholders and suppliers in India and abroad.

Kolkata,  
26th August, 2009

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



**ANDREW YULE & CO. LTD.****ANNEXURE TO DIRECTORS' REPORT.****Management Discussion & Analysis.****Business Scenario :**

Though due to recession, the economic downward is likely to continue through 2009-10, your Directors anticipate the domestic tea market to remain buoyant. Price level for the year are expected to be higher than previous year due to shortage of Tea in the market.

With large Investments planned in new integrated Steel Plants both by the Public as well as Private Sectors and in augmentation of existing Steel Plants a large number of industrial fans manufactured by your Company would be required. This makes future of your Engineering Division brighter.

A major growth in the Power Sector during past few years has 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 its 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.

**Segmentwise Performance :**

The Company is a multi-segment Company as mentioned in Note No.20 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 2009-10 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 financial performance of the Company are appearing in the Balance Sheet and Profit & Loss Account for the year. During the year though the Turnover increased by 3.88% the profit surged to Rs.31.76 crores from Rs.8.61 crores in the previous year, which signals the turn around of your Company.

**Human Resource :**

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