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BOARD OF DIRECTORS

Kallol Datta – (*Chairman and Managing Director*)
Indrajit Sengupta – Director (Personnel)
S. Swaminathan – Director (Planning)
Harbhajan Singh – Non-Executive Director
R. Asokan – Non-Executive Director
A. R. Nagappan – Special Director (BIFR Nominee)

**COMPANY SECRETARY &
GENERAL MANAGER (LEGAL)**

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

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 Wednesday, the 21st September, 2011 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, 2011, 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, 2012.
3. To appoint a Director in place of Shri Harbhajan Singh 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 :

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

The Registers of Members and Share Transfer Registers of the Company will remain closed from 15th September, 2011 to 21st September, 2011, both days inclusive.

Registered Office :

"Yule House",

8, Dr. Rajendra Prasad Sarani,

Kolkata – 700 001.

27th July, 2011.

By Order of the Board,

D. Bandyopadhyay

Company Secretary & General Manager (Legal).

- 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 Registers of Members and Share Transfer Registers of the Company will remain closed from 15th September, 2011 to 21st September, 2011, 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 R. Asokan, Director (Finance) to the Government of India, Department of Heavy Industry, was appointed a Part-time Director with effect from 27th July, 2010, in place of Shri Sumanta Chaudhuri 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 members of the Company proposing the appointment of Shri Asokan as Director of the Company and he had agreed to act as Director, if appointed.

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

The Board recommends this Resolution for approval by the Shareholders.

Details of Directors seeking appointment in 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 Harbhajan Singh.	23th November, 1955.	8th January, 2010.	Joint Secretary to the Government of India, Department of Heavy Industry.	I A S	Hindustan Paper Corporation Ltd. Engineering Projects India Ltd. Cement Corporation of India Ltd. HMT Ltd. HMT Machine Tools Limited HMT International Limited Heavy Engineering Corporation NTPC-BHEL Power Projects (P) Ltd.
Shri R. Asokan	10th July, 1956.	27th July, 2010.	Director (Finance) to the Government of India, Department of Heavy Industry.	Cost & Works Accountant and Post Graduate in Commerce.	Cement Corpn. of India Bharat Bhari Udyog Nigam Ltd. NEPA Ltd. Hindustan Paper Corpn. Ltd. Engineering Projects India 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, 2011.

1.0 FINANCIAL RESULTS

(₹ in lakhs)

Profit before Taxation	4139.66
Less : Provision for Taxation :	
(a) Wealth Tax	3.80
(b) Deferred Tax	3.55
	<u>7.35</u>
Profit for the year (PAT)	4132.31
Add : Loss brought forward	
from last Account	<u>(-)9319.50</u>
Balance carried over to Balance Sheet	(-)5187.19

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, 2011.

3.0 CONTRIBUTION TO NATIONAL EXCHEQUER :

Your Company contributed ₹720.97 lakhs during the year to national exchequer by way of taxes, duties, levies, cess, etc.

4.0 OPERATIONS :

4.1 Tea :

The Tea Division achieved a turnover of ₹145.78 crores, production worth ₹147.45 crores and earned a profit of ₹15.53 crores as compared to a profit of ₹13.58 crores in previous year.

4.2 Electrical :

During the year the Division achieved a turnover of ₹64.41 crores, production worth ₹65.63 crores and recorded a loss of ₹9.18 crores as compared to a profit of ₹0.31 crores in previous year.

4.3 Engineering :

During the period under review the Division achieved a turnover of ₹21.92 crores, production of ₹20.66 crores and recorded a profit of ₹10.85 crores as compared to a loss of ₹3.79 crores in previous year.

4.4 General Division :

During the period under review the Division recorded a profit of ₹24.20 crores as compared to a profit of ₹65.39 crores 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 100% subsidiaries namely, Yule Engineering Ltd. and Yule Electrical Ltd. have been incorporated and Certificate of Commencement of Business have been obtained, while transfer of assets & liabilities of these two subsidiaries from AYCL is still pending. As a result, transactions of Engineering & Electrical Divisions continue to be reflected in the Books of Accounts of AYCL, for the year 2010-11.

The impact 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, Nationalised Banks and others as per the approved Rehabilitation Scheme has been considered in the books of accounts for the year 2007-08, 2008-09, 2009-10 and 2010-11. Balance will be considered in the Books of Accounts for the year 2011-12.

6.0 AWARD AND RECOGNITION :

Your Company has won the prestigious "SCOPE" Award for Excellence and Outstanding Contribution in Turnaround Category for 2008-09. The Hon'ble Prime Minister of India handed over the Trophy and a Certificate to Shri Kallol Datta, Chairman & Managing Director of your Company on 15th December, 2010 at a ceremony held in Vigyan Bhawan, New Delhi.

(Contd.)

7.0 FIXED DEPOSIT :

Deposits from the public and others amounted to ₹ NIL as on 31st March, 2011.

8.0 EXPORT :

The Company's exports during the year were ₹1.95 crores on F.O.B. basis.

9.0 PROSPECTS :

Your Company has drawn up a plan to reach a turnover of ₹1000 Crores in the next five years by exploring its available potential in Engineering & Electrical business.

The outlook for the year 2011-12 appears to be positive. Tea Division of your Company has further improved its position in the batting order and continues to focus on quality of tea and yield. It has also started marketing speciality teas and opened up new market in abroad.

Engineering & Electrical Divisions of your Company have been showing all signs of improvement and are expecting better result in the current year.

10.0 SUBSIDIARY :

The performance of Hooghly Printing Co. Ltd. the wholly owned subsidiary continued to be profitable. The sales achieved was ₹1125.86 lakhs compared to ₹934.80 lakhs in the previous year. The profit before tax recorded was ₹31.48 lakhs as against ₹23.89 lakhs in the year 2009-10.

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 :

- [a] The investment in YFLC is a long term investment which is usually carried at cost. Decline in value of such

investment is considered only when the same is of a permanent nature. However, considering the fact that the investee is a company managed by AYCL and is incurring profit continuously over the last couple of years, the decline in the value of investment in the said company has not been considered to be of a permanent nature. No provision against diminution in value of the investment in YFLC has therefore been made in the Accounts. A suitable disclosure in this regard has been made in the Note No.13 of the Schedule 20.

- [b] In view of huge accumulated loss of ₹197.94 crores as at 31.03.2008, even after financial restructuring of the company, the accumulated loss at the end of the year under report, remained more than 50% of its net worth. However, the accumulated loss could be brought down to ₹51.87 crores as at 31.03.2011.

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

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 the Company for the year ended 31st March, 2011, Review of the Accounts by the Comptroller & Auditor General of India is annexed to this report.

14.0 HUMAN RESOURCES DEVELOPMENT :

The Company considers its human resources as valuable assets and endeavours 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 2010-11 were 510 (2009-10 : 502) imparted in house, at some professional institutes in India and at Chambers of Commerce & Industry.

(Contd.)

The total number of employees of the Company and its subsidiaries as on 31st March, 2011 stood at 15,504.

15.0 MAJOR ACCOUNTING POLICIES :

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

16.0 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.

17.0 CORPORATE SOCIAL RESPONSIBILITY :

Your Company has already started a Night School at "Yule House", 8, Dr. Rajendra Prasad Sarani, Kolkata – 700001, from March 3, 2011 and more than 50 children have enrolled their names who are almost regularly attending the classes. Your Company is trying to achieve the desired objective to uplift the poor street children.

The focus of our CSR initiatives is integrated development of community in the villages surrounding our establishment/ gardens which are among the most backward areas of the country.

List of major CSR initiatives to be taken during the year 2011-12 are :

- [i] Providing Drinking Water facilities to the Corporation School run by perungudi Panchayet, situated nearby Chennai Electrical Factory/ village near Desam, Khowang Gardens.
- [ii] Skill Development Programme such as vocational training to the girls around 18 to 20 years age group. Vocational training to young men in the area of plumbing, electrician, etc.
- [iii] Construction of Rural toilets & installation of hand pumps.

[iv] Programme for periodically organize sterilization camps by experienced doctors.

[v] To organize HIV/AIDS Awareness Programme., etc. etc.

18.0 DIRECTORS' RESPONSIBILITY STATEMENT :

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors confirm 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.

19.0 AUDITORS :

The Comptroller and Auditor General of India had appointed M/s. S. Ghosh & Co., Chartered Accountants as Auditor for the year ended 31st March, 2011.

20.0 DIRECTORS' :

Shri Ashok Kumar Basu ceased to be Director with effect from 5th November, 2010.

Prof. Ashoke K. Dutta ceased to be Director with effect from 15th January, 2011.

(Contd.)

Shri Amitav Kothari ceased to be Director with effect from the close of business on 31st March, 2011.

Shri S.P. Kar, Director (Finance) resigned from the services of the Company with effect from the close of business on 19th April, 2011.

The Board places on record its appreciation of the contribution made by Sarbashri Ashok Kumar Basu, Ashoke K. Dutta, Amitav Kothari and S.P. Kar during their association with the Company.

Shri Harbhajan Singh, Director of the Company, retires from the Board by rotation and being eligible offers himself for re-appointment.

Shri R. Asokan, Director (Finance), Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India was appointed as a Director in the casual vacancy caused by the vacation of the office of Shri Sumanta Chowdhury on 27th July, 2010. Shri Ashokan will hold office until the forthcoming Annual General Meeting. A Notice in writing under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Shri R. Asokan as Director of the Company at the Annual General Meeting.

21.0 ROLE OF VIGILANCE :

The Vigilance Department of your Company contributed to various spheres of the Company's functions in a meaningful manner. Though the main stream activities are on prevention of corruption for which the orthodox methods of carrying out periodic and surprise inspection are in place, the Vigilance Department focused on revision of extant rules, procedures and systems to bring adequate transparency and reduce human interface in various operation of the Company.

Kolkata,
27th July, 2011.

CVC guidelines which was received by the Company from time to time were followed as preventive measures.

On the Punitive side, confidential enquiries and investigations were initiated on verifiable complaints brought to the notice of Vigilance Department and appropriate disciplinary action set-in motion as and when misconduct were prima facie established.

22.0 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.

23.0 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.

24.0 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.

On behalf of the Board,
(KALLOL DATTA)
Chairman & Managing Director.

ANNEXURE TO DIRECTORS' REPORT

Management Discussion & Analysis.

Business Scenario :

The overall outlook for the year 2011-12 seems to be positive, considering the fact that, various strategic measures undertaken by the Company are produced the desired results, specially the improvement in operational efficiency.

With continued emphasis on improvement of yield and quality of tea along with the current favourable trend in both the domestic and international tea markets, your Tea Division is expected to yield better results in the year 2011-12.

Your Engineering and Electrical Divisions have been shown signs of major improvements. The unabated growth of infrastructure, power and other industries offer very large potential for Engineering and Electrical Divisions. In order to unleash the potential of the Engineering and Electrical Divisions, a Road Map with major growth plan has been drawn up for the next five years.

Opportunities & Threats :

Your Tea Gardens have the potential to achieve higher yield, produce best quality of tea and to reach within the top 20 position in the Batting Order for each of the Tea Gardens. But tea is a cyclic nature of business. Its price sensitive to domestic and global demand and limits scope of growth due to limitation of land.

For future growth of your Engineering Division various options are being explored, such as –

- ☞ Product up-gradation to Axial Flow Fan.
- ☞ Re-entry into Electrostatic Precipitator (ESP) & Water Pollution Control Systems.
- ☞ Entry into Air Separation Business on sale of Plant basis.

Your Electrical Division has pioneered in specialized energy efficient product for Rural Electrification Programme for the Country. For further growth, Kolkata operations of Electrical Division had planned to increase production of Distribution Transformers (Oil & Dry Type) with marginal investment and to entry into Renewable Energy business, Small Wind Turbine (Hybrid Solution), initially manufacturing and installation of supply based on imported kits.

For Chennai Operation, your Company had planned for upgradation of transformers to 220 KV/ 400 KV and relocation of present facility.

Segmentwise Performance :

The Company is a multi-segment Company as reported in Note No.16 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 2011-12 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 detail financial performance of the Company are appearing in the Balance Sheet and Profit & Loss Account for the year. Results indicates an upward trend in Company's overall performance. It has ensured around 25% growth in turnover during the year 2010-11 as compared to the preceding year and recorded a profit of ₹41.40 crores before tax.

Human Resource :

During the year, employer and employee relationship remained cordial.

ANDREW YULE & CO. LTD.

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

1. CONSERVATION OF ENERGY :

A. Energy Conservation Measures taken :

- [i] The Company has formulated Energy Management Policy to be implemented across all the Divisions of the Company.
- [ii] M/s. National Productivity Council (NPC) has been assigned the task of conducting Energy Audit in one of the tea Gardens, one of the manufacturing units of the Engineering Division and Chennai Unit of Electrical Division.
- [iii] The recommendations of the NPC's audit are under implementation in the Tea Gardens.
- [iv] Further, installation of energy efficient VFBD Driers and coal stove in Tea Gardens has been made for reduction of fuel consumption and energy cost. Though, upgradation of Panel Board and installation of Capacitor Banks in Tea Estates, the Division has aimed to obtain benefit in future. The Division has also plans to install energy efficient machinery in future in all the Tea Estates in a phased manner, in order to increase power factor efficiency.
- [v] The Audit is still to be completed in Engineering Division and the Chennai Unit and the recommendations are made available in the first half of the current fiscal and the same will be implemented.
- [vi] The improvement of the Power Factor has already been taken up across the various load centers of the manufacturing unit of all the Divisions.
- [vii] **Impact of measures of the above :**
Electrical energy consumed on light and fan have been significantly reduced. Further to the reduction in electrical energy by implementation of Energy Efficient Programme in the previous years, it is expected that the present study will enhance the savings after implementation of the recommendations in the Divisions.

FORM - A

ANDREW YULE & COMPANY LIMITED : TEA DIVISION

		2010-11	2009-10
A. CROP	KGS	11097331.00	10893565.00
1. ELECTRICITY			
[a] PURCHASED			
UNIT	KWH	9975756.00	9954525.00
TOTAL AMOUNT	₹	64151154.00	55428775.00
RATE/UNIT	₹	6.43	5.57
[b] [i] OWN GENERATION : THROUGH GENERATOR (DIESEL)			
UNIT	KWH	1439268.02	1444950.00
TOTAL FUEL COST	₹	21784075.81	17423553.86
TOTAL FUEL	LTRS.	569176.00	519802.00
UNIT/LITRE OF DIESEL	KWH	2.53	2.78
RATE/UNIT	₹	15.14	12.06
[ii] THROUGH GENERATOR (NATURAL GAS)			
UNIT	KWH	305699.00	220230.00
UNIT/SCM OF GAS	KWH	1.53	1.41
RATE/UNIT	₹	6.09	4.96
2. COAL			
QUANTITY	MT	5815.672	5977.17
TOTAL COST	₹	28260147.99	26561717.32
RATE	₹ / MT	4859.31	4443.86
3. FURNACE OIL			
QUANTITY	LTRS.	113424.00	77037.00
TOTAL COST	₹	4127979.18	2560308.69
RATE	₹ / LTR	36.39	33.23
4. USE OF GAS FOR PROCESSING			
QUANTITY	SCM	3442082.00	3032798.00
TOTAL COST	₹	26478094.00	16795631.00
RATE/UNIT	₹	7.69	5.54
B. CONSUMPTION PER UNIT OF PRODUCTION			
PRODUCTS BLACK TEA			
ELECTRICITY	KWH/KG	1.06	1.07
FURNACE OIL	LTR/KG	0.06	0.02
COAL	KG/KG	1.20	1.20
NATURAL GAS	SCM/KG	0.55	0.51

(Contd.)