



Table of Contents	Page
Board of Directors	2
Auditors and Principal Bankers	2
Notice to Members	3
Report of the Directors & Management Discussion and Analysis	4
Report on Corporate Governance	10
Shareholders' Information	14
Auditors' Report	19
Statement of Major Accounting Policies	25
Balance Sheet	28
Profit and Loss Account	29
Statement of Cash Flow	30
Schedules to the Balance Sheet	32
Schedules to the Profit and Loss Account	42
Notes on Accounts	46
Statement U/s. 212 of the Companies Act, 1956.	64
Consolidated Statement of Major Accounting Policies	66
Consolidated Balance Sheet	70
Consolidated Profit and Loss Account	71
Consolidated Statement of Cash Flow	72
Consolidated Schedules to the Balance Sheet	74
Consolidated Schedules to the Profit and Loss Account	84
Consolidated Notes on Accounts	88
Consolidated Auditors' Report	100
Subsidiary Company :	
Hooghly Printing Company, Limited.	

BOARD OF DIRECTORS

Kallol Datta – *(Chairman and Managing Director)*

D.R.S. Chaudhary

Subir Das

S. Muralidharan

Amitava Ray

Ardhendu Sen

Indrajit Sengupta

COMPANY SECRETARY

Debabrata 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.

Auditors

A. R. MAITI & CO.,
Chartered Accountants,
Centre Point, Room No.442,
21, Old Court House Street,
Kolkata - 700 001.

G. P. AGARWAL & CO.,
Chartered Accountants,
7A, Miran 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 Friday, the 21st September, 2007 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, 2007, 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, 2008.
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.

The Registers of Members and Transfer Registers of the Company will remain closed from 15th September to 21st September, 2007, both days inclusive.

Registered Office :
"Yule House",
8, Dr. Rajendra Prasad Sarani,
Kolkata-700 001.
21st August, 2007.

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. Particulars of Directors retiring by rotation and seeking re-appointment of the ensuing Annual General Meeting (pursuant to Clause 49 of the Listing Agreement) :-

Shri D.R.S. Chaudhary, aged about 54 years, a member of Indian Administrative Service (IAS) has been on the Board of Directors of the Company since 31st August, 2004. He is at present Joint Secretary to the Govt. of India, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises.
 4. The Register of Members and Share Transfer Registers of the Company will remain closed from 15th September to 21st September, 2007, both days inclusive.
 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 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.
 9. **KINDLY BRING YOUR COPY OF THE ANNUAL REPORT TO THE MEETING.**

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, 2007.

1.0 FINANCIAL RESULTS :

(Rs. in lakhs)	
Loss for the year before adjustment	(-) 9011.20
Add: Provision for Taxation :	
(a) Wealth Tax	2.25
(b) Fringe Benefit Tax	28.22
(c) Income Tax – earlier years	315.57
(d) Deferred Tax	(-) 399.83
	(-) 53.79
Loss for the year	(-) 8957.41
Add: Loss brought forward from last account	(-) 36701.53
	(-) 45658.94
Less: Transfer from General Reserve	2467.00
Balance Carried over to Balance Sheet	(-) 43191.94

As in the past, the year under review also continued to be difficult for the Company. The performance suffered mainly due to persistent working capital shortage which the Company has been experiencing for last few years and could not overcome despite all out efforts.

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, 2007.

3.0 CONTRIBUTION TO NATIONAL EXCHEQUER :

Your Company contributed Rs.867.35 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.1673.59 lakhs, production worth Rs.1743.08 lakhs and suffered a loss of Rs.1034.69 lakhs.

The Division was able to establish its creditability through execution of water pollution control project. But, the Division continued to suffer due to acute shortage of working capital and hence larger volume of business opportunities could not be availed of as the timely execution of the jobs become uncertain.

The current policy of the Central Government for

development of infrastructure through larger investment in power/energy and steel sector will offer wide opportunities of business of Engineering Division and Engineering Division is expected to play a vital role in such an environment.

However, emphasis is being given for restructuring the operations of the Division for a positive growth and certain measures are being implemented in this regard. Adequate capital support and upgradation of facilities would be necessary to improve the performance of the Division.

4.2 Electrical :

During the year the Division achieved a turnover of Rs.4908.00 lakhs, production worth Rs.5038.00 lakhs and incurred a loss of Rs.2640.98 lakhs.

The activities of T & S Unit at Chennai, was satisfactory and had made positive contribution during the period under review. The Kolkata based Units are also able to improve their performance, but the performance of the Division was affected seriously due to liquidity constraints through out the year under review.

The Electrical Industry as a whole, is passing through a boom period, but for severe working capital shortage and lack of non-fund based facilities like Bank Guarantee Letter of Credit, etc., the Division is not able to cash in the available opportunity.

In order to boost the operational efficiency and downsize the operational cost, the Company has initiated vigorous measures for consolidating all the three sub-profit centers of Electrical Division located at Kolkata into one Unit and two sub-profit centres at Chennai into another. This will improve overall competitiveness of Electrical Division.

After implementation of Rehabilitation Scheme which had already been approved by the Central Government and awaiting for BIFR approval, the Electrical Division is expected to achieve better performance and growth in the year to come.

4.3 Tea :

The Tea Division achieved turnover of Rs.7076.15 lakhs, production worth Rs.6984.78 lakhs and incurred a loss of Rs.4854.86 lakhs. However, the overall average price realization was better compared to 2005-06.

Favourable weather condition coupled with increased brought leaf operation contributed to the increase in crop during the year under review. Increase both in volume and unit price realization has contributed to the increase in turnover. Industry

- prices in the season 2006 were higher primarily because of the pressure of lower Kenyan crop owing to draught. This led to stronger demand for Indian teas, both in domestic and export segments.
- The Division is in the process of implementing comprehensive development programme with greater emphasis on quality and yield per hectare. The other measures taken to improve cost reduction through optimum deployment of permanent hazrees.
- Special Purpose Tea Fund (SPTF) set up by Tea Board as announced in the last budget and support for Orthodox production should help the industry through increase yield thereby reduce cost in the year to come.
- 5.0 BIFR STATUS :**
- The Company had been referred to Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of Sick Industrial Companies (Special Provision) Act, 1985 (SICA). BIFR at its hearing held in September, 2004 declared the Company as a "Sick" Company and appointed Industrial Development Bank of India (IDBI) as Operating Agency (OA). The Draft Rehabilitation Scheme (DRS) with the cut-off-date as on 31st March, 2006 having the consent of all the Secured Creditors had been approved by Government of India vide their letter dated 19th March, 2007 and the same has been communicated by the Department of Heavy Industry (DHI) to BIFR for taking the case for its implementation. Further, IDBI (OA) has also forwarded the DRS to BIFR Cell vide their letter dated 8th June, 2007, for its final approval.
- 6.0 FIXED DEPOSIT :**
- Deposits from the public and others amounted to Rs.221.70 lakhs as on 31st March, 2007 out of which deposits totaling Rs.0.90 lakhs became due for repayment which has not been claimed by the depositors as yet.
- 7.0 EXPORT :**
- The Company's exports during the year were Rs.163.70 lakhs on F.O.B basis. All out efforts are being made to ensure increase in export performance during the year 2007-08.
- 8.0 PROSPECTS :**
- Under the revival scheme as approved by Government of India and referred to BIFR, the Company would be trifurcated into three companies with a cut-off date 1st April, 2006. While tea business will be retained with the Company, the Engineering and Electrical Divisions will be spun off as 100% subsidiaries of the Company. The Company with its inherent strength, proper planning and dedicated workforce expects to implement the Rehabilitation Scheme and achieve its major objectives once appropriate approvals are obtained.
- 9.0 SUBSIDIARY :**
- The performance of Hooghly Printing Co., Ltd. the wholly owned subsidiary continued to be profitable. The sales achieved was Rs.408 lakhs compared to Rs.508.49 lakhs in the previous year. The profit before tax recorded was Rs.20.33 lakhs as against Rs.38.86 lakhs in the year 2005-2006. It also declared a dividend @ 5% on the Ordinary Shares.
- 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** The Draft Rehabilitation Scheme (DRS) with cut-off-date as on 31st March, 2006 having the consent of all the Secured Creditors had been approved by the Government of India dated 19th March, 2007 and the same has been communicated by DHI to BIFR vide their letter dated 20th March, 2007 for taking the case for its implementation and the same has been disclosed in Note No.22 Schedule 20 to the Accounts.
- 11.2** The enhancement of the Authorised Capital from Rs.75 crores to Rs.200 crores pursuant to resolution passed in the Annual General Meeting held on 30th September, 2004 has not been given effect to in the Accounts as explained in Note No.17 in Schedule 20.
- 11.3** The reasons for writing back of an amount worth Rs.872.58 lakhs in respect of pay revision of employees has been given in Note No.5 in Schedule 20.
- 11.4** The reason for non-provision 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.18 in Schedule 20.

11.5 Non-confirmation and non-reconciliation of year and balances in respect of Sundry Debtors, Deposits, Advances, Creditors, dues to / from Government Undertakings and Stock with third parties etc. have been disclosed in Note No.13 in Schedule 20.

11.6 The reason for non-provision against Rs.49.38 lakhs included in current assets, loans and advances in respect of recovery by Provident Fund Authorities on account of Damage against Provident Fund dues and demand for Rs.441.25 lakhs received from P.F. Authorities U/s. 14B of Employees Provident Fund and Miscellaneous Provisions Act, 1952 has been given in Note No.3 in Schedule 20.

11.7 The reason for non-provision of shortfall, if any, against Rs.62 lakhs being One Time Settlement amount between the Company and State Bank of India, Chennai and actual amount received from Commissioner of Payments in respect thereof has been given in Note No.6(b) in Schedule 20.

11.8 (i) The reasons for non-compliance of Section 372A (1) of the Companies Act, 1956, in respect of -

(a) Investment of Rs.305 lakhs in Zero Rate Unsecured Redeemable Bond of WEBFIL Ltd. has been given in Note No.2 in Schedule 5.

(b) Unsecured loan of Rs.500 lakhs to Yule Financing & Leasing Co., Ltd. has been given in Note No.19 in Schedule 20.

(ii) The reasons for grant of unsecured loan of Rs.500 lakhs to Yule Financing & Leasing Co., Ltd. @ 5.5% p.a. has been given in Note 19 in Schedule 20.

(iii) The reasons for non-provision against possible loss arising out of unsecured loan of Rs.500 lakhs as referred to (i) and (ii) hereinabove has also been given in Note No.19 in Schedule 20.

(iv) In respect of above observations, the Company has obtained opinion from Sanderson & Morgans, Advocate & Solicitors who is in the view that there is no violation under Section 372A(1) of the Companies Act, 1956.

12.0 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, 2007. Review of the Accounts by the Comptroller and Auditor General of India is annexed to this report.

13.0 HUMAN RESOURCES DEVELOPMENT :

The Company consider 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 2006-07 were 283 (2005-06 : 213) 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 31st March, 2007 stood at 15797.

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 for 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 (i) Messrs. A.R. Maiti & Co., (ii) Messrs. G.P. Agarwal & Co., and (iii) Messrs. Mitra Ghosh & Ray, all Chartered Accountants as Joint Auditors for the year ended 31st March, 2007.

The Auditors for the year ending 31st March, 2008 will be appointed by the Comptroller & Auditor General of India.

18.0 DIRECTORS :

Shri Arindom Mukherjee, Chairman-Cum-Managing Director, retired from the services of the Company on attaining the age of superannuation on 31st March, 2007. The Board of Directors place on record its appreciation of the valuable services rendered by him to the Company.

After retirement of Shri Mukherjee as Chairman & Managing Director, CA S. Muralidharan, Director (Finance) was officiating as Chairman & Managing Director for the period 1st April to 1st July, 2007.

The Central Government has appointed Shri Kallol Datta as Chairman & Managing Director of the Company for a period of five years with effect from 2nd July, 2007 or till the date of his superannuation or until further order, whichever is the earliest .

Shri Dipak Dutta resigned from the Board on 23rd March, 2007. The Board of Directors place on record its appreciation of the services rendered by him to the Company.

Shri Ranabir Sen resigned from the Board on 11th July, 2007. The Board of Directors place on record its appreciation of the services rendered by him to the Company.

Shri D.R.S. Chaudhary retires from the Board by rotation and being eligible offers himself for re-appointment.

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 brought to the notice of Vigilance Department and appropriate disciplinary action setting 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 co-operation 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, bond-holders and suppliers in India and abroad.

Kolkata,
21st August, 2007.

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

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

1. CONSERVATION OF ENERGY :

A. Energy Conservation Measures taken :

- [i] Installation of energy efficient VFBD Drier in five gardens of Tea Division has resulted in reduction energy cost and fuel consumption. Energy efficient Coal Stove at New Dooars T.E., up-gradation of Panel Board, installation of AVR & enhancement of contract load will reduce high cost self-generation during production period in Four Tea Estates at Dooars. Automatic Voltage Regulators to increase power factor efficiency have been put in place and will be implemented in other gardens in a phased manner.
- [ii] Internal Training Programme to develop awareness among the employees for Energy Conservation is continuing. Division is maturing benefit out of this continuous effort.
- [iii] The LT Capacitor has been installed at Togami Unit during 2004-05 and reduction of "demand load factor" of Brentford Unit during 2004-05 is continuously adding benefit in terms of reduction of power bills from CESC.

B. Proposal under Implementation for Reduction in Energy Consumption :

Consolidation of all the factories of Kolkata at Mayurbhanj Factory is going on full swing and it is expected that by installing modern equipment for energy conservation the division will gain a lot. Expected completion of consolidation work is by the middle of 2007-08.

C. Impact of Measures at "A" and "B" above.

Out of existing conservation measures company could reduce energy Bills during the year 2006-07 compared to 2005-06 and is expecting more improvement in the conservation energy after consolidation activity of Electrical Division and implementation of Automatic Voltage Regulators in the remaining Tea Gardens of the Company are over.

FORM A
FOR TEA ESTATES ONLY

A. Power and Fuel Consumption

		<u>31st March, 2007</u>	<u>31st March, 2006</u>
1. Electricity			
(a) Purchased			
Unit KWH		75,61,569	66,06,233
Total Amount	Rs.	4,19,77,613	3,97,74,435
Rate/Unit	Rs.	5.55	6.02
(b) Own Generation			
(i) Through Generator (Diesel)			
Unit	KWH	22,29,175	18,27,781
Unit/ Ltr. of Diesel	KWH	2.75	1.21
Rate/Unit	Rs.	11.94	8.38
(ii) Through Generator (Natural Gas)			
Unit	KWH	1,38,144	1,38,230
Unit/Scm of Gas	KWH	0.58	0.64
Rate/Unit	Rs.	3.66	2.70
2. Coal			
Quantity	M.T.	6,076	7,366
Total Cost	Rs.	1,79,40,607	1,93,68,169
Rate	Rs./MT	2,952.40	2,629.30
3. Furnace Oil			
Quantity	Ltrs.	2,20,090	1,93,339
Total Cost	Rs.	57,21,599	30,99,802
Rate	Rs./Ltr.	26.00	16.03
4. Use of Gas for Processing			
Quantity	Scm	23,24,541	31,20,839
Total Cost	Rs.	1,18,94,600	1,29,52,049
Rate/Unit	Rs.	5.12	4.15

B. Consumption per Unit of Production

Products – Black Tea			
Electricity	KWH/Kg.	1.01	0.91
Furnace Oil	Ltr/Kg.	0.02	0.03
Coal	Kg./Kg.	1.09	1.47
Natural Gas	Scm./Kg	0.56	0.73

FORM B

A. PARTICULARS FOR TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D) :

- [i] Specific areas in which R&D was carried out by the Company :
- [a] Engineering Division has developed the following accessories of Industrial Fans :
- 7” dia Pressure Fed White Metal Lined Bearing.
 - Inlet Silencer size 3600 x 1200 x 2250 ht for ED Fan
- [b] Electrical Division has carried out R&D activities in the following areas :
- [i] Revalidation Testing of system improvement products namely SF6 Capacitor Switch and automatic semi Sectionalizer was carried out successfully at CPRI, Bangalore.
- [ii] Development of “Design Optimization Software” for AVC transformer is under progress.
- [iii] Testing of Yule HEAG make 11 KV Outdoor VCB 20KA, 630 A carried out successfully at CPRO Bangalore in March,2007.
- [iv] Development of combined under and over Voltage Relay for Capacitor Switch was done and the same has been used in the order being executed for MSEB.
- [v] Bolted version of VCB Panel launched in the market.
- [ii] Benefit derived as well as results of the above R & D Works :
- Due to above R&D work Engineering Division has been able to achieve a substantial cost saving in the form of import substitution (7” dia pressure fed while metal bearing) vis-à-vis augmentation of revenue earnings (through sale of silencer) and Electrical Division expects cost reduction during the coming years due to above R&D work.
- [iii] Future Plan of Action :
- [a] Engineering Division will take up the job of design and development of Inlet Silencers of other sizes for FD Fan in order to increase the revenue earnings (through sale of silencer)
- [b] In respect of Electrical Division
- New version of 300 Amps Contractor and development of proto type and testing to be completed during 2006-07.
 - Drawing for 9 Amps and 12 Amps Contractor with DIN RAIL MOUNTING facilities for DOL Starter has been completed and expected to use commercially during 2006-07.
 - Prototype development of Bolted designed VCB & VCB Panel (12kV 1250 A) and testing at CPRI is expected to be completed in 2006-07.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- [i] Efforts Made :
- Technical know-how from the Collaborators were absorbed systematically and subsequently imported components have been substituted by indigenously developed components.
- [ii] Benefits derived :
- The R&D effort helped to cater the need of present days requirements of the industry and achieving extra edge on this competitive market.
- [iii] Particulars of Imported Technology in the last 5 years : Nil.

C. FOREIGN EXCHANGE EARNING AND OUTGO :

Foreign Exchange earnings were : Rs.163.70 lakhs
Foreign Exchange outflow were : Rs. 38.68 lakhs

Kolkata,
21st August, 2007.

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

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy :

The Company is committed to attain the highest standard of Corporate Governance by placing emphasis on transparency, professionalism, accountability, integrity and to promote ethical conduct throughout the Organization with the main object to enhance the value of all stakeholders namely shareholders, customers, creditors, employees and bankers.

2. Board of Directors :

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board of Directors to enable it to discharge its responsibilities of strategic supervision of the Company as trustees of the Shareholders.

2.1 Composition :

The Board of Directors of the Company comprises of eminently qualified Executive and Non-Executive Directors. The total number of Directors of the Company as on 31st March, 2007 was eight of which Three (3) were whole-time Directors viz. Chairman and Managing Director, Director (Finance) and Director (Personnel), and Five (5) were part-time Non-Executive Independent Directors.

The composition of the Board of Directors and the number of other Directorship and Membership/Chairmanship held by the Directors in the Committees of various Companies as on 31st March, 2007 are given below :

Name of Directors	Cagegory of Directorship	No. of other Directorship held as on 31st March 2007	Committee Membership held in other Companies. xx	
			As Member	As Chairman
1. Shri Arindom Mukherjee	Chairman and Managing Director	5	Nil	Nil
2. CA S.Muralidharan	Director (Finance)	6	1	Nil
3. Shri Indrajit Sengupta	Director (Personnel)	5	Nil	Nil
4. Shri D.R.S.Chaudhary	Independent Non-Executive Director	3	Nil	Nil
5. Shri Ardhendu Sen	Independent Non-Executive Director	3	Nil	Nil
6. Shri Amitava Ray	Independent Non-Executive Director	1	Nil	Nil
7. Shri Subir Das	Independent Non-Executive Director	Nil	Nil	Nil
8. Shri Ranabir Sen	Independent Non-Executive Director	2	Nil	Nil

Exclude Directorship in Private Limited Companies, foreign companies and companies under Section 25 of the Companies Act, 1956 and memberships of Managing Committees of various Chambers/bodies.

xx Represents Membership/Chairmanship of Audit Committee, Investors Grievance Committee and Remuneration Committee.

Notes: Shri Arindom Mukherjee, Chairman & Managing Director was superannuated on 31st March, 2007.

Shri Subir Das was appointed on 21st July, 2006.

Shri Ranabir Sen was a Non-Executive Director upto 11th July, 2007.

Shri Dipak Dutta was appointed as a Independent Non-Executive Director on 21.07.2006 and resigned from the Board on 23rd March, 2007.

Shri Kallol Dutta was appointed as Chairman & Managing Director on 2nd July, 2007.

2.2 Board Meetings :

Dates of Board Meetings are fixed in advance and agenda papers are circulated to Directors at least seven days before the meeting.

Meetings and Attendance :

During the financial year ended 31st March, 2007 four Meetings of the Board of Directors were held on 4th July, 2006 (Adjourned meeting on 30th June, 2006), 15th September, 2006, 27th December, 2006 and 23rd March, 2007.

Attendance of Directors at the Board Meetings and at the Annual General Meeting (AGM) :-

<u>Name of Directors</u>	<u>No. of Board Meetings Attended</u>	<u>Attendance of the Last Annual General Meeting held on 15th September, 2006</u>
Shri Arindom Mukherjee	4	Yes
Shri D.R.S Chaudhary	3	Yes
Shri Subir Das	3	Yes
CA S. Muralidharan	4	Yes
Shri Amitava Ray	3	Yes
Shri Ardhendu Sen	1	Yes
Shri Ranabir Sen	3	Yes
Shri Indrajit Sengupta	4	Yes
Shri Dipak Dutta	2	Yes

Notes: Shri Subir Das was appointed on 21st July, 2006.

Shri Dipak Dutta was appointed as a Non-Executive Director on 21st July, 2006 and resigned from the Board on 23rd March, 2007.

3. Committee of the Board of Directors :

The Company is having a Committee of the Board of Directors, duly constituted by the Board of Directors, for last several years to supervise smooth functioning of the day to day operations of the Company and some of the major powers/authorities delegated to the said Committee are as under :

- (i) General powers of management.
- (ii) To borrow monies upto the specified limit from Banks, Financial Institution and others for working capital purposes.
- (iii) To authorise creation of securities including Equitable mortgage on the immovable properties of the Company, execution of security documents pertaining to term loan, bridge loan, working capital loan, etc.
- (iv) To issue Indemnity Bonds and Powers of Attorney.
- (v) Opening of Accounts with Banks.
- (vi) To approve overseas tour for official purpose.
- (vii) Sale of Fixed Assets.
- (viii) To invest funds of the Company in Government Securities, Postal Securities, long term deposit with Banks/ Financial Institutions etc.
- (ix) To approve appointment of Consultants/Architects.
- (x) Approve transfer/transmission of shares.
- (xi) Carryout the function of Shareholders/Investors Grievance Redressal Committee.

As on 31st March, 2007, the Committee of the Board of Directors were comprised of the following :

<u>Directors</u>	<u>Designation</u>	<u>Status in the Committee</u>	<u>Number of Meetings held 2006-07</u>	<u>Number of Meetings Attended</u>
Shri Arindom Mukherjee	Chairman & Managing Director	Chairman	19	19
CA S. Muralidharan	Director (Finance)	Member	19	19
Shri Indrajit Sengupta	Director (Personnel)	Member	19	15
Shri Subir Das	Director (Non-Executive)	Member	19	6

The Minutes of the Committee of the Board of Directors are circulated as separate agenda item in the next meeting of the Board of Directors of the Company for noting and approval.

Notes: Shri Indrajit Sengupta, Director, was appointed on 27th June, 2006.

Shri Subir Das, Director, was appointed on 27th December, 2006.

Shri Arindom Mukherjee was a member upto 31st March, 2007.

The Board of Directors at its meeting held on 11th July, 2007 had re-constituted the Committee of the Board comprising of Shri Kallol Datta, Chairman, CA S. Muralidharan, Member, Shri Indrajit Sengupta, Member and Shri Subir Das, Member.

4. **Audit Committee :**

(a) **Terms of reference :**

The role and terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreements with the Stock Exchanges and Section 292A of the Companies Act, 1956 besides other terms as may be referred to it by the Board of Directors.

(b) **Composition of the Audit Committee :**

The Audit Committee as on 31st March, 2007, consist of Sarbashri Amitava Ray, Ranabir Sen and Subir Das, Non-Executive Directors. The Director (Finance), Chief Internal Auditor-cum-Adviser (Finance) and Senior Manager (Internal Audit) are the permanent invitees to the Committee and the Company Secretary acts as Secretary of the Committee.

The Board of Directors at its meeting held on 11th July, 2007 had reconstituted the Audit Committee after the resignation of Shri Ranabir Sen from the Board of Directors as follows :-

Shri Amitava Ray	...	Chairman.
Shri D.R.S. Chaudhary	...	Member.
Shri Subir Das	...	Member

The Director (Finance), Chief Internal Auditor-cum-Adviser (Finance) and Senior Manager (Internal Audit) are the permanent invitees to the Committee and the Company Secretary is the Secretary to the Committee.

(c) **Attendance of each Member :**

During the financial year ended 31st March, 2007, four meetings of the Audit Committee held on 4th July, 2006, 15th September, 2006, 27th December, 2006 and 23rd March, 2007 as under :

			<u>Date of Meeting</u>
Shri D.R.S. Chaudhary – Chairman	Shri Amitava Ray – Member	Shri Ranabir Sen – Member	04.07.2006
Shri Amitava Ray – Chairman	Shri Dipak Dutta – Member.	Shri Ranabir Sen – Member	15.09.2006
Shri Dipak Dutta – Chairman.	Shri Ranabir Sen – Member		27.12.2006
Shri Amitava Ray – Chairman.	Shri Subir Das – Member.		23.03.2007

Notes : Shri D.R.S. Chaudhary was Chairman upto 4th July, 2006.

Shri Dipak Dutta was member upto 27th December, 2006.

Shri Subir Das was appointed as a member on 23rd March, 2007.

(d) The Chairman of the Audit Committee was present at the Annual General Meeting held on 15th September, 2006.

5. **Remuneration Committee :**

(a) The need for constitution of a Remuneration Committee is not felt by the Company in view of the fact that the Company is a Government Company in terms of Section 617 of the Companies Act, 1956. The remuneration of the whole-time Functional Directors and other terms and conditions are fixed by the Government of India.

(b) The remuneration of the whole-time Functional Directors include basic salary, allowances and perquisites as determined by the Government of India and also as per rules of the Company. The details of remuneration

paid to all the whole-time Functional Directors during the year ended 31st March, 2007 are given below :

(Rs.000's)

<u>Name of the Directors</u>	<u>Salary</u>	<u>Perquisite</u>	<u>Total</u>
Shri Arindom Mukherjee	736	65	801
CA S. Muralidharan	607	30	637
Shri Indrajit Sengupta	510	17	527

The whole-time Functional Directors are appointed for a period of five years or upto the date of Superannuation, whichever event occurs earlier. The appointment may, however, be terminated during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.

No stock option Scheme is prevalent in the Company.

- (c) The remuneration paid to part-time independent Non-official Directors for attending the Board and Audit Committee Meetings consists only of sitting fees –

<u>Name of the Directors</u>	<u>Sitting Fees</u>
Shri Ranabir Sen	Rs. 9,000/-
Shri Amitava Ray	Rs.10,000/-
Shri Dipak Dutta	Rs. 6,000/-
Shri Subir Das	Rs.12,000/-

Non-Executive Directors are appointed by Government of India only and communicated through Department of Heavy Industries (DHI). None of the Non-executive Directors is holding any Equity Share of the Company.

6. Shareholders Grievance Redressal Committee :

The matters relating to redressal of shareholders' complaints viz transfer/transmission of shares, non-receipt of copy of Annual Report etc., are being looked after by the Committee of the Board of Directors as mentioned under paragraph 3 of this Report. Twelve complaints were received from the shareholders during the year 2006-07 and all of them have been attended to.

There is no complaint lying pending.

Number of shares pending transfer as on 31st March, 2007 was : Nil.

Shri Debabrata Bandyopadhyay, Company Secretary is the Compliance Officer of the Company.

7. Code of Conduct :

The Code of Conduct for the Directors and the Employees of the Company has been laid down by the Board and the same is posted on the website of the Company.

8. Risk Management :

The Company has an integrated approach to managing risk inherent in various aspects of the business.

9. Disclosure :

The details of the related party relationships and transactions, as required under Accounting Standard (AS-18) "Related Party Disclosures" issued by ICAI are given under Note No.25 on Schedule 20 of the Annual Audited Accounts as at 31st March, 2007.

There were no transactions of material nature with its promoters, the Directors or their relatives etc. that may have potential conflict with the interests of the Company at large.

There were no instance of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to Capital markets, during the last three years.

GENERAL INFORMATION FOR SHAREHOLDERS

REGISTRATION NO.021-003229

CIN of the Company – L63090WB1919GOI003229

- Corporate and Registered Office : 'Yule House'
8, Dr. Rajendra Prasad Sarani, Kolkata - 700 001
Tel : 2242-8210, 2242-8550
E-mail : yulecp@cal2.vsnl.net.in/yulesecy@vsnl.net/ay_secl@rediffmail.com
Telegram: "YULETIDE", Fax : 91-33-2242-9770/2243-4741
- Date of Annual General Meeting, Time, Venue : 21st September, 2007 at 11.00 A.M.,
At the Williamson Magor Hall of The Bengal Chamber of
Commerce & Industry, Royal Exchange,
6, Netaji Subhas Road, Kolkata – 700 001.
- Financial Calender : April to March
- Date of Book Closure : From 15th September to 21st September, 2007
(Both days inclusive).
- Listing on Stock Exchange : The Stock Exchange, Mumbai.
- The Listing Fees for the financial year 2006-07 has been paid to the Stock Exchange, Mumbai only as the Company have applied for delisting its shares from the Calcutta Stock Exchange Association Ltd. and Delhi Stock Exchange Association Ltd. under the provisions of SEBI (Delisting of Securities) Guidelines, 2003 and prior approval of the shareholders of the Company by a Special Resolution at the Annual General Meeting held on 26th September, 2005 and compliance of other formalities applicable.
- Market price Data, High, Low during the month in the last Financial Year (2006-2007) traded at BSE : Please See Annexure "A".
- Registrar and Transfer Agents (For both Physical and Dematerialized Shares) : MCS Limited
77/2A, Hazra Road,
3rd and 5th Floor,
Kolkata - 700 029
Phone: 2476-7350/54, 2454-1892/93
- Share Transfer System : Transfer of shares in physical form are registered and despatched within 30 days from the date of their receipt, in case documents are complete in all respects. The Committee of the Board of Directors is empowered to approve transfers.
- Shares Transferred during the year : Total number of Shares transferred in physical form during the year was 16,874 Shares (Previous year – 62,560 Shares).
- Dematerialisation of Shares : 5.36% Equity Shares have been dematerialised upto 31st March, 2007 and held with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).
- ISIN : INE 449C01017
- Distribution of Shareholding and Shareholding pattern as on 31st March, 2007. : Please See Annexure "B".
- Address for correspondence : Shareholder's Correspondence should be addressed to :-
Andrew Yule & Co., Ltd., Share Department,
8, Dr. Rajendra Prasad Sarani, Kolkata - 700 001
Telephone : 2242-8210/2242-8550, Fax : 2242-9770
E-mail : yulecp@cal2.vsnl.net.in/yulesecy@vsnl.net/ay_secl@rediffmail.com

MEANS OF COMMUNICATION

As required by SEBI, information/documents are filed in EDIFAR System from time to time.

Yearly Results have been published in the following News Papers : ASIAN AGE – In English & PRATIDIN – In Bengali.

General Body Meetings :

Details of the General Meeting held in last three years :

[i] Annual General Meeting :

FINANCIAL YEAR	DATE	TIME	LOCATION
2005-2006	15th September, 2006	11.00 A.M.	Williamson Magor Hall, of the Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata – 700 001.
2004-2005	26th September, 2005	11-00 A.M.	Shripati Singhania Auditorium of Rotary Sadan, 94/2, Chowringhee Road, Kolkata-700 020.
2003-2004	30th September, 2004	11-00 A.M.	At the Auditorium of Indian Chamber of Commerce, 10th Floor, India Exchange, 4, India Exchange Place, Kolkata-700 001.

[ii] Extra Ordinary General Meeting :

FINANCIAL YEAR	DATE	TIME	LOCATION
2003-2004	30th December, 2003	11-00 A.M.	At the Auditorium of Indian Chamber of Commerce, 10th Floor, India Exchange, 4, India Exchange Place, Kolkata-700 001.

Special Resolutions :

The details of the Special Resolution passed by the Company at the last three Annual General Meeting (AGM) are given herein below :-

Date of AGM	Subject matter of the Resolution	Triggering Section of the Companies Act, 1956
30.09.2004	[i] Alteration Article [ii] Preferential Allotment of Equity Shares	Section 31 Section 81(1A)
26.09.2005	Delisting of Securities in Calcutta and Delhi Stock Exchanges	As per SEBI Guidelines.
15.09.2006	N I L	

Postal Ballot :

No Special Resolution requiring Postal Ballot was placed before the last Annual General Meeting. No Special Resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

Plant Locations :

The Company's plants are located at (i) 16A and B, Block "D", Kalyani, West Bengal, (ii) 14, Mayurbhanj Road, Kolkata - 700 023, (iii) Mahatma Gandhi Road, Thakurpukur, Joka, 24 Parganas (South), West Bengal, (iv) P-25, Transport Depot Road, Kolkata - 700 088, (v) 5/346, Old Mahabalipuram Road, Perungudi, Chennai - 600 096 and (vi) 19, Muthulakshmi Salai, Adyar, Chennai - 600 020.

The Company's Tea Gardens are located at Jalpaiguri and Darjeeling Districts, West Bengal and at Assam.

11. CEO/CFO Certification :

The necessary certificates under Clause 49(v) of the Listing Agreement has been placed before the Board of Directors.

12. Non-mandatory Requirements :

The Company has not adopted the Non-mandatory Requirement given under Clause 49 of the Listing Agreement.

Kolkata, 21st August, 2007

Kallol Datta
Chairman & Managing Director.

ANNEXURE – "A"

MARKET PRICE DATA : HIGH/LOW DURING EACH MONTH IN THE LAST FINANCIAL YEAR (2006-07)

Month	The Stock Exchange, Mumbai		B.S.E. Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2006	31.90	24.05	12102.00	11008.43
May, 2006	30.55	22.80	12671.11	9826.91
June, 2006	26.50	19.70	10626.84	8799.01
July, 2006	23.65	18.00	10940.45	9875.35
August, 2006	29.10	18.50	11794.43	10645.99
September, 2006	25.65	22.00	12485.17	11444.18
October, 2006	24.95	21.65	13075.85	12178.83
November, 2006	23.35	19.30	13799.08	12937.30
December, 2006	24.00	19.90	14035.30	12801.65
January, 2007	28.85	22.00	14325.92	13303.22
February, 2007	32.00	23.55	14723.88	12800.91
March, 2007	27.95	20.15	13386.95	12316.10

ANNEXURE – "B"

(i) DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH, 2007.

Shares Holding (Range)		No. of Shares	% of Total Shares	No. of Shareholders	% of Total Shareholders
From	To				
0	500	9,06,185	1.56	8,996	89.65
501	1000	4,74,326	0.81	571	5.69
1001	2000	3,73,320	0.64	239	2.38
2001	5000	5,12,971	0.88	154	1.53
5001	10000	3,13,890	0.54	42	0.42
10001	Above	5,56,86,386	95.57	33	0.33
TOTAL		5,82,67,078	100.00	10,035	100.00

(ii) SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2007

CATEGORY	No. of Shares	% of total Shares
CENTRAL GOVERNMENT	5,43,38,306	93.26
FINANCIAL INSTITUTIONS	4,54,952	0.78
NATIONALISED BANKS	22,429	0.04
MUTUAL FUNDS	950	0.00
DOMESTIC COMPANIES	4,20,670	0.72
NON-DOMESTIC COMPANIES	500	0.00
RESIDENT INDIVIDUAL	28,11,346	4.82
NON-RESIDENT INDIVIDUALS (INDIAN)	22,471	0.04
NON-RESIDENT INDIVIDUALS (FOREIGN NATIONAL)	1,95,454	0.34
DIRECTOR AND THEIR RELATIVES	...	0.00
	5,82,67,078	100.00

**CEO Certification under Clause 49(1)(D) of the Listing Agreement
DECLARATION**

I confirm that all members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2006-07.

Kolkata,
21st August, 2007.

KALLOL DUTTA
Chairman & Managing Director.

CEO AND CFO CERTIFICATION

We, Kallol Datta, Chairman & Managing Director and S. Muralidharan, Director (Finance) of Andrew Yule & Company Limited certify in terms of the requirement of Clause 49(v) of the Listing Agreement that we have reviewed the Financial Statement and the Cash Flow Statement of the Company for the Financial Year ended 31st March, 2007.

- [1] To the best of our knowledge, we certify that :-
- [a] these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading;
 - [b] these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations; and
 - [c] there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- [2] For the purposes of financial reporting, we accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, and further state that there were no deficiencies in the design or operation of such internal controls.
- [3] We do further certify that there has been :
- [a] no significant changes in internal controls during the year;
 - [b] no significant changes in accounting policies during the year; and
 - [c] no instances of fraud, of which we are aware during the period.

S. Muralidharan
Director (Finance)

Kallol Datta
Chairman & Managing Director.

Place : Kolkata
Date : 21st August, 2007.

**CERTIFICATE ON COMPLIANCE FROM AUDITORS AS STIPULATED IN CLAUSE 49
OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.**

To the Members of Andrew Yule & Co., Ltd.

We have examined the compliance of conditions of Corporate Governance by Andrew Yule & Co., Ltd. for the year ended 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except publication of quarterly results in Newspapers.

We state that in respect of investor grievances received during the year ended 31st March, 2007 no investor grievances are pending against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner.
Membership No.51722

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CAAJAY AGRAWAL)
Partner.
Membership No.17643

For MITRA GHOSH & RAY
Chartered Accountants,
(CA B. K. KOLAY)
Partner.
Membership No.52959

Kolkata – 21st August, 2007.

AUDITORS' REPORT

We have audited the attached Balance Sheet of Andrew Yule & Company Limited as at 31st March, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto, which we have signed this day under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform our audit to obtain reasonable assurance as to whether the aforesaid financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for expressing our opinion on the aforesaid financial statements of the Company.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report)(Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (The Act), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report the following :-

1. The accounts are prepared on the principle applicable to a going concern despite heavy accumulated past losses and loss for the year which have totally eroded the net worth of the Company and reference had been made to the Board for Industrial and Financial Reconstruction (BIFR). In the proceedings of hearing held on 20th September, 2004 before the BIFR Bench, the Company was declared as Sick and BIFR had appointed IDBI as the Operating Agency for submission of a Revival Package. The Draft Rehabilitation Scheme with cut-off date as 31st March, 2006 has been approved by Govt. of India vis-a-vis Deptt. of Heavy Industries and Public Enterprises and communicated to BIFR in respect of which final hearing of BIFR is still pending. The operational existence of the Company is dependent on the implementation of the Revival Package.

**TO THE MEMBERS OF
ANDREW YULE & COMPANY LIMITED**

- 2. Authorised Share Capital of the Company has been increased to Rs.20000.00 lakhs vide a Resolution passed in its Annual General Meeting held on 30th September, 2004. Pending filing of the necessary documents alongwith increased registration fees in respect of Authorised Capital with the Registrar of Companies, the effect of the increased Authorised Capital has not been given in the Accounts. (Refer to Note No.17 in Schedule 20).**
- 3. Non-provision of Liability in respect of pay revision of employees and Directors amounting to Rs.872.58 lakhs for earlier years. (Refer to Note No.5 in Schedule 20).**
- 4. Non-provision against diminution in value of investments in Bengal Coal Co. Ltd., Yule Financing & Leasing Co. Ltd., and The Statesman Ltd., aggregating to Rs.28.60 lakhs. [Refer to Note No.18 in Schedule 20].**
- 5. Non-confirmation and non-reconciliation of year end balances in respect of Sundry Debtors, Deposits, Advances, Creditors, Dues to/from Govt. Undertakings and Stock with third Parties etc. (Refer to Note No.13 in Schedule 20).**
- 6. Non-provision against Rs.49.38 lakhs included in Current Assets, Loans and Advances in respect of recovery by Provident Fund Authority on Account of Damage against Provident Fund dues (Refer to Note No.3 in Schedule 20) and Demand for Rs.441.25 lakhs received from Provident Fund Authority u/s.14B of Employees Provident Fund and Miscellaneous Provisions Act, 1952. However, the quantum of total liability in this respect as on the Balance Sheet date has not been ascertained and accounted for.**
- 7. No provision of shortfall, if any, against Rs.62.00 lakhs being the One Time Settlement amount between the Company and State Bank of India, Chennai and actual amount to be received (as a set off) from Commissioner of Payments in respect thereof [(Refer Note No.5(b) in Schedule 20).**
- 8. (i) Non-compliance of sub-section 1 of 372A of the Companies Act, 1956 in respect of the following investment made and loan granted during the year which is in excess of the limit prescribed under the aforesaid section without obtaining approval of shareholders by way of special resolution:**
 - (a) Investment of Rs.305.00 lakhs in Zero Rate Unsecured Redeemable Bond of WEBFIL Ltd.**
 - (b) Unsecured loan of Rs.500.00 lakhs to Yule Financing & Leasing Co. Ltd.**

- (ii) Grant of unsecured loan of Rs.500 lakhs to Yule Financing & Leasing Co. Ltd. @ 5.5% p.a. which is lower than the rate prescribed under sub-section 3 and the guidelines prescribed by the Central Govt. under sub section 7 of section 372A of the Act.
- (iii) Non-provision against possible loss arising out of unsecured loan of Rs.500.00 lakhs, as referred to (i) and (ii) hereinabove, to a Company whose net worth is fully eroded due to which its ability to meet the financial obligation arising in respect of above is doubtful.
9. Penalty/interest for non-deduction of Income Tax and non-collection of income tax at source has not been ascertained and provided for.
10. Read with our above comments :-
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit **except our comments in Item No.5 above;**
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards (AS) referred to in Section 211(3C) of the Act, **except AS-9 on matters dealt with in paragraph 7 of Major Accounting Policy regarding certain income which are accounted for on actual receipt basis, AS-13 Accounting for investments (refer to our comments in Item No.4 above), AS 18 in respect of non-disclosure of party-wise material transactions entered into during the year (Refer Note No.25 on Schedule 20), AS-20 regarding non-disclosure of diluted earning per share and AS-24 in respect of non-**
- disclosure of the date and nature of the initial disclosure events and significant changes, if any, in the amount or timing difference of cash flows relating to the assets and liabilities to be settled.**
11. In terms of Notification No.G.S.R.829(E) dated 21st October, 2003, issued by the Central Government, the requirement of Clause (g) of Sub-section (1) of Section 274 of the Act is not applicable to a Government Company.
12. **Without considering the items mentioned in Paragraphs 1,2,5,6(to the extent not determinable),7,8 and 9 above, the effect of which could not be determined, had the observations in paragraphs 3,4 and 6 (to the extent determinable) above been considered, the loss for the year would have been Rs.10349.22 lakhs as against the reported figure of Rs.8957.41 lakhs, accumulated loss net of General Reserve would have been Rs.44583.75 lakhs as against the reported figure of Rs.43191.94 lakhs, net current assets would have been Rs.(-)3864.09 lakhs as against the reported figure of Rs.(-) 2500.88 lakhs, and investment would have been Rs.1806.42 lakhs as against the reported figure of Rs.1835.02 lakhs.**
13. In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the accounting policies, notes on accounts in Schedule 20 together with **the observations in foregoing paragraphs 1 to 9 and 12 and our comments in paragraph 1,7,9,11 and 16 in the annexure to this report,** give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
- (b) in the case of the Profit and Loss Account of the loss of the Company for the year ended on that date.
- and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA AJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 11th July, 2007.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA B. K.KOLAY)
Partner,
Membership No.52959.

ANNEXURE TO AUDITORS' REPORT REFERRED TO IN
PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. However, the fixed assets register is required to be modified and updated.
- (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which is considered to be reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a physical verification of certain assets was carried out by the Company during the year. In respect of Engineering and Tea Divisions of the Company, discrepancies noticed on such verification were not material and have been properly dealt with in the Books of Accounts. **However, reconciliation between the book records and the physical inventory in respect of Electrical Division of the Company is in progress. Pending reconciliation, discrepancies, if any, could not be ascertained.**
- (c) During the year, in our opinion, any substantial part of fixed assets has not been disposed off by the Company.
2. (a) The inventory of the Company has been verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and book records have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any unsecured loan to any Company, Firm or other party listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Clause (iii)(b) to (d) of the Annexure are not applicable to the Company.
- (c) The Company has taken unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The outstanding balance of such loan taken including interest as at the year end is Rs.1251.71 lakhs.
- (d) In our opinion, the rate of interest and other terms and conditions on which loan have been taken from a Company listed in the register maintained under section 301 of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
- (e) According to the revised terms of repayment, the principal and interest have not become due for payment as at 31st March, 2007.
- (f) Paragraph 4(iii)(g) of the Order is not applicable in respect of loan taken.
4. In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets, for sale of goods and for services. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of above para 4(v)(b) of the Annexure is not applicable to the Company.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, as applicable, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. The Company has its own Internal Audit Department and the Company has also appointed outside agencies in respect of its certain Tea Estates. In our opinion, **the present internal audit system is generally commensurate with the size of the Company and nature of its business. However, the frequency and area of coverage of such audit need to be extended.**
8. We have broadly reviewed the books of account maintained by the Company relating to the manufacture of industrial fans, tea and power transformers pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion

that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. To the best of our knowledge and according to the information given to us Central Government has not issued any order u/s.233B of the Companies Act, 1956 for any of the products of the Company.

9. (i) According to the information and explanations given to us and according to the books and records of the Company as produced and examined by us, in our opinion, the **undisputed statutory dues including Provident fund, employees' state insurance, income tax, sales tax, wealth tax, excise duty, cess and other material statutory dues as applicable have not been deposited regularly by the Company during the year with appropriate authorities. The arrears of statutory outstanding dues as mentioned above as at 31st March, 2007 for a period of more than six months from the date they became payable are furnished below :**

(a) Provident Fund (including interest)	Rs.	288.16 lakhs
(b) Cess on Green Leaf (including interest)	Rs.	402.73 lakhs
(c) Cess on Royalty	Rs.	1.70 lakhs
(d) Municipal Tax	Rs.	26.94 lakhs
(e) Income Tax deducted at source	Rs.	10.03 lakhs
(f) Professional Tax	Rs.	0.51 lakh
(g) Sales Tax (including interest)	Rs.	350.08 lakhs
(h) Excise Duty (including interest)	Rs.	1.37 lakhs
(i) Interest payable to SSI Units	Rs.	153.92 lakhs
(j) Service Tax	Rs.	1.37 lakhs
(k) Lease Renewal Fees	Rs.	15.67 lakhs
(l) Provident Fund Damage	Rs.	441.24 lakhs
(m) Employees State Insurance	Rs.	0.80 lakh
(n) Income Tax (Assessment year 1988-89)	Rs.	63.83 lakhs

- (ii) As at 31st March, 2007 according to the records of the Company and the information and explanations given to us, the particulars of dues on account of sales tax, entry tax, agricultural income tax, professional tax and excise duty that have not

been deposited on account of any dispute are furnished below :-

Name of Statute	Nature of dues	Amount (Rs. lacs)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act.	Income Tax (Penalty)	45.88	1988-89	Commissioner of Income Tax.
W.B.Sales Tax Laws	Sales tax (inclusive of interest, penalty)	27.53	Preamalgamation period of Tea Divn	Asst. Commissioner Comm. Taxes.
		0.23	1973-74	Appellate Board.
		64.78	1979-80	Appellate Board.
		74.77	1986-87	Appellate Board.
		218.60	1987-88	Dy. Commissioner Com. Taxes.
		314.14	1992-93	High Court.
		310.65	1996-97	Dy. Commissioner of Comm. Taxes.
		435.79	1997-98	-do-
		321.20	1998-99	-do-
		704.92	1999-00	-do-
		465.10	2000-01	-do-
		0.44	1980-81	Addl. Commissioner
		4.56	1982-83	(Settlement of Dispute).
		29.35	1983-84	-do-
		20.72	1984-85	-do-
		60.06	1985-86	-do-
		108.78	2001-02	Dy. Commissioner.
		335.46	2002-03	-do-
		505.02	2003-04	-do-
Assam Sales Tax		87.38	1998-99	Board of Revenue, Guwahati, Assam
		2.36	1996-97	Jt. Commissioner, S. Tax, Assam.
		219.76	1997-98	-do-
		149.24	1999-00	-do-
		35.33	2001-02	-do-
		193.16	2002-03	Asst. Comm. S. Tax, Assam.
		150.62	2003-04	-do-
		141.31	2004-05	-do-
Orissa Sales Tax		135.57	1999-00 to 2001-02	Asst. Comm. S. Tax, Rourkela/ Sambalpur
West Bengal Agricultural Income Tax Act.	Agricultural Income Tax (incl. of Interest)	336.77	1988-89	W.B. AITO
Assam Agricultural Income Tax Act. 1939	Agricultural Income Tax (Incl. of Interest)	147.98	1993-94 & 1998-99	AAITO
Central Excise Act.	Excise Duty. (inclusive of penalty, excl. interest).	123.91	1989-90	CESTAT (Tribunal)
		186.10	1990-91	-do-
		1.65	1992-93 & 1993-94	-do-
		85.32	1994-95	-do-

Name of Statute	Nature of dues	Amount (Rs. lacs)	Period to which amount relates	Forum where the dispute is pending
		162.14	1995-96 & 1996-97	-do-
		39.16	1996-97 & 1998-99	-do-
		1.80	1999-00 & 2000-01	-do-
		58.45	2001-02	-do-
		104.36	1991-92 & 1992-93	Commissioner Appeal.
		9.64	1994-95	-do-
		10.17	1993-94 & 1994-95	-do-
		16.12	1997-98	-do-
		3.00	1998-99	Asstt. Commissioner, Central Excise.

10. The accumulated loss of the Company is more than fifty percent of its net worth. The Company has incurred cash loss in the financial year covered by our audit and in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to a financial institution and banks. **The loan (Interest free) from West Bengal Industrial Development Corporation Ltd. amounting to Rs.268.86 lakhs, which, we are informed, was due for repayment in an earlier year, has not yet been repaid. Further, in respect of cash credit accounts with the following banks, frequent excess drawing were noticed during the year. The year end balance in these accounts exceeded the limit by the amount indicated below :-**

(a) State Bank of India, Park Street, Kolkata (including uncharged interest of Rs.1026.64 lakhs)	Rs. 1321.36 lakhs
(b) Bank of Baroda, India Exchange Place, Kolkata (excluding uncharged interest of Rs.1940.70 lakhs)	Rs. 2281.03 lakhs
(c) United Bank of India N.C.Dutta Sarani Kolkata (including interest of Rs.16.06 lakhs)	Rs. 38.98 lakhs
(d) Allahabad Bank IFB Branch, Kolkata (on account of interest)	Rs. 21.16 lakhs

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA AJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 11th July, 2007.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA B. K. KOLAY)
Partner,
Membership No.52959.

12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute as specified under Clause 4(xiii) of the Order are not applicable to the Company.

14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.

15. According to the information and explanations given to us, the terms and conditions of the guarantee given by the Company amounting to Rs.738.00 lakhs and outstanding as at 31st March, 2007, for loans taken from bank by the other Companies, in our opinion, are not prima facie prejudicial to the interest of the Company.

16. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained **except that out of term loan received from Government of India Rs.1353.00 lakhs have not been utilised upto 31st March, 2007.**

17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.

18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.

19. As explained to us, wherever applicable, securities have been created in respect of Bond issued by the Company.

20. The Company has not raised any money by public issue during the year.

21. According to the information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.

**COMMENTS ON THE ACCOUNTS OF ANDREW YULE & COMPANY
LIMITED, KOLKATA, FOR THE YEAR ENDED 31ST MARCH, 2007
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956**

The preparation of financial statements of Andrew Yule & Company Limited for the year ended 31st March, 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11th July, 2007.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Andrew Yule & Company Limited for the year ended 31st March, 2007. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

Dated, Kolkata
The 17th August, 2007

For and on the behalf of the
Comptroller & Auditor General of India
(A. Roychoudhury)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board – I,
Kolkata.

Statement of Major Accounting Policies forming part of the Accounts as at and for the year ended 31st March, 2007.

The financial statements have been prepared under the historic cost convention on accrual basis adjusted by revaluation of certain fixed assets in compliance with all material aspect of applicable Accounting Standards in India and the relevant provisions of The Companies Act, 1956 and on the Accounting Principles of going concern.

1. Reserves :

- (a) Central and State Subsidies received by the Company are retained in Special Reserve until the conditions stipulated in the respective schemes are complied with, and the same are credited to Profit and Loss Account or Capital Reserve after the expiry of the specified period depending upon the nature of the subsidy.
- (b) Sales value of fixed assets and investments to the extent it exceeds the original cost of the relevant asset is credited to Profit and Loss Account. Provided, however, loss/diminution in value of assets acquired through amalgamation/merger are adjusted against the Capital Reserve created out of the same.

2. Fixed Assets :

- (a) The Physical verification of fixed assets is carried out in a phased manner so as to cover each item of the fixed assets over a period of 3 years.
- (b) Machinery manufactured by one Unit/Division for use of another Unit/Division are accounted for at Works/Factory cost of the Transferor Unit.
- (c) The gross fixed assets are valued at acquisition cost and other related expenses incurred to bring them to their present condition. The gross amount of interest on loans utilised for various expansion/diversification schemes is capitalised till the commissioning of the projects. Further, no interest for inter-unit transfer of funds on Capital Account is considered for the above purpose.
- (d) Depreciation is provided on the Assets other than Estates on straightline method in accordance with the provisions of Section 205(2)(b) read with Schedule XIV of the Companies Act, 1956.
- (e) No amortisation of cost of long-term leasehold land is done. However, fee payable for renewal of lease of land is charged as expenditure in the Profit and Loss Account as and when the payment is due.
- (f) Liquidated damages recovered by the Company for delayed construction and delayed supply of equipment are set-off against the capital expenditure to which it relates.
- (g) Grant/Subsidy in respect of capital expenditure is accounted for as per applicable Accounting Standard and depreciations on the assets acquired out of such subsidy is adjusted thereagainst.

- (h) Expenditure incurred/capitalised in respect of projects abandoned/to be abandoned are accounted for in compliance of relevant Accounting Standard.
- (i) Provision for impairment of assets is made in compliance with AS-28.

3. Inventories :

- (a) Stocks of stores, spares, raw materials etc., are valued at lower of cost or net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished products in which those will be incorporated are expected to be sold at or above cost. Cost is determined of weighted average cost basis.
- (b) Work-in-Progress is valued at Works Cost. Works cost includes direct materials, labour and manufacturing overhead. All losses on Work-in-Progress incurred upto the end of the year and losses estimated for further Works Cost to be incurred on such jobs are taken into account and duly provided for.

While valuing the contract jobs in progress at the close of the year, future estimated losses are considered only in respect of jobs valued at Rs.25.00 lakhs or more and/or physical progress whereof as per technical estimate, is minimum 50%.

- (c) Royalty liabilities calculated with reference to Sales as per the collaboration agreements are considered as selling expenses and thus, have not been considered for the purpose of valuation of stocks of Work-in-Progress and finished goods.
- (d) Inter-Unit transfers of own manufactured stores, spares, raw materials etc., if lying in stock at the close of the year, are valued at estimated Works/Factory cost of the Transferor Unit.
- (e) Excise Duty, Insurance and Freight outward in connection with transfer of finished goods from factories to branches have been considered for valuation of branch stock at the close of the year.
- (f) Stocks of finished goods including Finished goods-in-transit are valued at garden cost/estimated total cost or net realisable value, whichever is lower. Estimated total cost covers all costs excluding interest, general administration overheads and selling and distribution expenses. In case of Packet Tea, all expenses relating to packeting including freight upto the point of sale are also considered.
- (g) Imported materials lying in bonded warehouse and at Port are valued at cost including Customs Duty, Port Charges etc.
- (h) Inter-Unit transfers of own manufactured stores, spares, raw materials etc., if lying in stock at the

- close of the year, are valued at estimated Works/Factory cost of the Transferor Unit.
- (i) Loose Tools are amortised over a period of 5 years.
 - (j) Stock of scrap, is valued on the basis of estimated realisable value. However, tea waste is not valued.
 - (k) Export benefits against Advance Licences are considered at the time of actual consumption of the imported materials. Advance Licences in hand at the close of the year are not accounted for.
- 4. Investments :**
- Investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary nature in the opinion of the Management.
- 5. Sales :**
- (a) (i) Sales against Ex-Works/FOR Contracts are booked on the basis of deliveries to transport carriers upto 31st March, irrespective of whether the goods have been received by the customers by 31st March or not. Sales in respect of transactions against FOR destination contracts are booked for the goods actually received by customers by 31st March.
 - (ii) Despatches against FOR destination contracts not reaching the customers within the close of the year, are shown as Finished goods-in-transit.
 - (b) Partial deliveries are accounted for in accordance with the billing schedule as per the terms of Sales Contract.
 - (c) Tea sales against contracts are accounted for on the basis of delivery orders and on completion of sale in auction centres in accordance with the norms of tea trade.
 - (d) Sales returns, if any, upto the cut-off date i.e. 30th April, are accounted for.
 - (e) Sales is inclusive of excise duty wherever is applicable.
 - (f) Except in disputed cases, escalation/de-escalation claim bills are accounted for on the basis of the terms of the relevant contracts.
 - (g) Export sales are accounted for with reference to the date of Bill of Lading.
- 6. Dividend Receipts :**
- Dividends declared within the close of the accounting year only are accounted for in respect of investments held by the Company.
- 7. Other Income :**
- (a) The following items are accounted for in the books on actual receipt basis :
 - (i) Fees receivable by the Directors and/or employees from Subsidiary and other Companies;
 - (ii) Interest on late retirement of bills by customers;
 - (iii) Interest on loans to employees as per approved Schemes, other than under House Building Loan Scheme, is recovered and accounted for after repayment of the principal amount.
 - (b) (i) Insurance and other claims are accounted for on the basis of amounts admitted;
 - (ii) Sales Tax, Excise Duty and Customs Duty refunds are accounted for on the basis of assessment/refund orders received;
 - (iii) Central/State Subsidies from Government and Tea Board are accounted for on the receipt of intimation of grant.
- (c) Interest receivable from customers as per stipulation of the Sales Contract on account of late receipt of full/proportionate payments are accounted for to the extent of such interest is ascertainable with respect to the payment so far received.
- (d) Liquidated Damages recovered by the Company for delayed execution and delayed supply of equipment/spares are treated as other income.
- (e) Export/Deemed Export benefits are accounted for on completion of despatches in terms of the contract.
- 8. Purchases :**
- (a) Insurance charges incurred in relation to the incoming goods where materials are directly relatable are accounted for in respect of individual items; otherwise, such insurance premium is charged off to Profit and Loss Account.
 - (b) In case of goods purchased from overseas, the shipment is treated as goods-in-transit:
 - (i) in case of both CIF and C&F Contracts, from the date of intimation received from bank;
 - (ii) in case of FOB Contracts, from the date of actual shipment as per Bill of Lading.Customs Duty is charged on the basis of the date of arrival in port.
- 9. Other Expenses :**
- (a) Issue of materials/components as free replacements during the guarantee period which can not be provided being unknown, is accounted for on actual despatches. Known free replacements upto the close of the accounting year are provided for.
 - (b) Liability in respect of rectification work/replacement involving estimated value above Rs.0.25 lakh per case is booked on the basis of claims from the customers admitted by the Company wherever it is possible to estimate.
 - (c) Liabilities in respect of Liquidated Damages are provided if and to the extent, not disputed by the Company. Liquidated Damages disputed by the Company are treated as contingent liability. The amount of liability/contingent liability is estimated on the basis of contracted terms and the facts of each case to the extent of revenue recognised.

- (d) Liability in respect of commission is provided in proportion to sales.
- (f) Interest on delayed payments of Income Tax/ Agricultural Income-Tax is accounted for on the basis of assessment orders of the Tax Authorities, if not disputed by the Company or actual payment effected, as the case may be.
- (g) Provisions made and Provisions no longer required written back during the year are netted against in respect of each individual items.
- (h) Payment of Technical Know how Fees is accounted for in compliance with the relevant Accounting Standard.
- (k) Provision for unrealised profit is made in respect of partially completed composite/turnkey contracts on basis of proportionate direct cost on the revenue recognised.

10. Deferred Revenue Expenditure :

- (a) The compensation paid under the Voluntary Retirement Scheme is treated as deferred revenue expenditure and written off equally over a period of five years commencing from the year in which it is disbursed.
- (b) The balance of deferred revenue expenditure as on 31st March, 2003 are written off over a period of five years as under :
 - (i) 10% of the expenditure during the first year on which these were incurred;
 - (ii) remaining 90% are written off pro-rated during the next four years.
- (c) In case of new project, and for launching of new products, other initial expenditure, are written off in compliance with the provision of AS-26.

11. Contingent Liabilities and Contingent Assets :

Disputed liabilities and claims against the Company including claims by Tax Authorities (for example, Income-tax, Sales tax etc.) pending in appeal, are treated as contingent liabilities. Contingent assets are not accounted for.

Provisions for contingent liabilities are made in compliance with Accounting Standard-29.

12. Booking/Writing Back of Liabilities:

- (a) For providing liabilities, cut-off date is 30th April but all known liabilities, if material, are booked as far as practicable.
- (b) Liabilities which are more than 3 years old and not likely to materialise are written back. In case of extraordinary items only, separate disclosure is given in the accounts.

13. Conversion of Foreign Currencies:

- (a) Foreign currency loans to finance fixed assets including technical know-how fees are converted either at the exchange parity rate ruling at the close of the accounting year or at the fixed rate when the exchange is booked in advance, as the case may be. Necessary adjustments with regard to such exchange rate difference are made to secured loans, fixed assets and depreciation.
- (b) In respect of any import of materials both under CIF, FOB and C&F Contracts, purchases are booked at the exchange rates ruling on the date of Bill of Entry. The exchange difference, if any, arising from the difference between the above rate and the rate at which the actual payment is made or at the rate prevailing on 31st March, whichever is earlier, is accounted for in the Profit and Loss Account.
- (c) Exports/Overseas Sales are booked at the rates ruling on the date of bill of lading. Exchange difference, if any, relating to such bills arising either on realisation of the proceeds or on conversion thereof at the exchange rate ruling at the close of the year, whichever is earlier, is accounted for in Profit and Loss Account.
- (d) Receivables and Payables in foreign currency are reported in the Balance Sheet at the parity rate ruling at the close of the financial year. The exchange difference arising on the settlement of such receivables/payable or on reporting such receivables/ payables at rates different from those at which those are initially recorded during the period or reported in previous Balance Sheet is accounted for in Profit and Loss Account.
- (e) Wherein contract for import or export is covered by forward exchange contract any premium or discount at inception of such contract and any other gain or loss arising out of exchange differences between the forward contract rate and the rate on the day of reporting are treated in compliance with Accounting Standard-11.

14. Research and Development Costs:

Expenditure in relation to Research and Development activities are treated in accordance with the relevant provision of Accounting Standard-26.

15. Retirement Benefits :

- (a) Gratuity contribution is made to an approved Gratuity Fund on the basis of actuarial valuation.
- (b) Liabilities in regard to accrued pension and leave encashment on retirement in respect of employees are determined on the basis of actuarial valuation and provided for in the Accounts.

BALANCE SHEET AS AT 31ST MARCH, 2007

		(Rupees in lakhs)	
	Schedules	2006-07	2005-06
SOURCES OF FUNDS			
(1) Shareholders' Funds :			
(a) Share Capital	1	5826.71	5826.71
(b) Shares pending allotment to Govt. of India (Note No.17 of Schedule 20)		10892.90	10303.90
(c) Reserves and Surplus	2	10874.01	10835.31
		<u>27593.62</u>	<u>26965.92</u>
(2) Loan Funds :			
(a) Secured Loans	3	16683.11	14744.80
(b) Unsecured Loans		14969.26	7842.41
		<u>31652.37</u>	<u>22587.21</u>
(3) Deferred Tax Liability (Net)			
[Note No.20 of Schedule 20]		20.58	420.41
TOTAL		<u>59266.57</u>	<u>49973.54</u>
APPLICATIONS OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	4	21034.47	20444.80
(b) Less: Depreciation and Impairment of Assets		4890.13	4579.48
(c) Net Block		16144.34	15865.32
(d) Capital work-in-progress (Net of Impairment of Assets)		389.58	418.57
		<u>16533.92</u>	<u>16283.89</u>
(e) Pre-operative Expenditure (Pending Allocation)		113.85	113.85
		<u>16647.77</u>	<u>16397.74</u>
(2) Investments			
	5	<u>1835.02</u>	<u>1530.02</u>
(3) Current Assets, Loans and Advances :			
(a) Inventories	6	2538.49	2176.29
(b) Sundry Debtors	7	3175.74	4440.64
(c) Cash and Bank Balances	8	4308.65	2110.12
(d) Other Current Assets	9	0.69	0.69
(e) Loans and Advances	10	3302.26	8507.45
		<u>13325.83</u>	<u>17235.19</u>
Less: Current Liabilities and Provisions :			
(a) Current Liabilities	11	13643.25	14790.21
(b) Provisions	12	2183.46	5042.24
		<u>15826.71</u>	<u>19832.45</u>
Net Current Assets		<u>(-2500.88)</u>	<u>(-2597.26)</u>
(4) (a) Miscellaneous Expenditure to the extent not written off or adjusted			
[See Note No.11 of Schedule 20]		92.72	408.51
(b) Profit and Loss Account			
		<u>43191.94</u>	<u>34234.53</u>
TOTAL		<u>59266.57</u>	<u>49973.54</u>
NOTES ON ACCOUNTS			
	20		

STATEMENT ON ACCOUNTING POLICIES AND SCHEDULES
1 TO 20 FORM AN INTEGRAL PART OF THE ACCOUNTS.

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA - 11th July,
2007.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

In terms of our attached Report of even date.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA AJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 11th July, 2007.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN, } *Directors.*
I. SENGUPTA. }

For MITRA GHOSH & RAY
Chartered Accountants,
(CA B. K. KOLAY)
Partner,
Membership No.52959.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	Schedules	2006-07	2005-06
INCOME			
Sales	13	13628.20	11179.95
Interest and Dividend on Investments (Gross)		63.58	31.92
Other Income	14	829.35	584.63
Accretion/Decretion (-) in Stocks	15	108.12	(-) 53.39
		<u>14629.25</u>	<u>11743.11</u>
EXPENDITURE			
Materials Consumed	16	4865.24	3946.97
Salaries, Wages and Bonus	17	6579.40	5955.74
Interest	18	4048.18	2942.70
Other Expenses	19	7830.90	5829.93
Depreciation	4	316.73	402.47
		<u>23640.45</u>	<u>19077.81</u>
Loss for the year		(-) 9011.20	(-) 7334.70
Add : Provision for Taxation :			
[a] Wealth Tax		2.25	2.25
[b] Income Tax (In respect of earlier years)		315.57	32.00
[c] Fringe Benefit Tax		28.22	29.02
[d] Deferred Tax (In respect of earlier years Rs.(-)396.11 lakhs)		(-)399.83	9.37
		(-) 53.79	72.64
Loss for the year after provision		(-) 8957.41	(-) 7407.34
Loss brought forward from last account		(-) 36701.53	(-) 29294.19
		(-) 45658.94	(-) 36701.53
Less : Balance in General Reserve (Per Contra)		2467.00	2467.00
Balance carried to Balance Sheet		(-) 43191.94	(-) 34234.53
		<u>Rs.(-)15.37</u>	<u>Rs.(-)12.71</u>
Basic Earnings per share [Note No.26(c) of Schedule 20]			

NOTES ON ACCOUNTS 20

STATEMENT ON ACCOUNTING POLICIES AND SCHEDULES
1 TO 20 FORM AN INTEGRAL PART OF THE ACCOUNTS.

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA - 11th July, 2007.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN, } *Directors.*
I. SENGUPTA.

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CAAJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 11th July, 2007.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA B. K. KOLAY)
Partner,
Membership No.52959.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	<u>2006-07</u>	<u>2005-06</u>
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and extraordinary items	(9011.20)	(7334.70)
Adjustments for		
Depreciation/Impairment of Assets	316.73	402.47
Adjustment of depreciation for earlier years	(6.08)	...
Miscellaneous Expenditure written off	315.79	393.60
Interest charged	4048.18	2942.70
Investment Income	<u>(270.42)</u>	<u>(139.54)</u>
Operating profit before changes in amount of Current Liabilities and Current Assets	(4607.00)	(3735.47)
Adjustments for		
Trade Receivables	5985.21	1090.07
Inventories	(362.20)	259.03
Trade payable	<u>(5121.22)</u>	<u>918.23</u>
Cash Generated from Operations	<u>(4105.21)</u>	<u>(1468.14)</u>
Wealth Tax paid	(2.81)	(1.96)
Fringe Benefit Tax paid	<u>(32.55)</u>	<u>(0.42)</u>
Cash-flow before Extraordinary Items	<u>(4140.57)</u>	<u>(1470.52)</u>
Extraordinary Items	<u>...</u>	<u>...</u>
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(4140.57)</u>	<u>(1470.52)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including Capital WIP and Pre-operative Expenditure)	(560.68)	(445.52)
Loans	(372.65)	(24.57)
Investment made	(305.00)	...
Subsidy received from Tea Board for Capital Assets	38.70	...
Income from Investments	266.04	144.01
NET CASH FROM INVESTING ACTIVITIES (B)	<u>(933.59)</u>	<u>(326.08)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007 - (Contd.)

	(Rupees in lakhs)	
	2006-07	2005-06
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Net Proceeds from borrowings	7064.27	1774.47
Interest paid	(1277.85)	(338.54)
Advance against equity	589.00	639.00
NET CASH USED IN FINANCING ACTIVITIES (C)	6375.42	2074.93
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)	1301.26	278.33
CASH AND CASH EQUIVALENT Opening Balance as at 1st April,2006	1545.53	1267.20
CASH AND CASH EQUIVALENT Closing Balance as at 31st March,2007	2846.79	1545.53

1. Cash Flow Statement has been prepared by following Indirect Method mentioned in AS-3.

2. Break-up of Cash and Cash equivalent

Cash in hand	25.49	30.40
Postage and Stamps in hand	0.07	0.09
Cheques in hand	1998.02	21.19
Remittance in transit	27.42	41.49
Remittance with Scheduled Banks :		
On Current Account	785.79	1377.49
Fixed Deposit with Banks maturing within 3 months	10.00	74.87
	2846.79	1545.53

3. Suitable modifications have been made in the prescribed form to provide for adequate information.

4. Figures of the previous year have been re-grouped/re-arranged wherever necessary.

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA - 11th July, 2007.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN, } *Directors.*
I. SENGUPTA.

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA AJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 11th July, 2007.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA B. K. KOLAY)
Partner,
Membership No.52959.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

	(Rupees in lakhs)	
	2006-07	2005-06
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
7,50,00,000 Equity Shares of Rs.10 each	<u>7500.00</u>	<u>7500.00</u>
Issued, Subscribed and Fully Paid-up :		
5,82,67,078 Equity Shares of Rs.10 each [Of the above, 6,00,000 Shares issued as Bonus Shares by capitalisation of General Reserve, 21,35,344 Shares issued pursuant to a Contract without payment being received in cash and 11,57,600 Shares issued to Government of India in the name of The President of India pursuant to Transformer & Switchgear Ltd. (Acquisition and Transfer of Undertakings) Act, 1983 and Brentford Electric (India) Ltd. (Acquisition and Transfer of Undertakings) Act, 1987 against compensation money paid by them.]	<u>5826.71</u>	<u>5826.71</u>
	<u>5826.71</u>	<u>5826.71</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve :		
General :		
Balance as per last account	<u>10735.16</u>	<u>10735.16</u>
Special :		
Central/State Subsidy for Capital Assets :		
Balance as per last account	11.40	11.40
Tea Board Subsidy for Capital Assets	46.50	...
Less: Transfer to Profit and Loss Account	<u>7.80</u>	<u>...</u>
	38.70	...
State Housing Subsidies	<u>4.06</u>	<u>4.06</u>
	<u>54.16</u>	<u>15.46</u>
	<u>10789.32</u>	<u>10750.62</u>
Preference Share Capital Redemption Reserve :		
Balance as per last account	<u>84.69</u>	<u>84.69</u>
General Reserve :		
Balance as per last account	2467.00	2467.00
Less: Shown as deduction from balance in Profit and Loss Account (Per Contra)	<u>2467.00</u>	<u>2467.00</u>

	<u>10874.01</u>	<u>10835.31</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 3		
LOANS		
Secured Loans :		
Term Loans :		
<i>Tea Board Hire-purchase Loan</i> <i>(Secured by hypothecation of the movable</i> <i>Assets acquired under the Tea Machinery and</i> <i>Irrigation Equipment Loan Scheme)</i>	...	3.39
Add: Interest accrued and due thereon	...	0.53
	...	3.92
West Bengal Government Sales Tax Loan (To be secured by a residuary charge over certain immovable property ranking next only to the charges in favour of the Banks)	250.00	250.00
Add: Interest accrued and due thereon	153.23	131.29
	403.23	381.29
Others (Secured by hypothecation of certain immovable properties)	...	200.00
Bonds :		
9% Secured Redeemable Non-convertible 12 Years Bond (Secured by creation of 2nd charge on mortgage of Banarhat and Karballa Tea Estates.)	2000.00	2000.00
Add: Interest accrued and due thereon	270.74	367.86
	2270.74	2367.86
9.1% Secured Redeemable Non-convertible 10 Years Bond (Secured by GOI Guarantee)	2000.00	...
From Scheduled Banks on Cash Credit Accounts :		
State Bank of India	1264.72	1239.40
Add: Interest accrued and due thereon	1026.64	737.79
	2291.36	1977.19
Bank of Baroda	3756.03	3682.12
Add: Interest accrued and due thereon	1940.77	1191.50
	5696.80	4873.62
Allahabad Bank (The above loans are secured by the whole of the Company's present and future stocks of raw materials, work-in-progress, finished goods and manufactured goods and articles, stores, components and spares, other movable properties wherever situate, book debts and all other current assets, claims, rights to movable properties by way of first charge ranking pari-passu inter-se without any preference to one over the other)	621.79	1020.13
United Bank of India (for Desam, Khowang, New Dooars and Choonabhutti Tea Estates)	1053.79	1411.93
Union Bank of India (for Banarhat, Karballa, and Hoolungooree Tea Estates)	723.55	853.51
Allahabad Bank	1621.85	1654.83
Add: Interest accrued and due thereon	...	0.52
(for Tinkong, Basmatia, Rajgarh, Murphulani and Mim Tea Estates)	1621.85	1655.35
(The above loans are secured by Hypothecation of the whole of crop, book-debts and all other movable assets both present and future, and by equitable mortgage of all immovable properties of the Estates)		
Carried over	16683.11	14744.80

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 - (Contd.)

		(Rupees in lakhs)	
		2006-07	2005-06
SCHEDULE 3 - (Contd.)			
LOANS - (Contd.)			
Secured Loans - (Contd.)			
	Brought forward	16683.11	14744.80
Unsecured Loans :			
	From Bodies Corporate	1000.00	1000.00
	Fixed Deposits	221.70	321.74
	From Government of India	11652.24	5464.24
	Add: Interest accrued and due thereon	<u>1825.10</u>	<u>786.08</u>
		13477.34	6250.32
	From West Bengal Industrial Development Corpn. Ltd.(Interest free)	268.86	268.86
	West Bengal Govt. Subsidised Housing Scheme Loan for Plantation Workers	0.50	0.61
	Add: Interest accrued and due thereon	<u>0.86</u>	<u>0.88</u>
		1.36	1.49
		<u>14969.26</u>	<u>7842.41</u>
		<u>31652.37</u>	<u>22587.21</u>

ANDREW YULE & CO. LTD.

SCHEDULE 4

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

FIXED ASSETS

(Rupees in lakhs)

Description of Assets	GROSS BLOCK			DEPRECIATION			IMPAIRMENT OF ASSETS		NET BLOCK		
	Cost/Book Value as at 1st April, 2006	Additions/ Adjustments during the year	Less: Sales/ Adjustments during the year	Cost/Book Value as at 31st March, 2007	Upto 31st March, 2006	For the year	Less: On Sales/ Adjustments during the year	Upto 31st March, 2006	During the year	As at 31st March, 2007	As at 31st March, 2006
Land (including cost of development and leasehold land Rs.4.31 lakhs; 2005-06 Rs.4.31 lakhs)	175.43	...	...	175.43	...	...	...	...	...	175.43	175.43
Estates/Leasehold (including garden development expenses)	12386.93	25.24	...	12412.17	195.66	14.64	...	210.30	...	12201.87	12191.27
Buildings	2656.79	44.31	...	2701.10	976.73	55.34	...	1032.07	...	1669.03	1680.06
Roads and Culverts	53.61	1.52	...	55.13	12.56	0.88	...	13.44	...	41.69	41.05
Plant and Machinery	3359.49	314.68	...	3674.17	2232.69	165.28	5.19	2392.78	59.01	1222.38	1067.79
Drawings, Designs and Tracings etc.	74.99	...	...	74.99	40.91	...	...	40.91	34.08	...	...
Electrical Installations	558.37	98.52	...	656.89	320.44	20.91	-0.06	341.41	...	315.48	237.93
Water Installations	402.93	37.63	...	440.56	162.46	16.45	...	178.91	...	261.65	240.47
Furniture, Fittings and Office Equipments	375.24	11.88	...	387.12	297.01	14.09	0.95	310.15	...	76.97	78.23
Vehicles	401.02	55.89	...	456.91	247.93	29.14	...	277.07	...	179.84	153.09
Capital Work-in-Progress	20444.80	589.67	...	21034.47	4486.39	316.73	6.08	4797.04	93.09	16144.34	15865.32
	469.85	280.25	309.24	440.86	...	...	...	...	51.28	389.58	418.57
TOTAL	20914.65	869.92	309.24	21475.33	4486.39	316.73	6.08	4797.04	144.37	16533.92	16283.89
PREVIOUS YEAR'S TOTAL	20469.13	517.64	72.12	20914.65	4083.92	402.47	...	4486.39	144.37	16283.89	...

(Contd.)

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 4 – (Contd.)

FIXED ASSETS – (Contd.)

- Notes :**
1. Land valuing Rs.1.84 lakhs has been acquired by the Government of West Bengal under the West Bengal Estate Acquisition Act, 1953 but pending finalisation of the compensation amount, no adjustment thereof has been made in these accounts.
 2. Estates include lease-hold land, fencing and expenses on extension Planting/Maintenance and Up-keep expenses on immature plants.
 3. Renewal lease agreement for Banarhat and Choonabhutti Tea Estates covering a grant area of 1336.24 hectares is pending.
 4. Following leasehold land of the Company have been acquired by various Government Authorities and other agencies :

<u>Name of Gardens</u>	<u>Land (Bighas) Approx.</u>	
Basmatia	310	(310)
Hoolungooree	2	(2)
Murphulani	2475	(2475)
Khowang	18	(18)
Rajgarh/Tinkong	61	(61)
M i m	20	(20)
New Dooars	145	(145)
Hingrijan	16	(16)

Against the above acquisitions, part compensation aggregating to Rs.14.03 lakhs (Rs.14.03 lakhs) has been received by the Company which is included under the head "Sundry Creditors". Appropriate adjustment entries in this regard would be made in the Accounts after settlement of the Final Compensation in respective cases.

5. Buildings include Rs.15.66 lakhs representing the cost of structures on rented land (Rs.15.66 lakhs).
6. Capital Work-in-Progress includes capital advances Rs.99.50 lakhs (Rs.99.50 lakhs) against which provision for doubtful advances of Rs.99.50 lakhs (Rs.13.78 lakhs) has been provided.
7. Depreciation for the year includes Rs. Nil (Rs.80.63 lakhs) relating to earlier years.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

		(Rupees in lakhs)			
		No. of Shares/ Units	Face Value per Share/ Unit	Book Value	
				2006-07	2005-06
SCHEDULE 5					
INVESTMENTS (Long Term)					
(At Cost less written off)					
1. Equity Shares in Subsidiary Company – Non-Trade Investments :					
Unquoted :					
	Hooghly Printing Co. Ltd.	10,27,128	10	103.20	103.20
2. In Other Companies – Non-Trade Investments :					
Equity Shares (Fully Paid) :					
Quoted :					
	Yule Financing & Leasing Co. Ltd.	3,00,000	10	27.88	27.88
	DPSC Ltd.	3,01,269	10	12.50	12.50
	Tide Water Oil Co. (India) Ltd.	2,28,390	10	141.07	141.07
	WEBFIL Ltd.	1,45,000	10	14.50	14.50
	Fort Gloster Industries Ltd.	1,040	10	0.13	0.13
	Gloster Jute Mills Ltd.	208	10	...	...
	Exide Industries Ltd.	19,942	10	0.23	0.23
	The Gillapukri Tea & Industries Ltd.	26	10	...	...
Unquoted :					
	*The Bengal Coal Co. Ltd.	10,305	100	0.51	0.51
	*Katras Jherriah Coal Co. Ltd.	60,260	10	6.95	6.95
	*The New Beerbhoom Coal Co. Ltd.	1,05,355	10	12.27	12.27
	The Statesman Ltd.	9,966	100	4.70	4.70
	ABC Tea Workers Welfare Services	750	10	0.08	0.08
	Jalpaiguri Club Co. Ltd.	40	10	...	...
	Phoenix Yule Ltd.	1,19,43,074	10	1194.31	1194.31
Debentures (Fully Paid) :					
Unquoted :					
	Woodlands Hospital & Medical Research Centre Ltd. Rs.65,200 - 5% Non-Redeemable Registered Mortgage Debenture Stock, 1957	...	...	0.65	0.65
	Woodlands Hospital & Medical Research Centre Ltd. Rs.600 - 1/2% Registered Mortgage Debenture Stock	6	100	0.01	0.01
Bonds (Fully Paid) :					
Unquoted :					
	**WEBFIL Ltd. Zero Rate Unsecured Redeemable Bond	305	100000	305.00	...
3. Units (Fully Paid) :					
Quoted :					
Unit Trust of India					
	Unit Scheme – 2002	3,06,260	10	11.03	11.03
				<u>1835.02</u>	<u>1530.02</u>
				Book Value	
				2006-07	2005-06
SUMMARY					
1. Subsidiary Company – Equity Shares				103.20	103.20
2. Other Companies (Non-Trade Investments) :					
	Equity Shares			1415.13	1415.13
	Debentures			0.66	0.66
	Bonds			305.00	...
				<u>1720.79</u>	<u>1415.79</u>
3. Unit Trust of India					
	Unit Scheme – 2000			11.03	11.03
				<u>1835.02</u>	<u>1530.02</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 - (Contd.)

(Rupees in lakhs)

	2006-07		2005-06	
	Book Value	Market Value	Book Value	Market Value
SCHEDULE 5 - (Contd.)				
INVESTMENTS - (Contd.)				
SUMMARY - (Contd.)				
Aggregate Value of Investments :				
Quoted	207.34	4639.93	207.34	2547.82
Unquoted	1627.68		1322.68	
	<u>1835.02</u>		<u>1530.02</u>	

- Notes:** 1. * The Coal mines of these Companies have been nationalised. Pending finalisation of compensation rolls by the Commissioners of Payments, the Company is not in a position to estimate the amount receivable on its holding in these Companies. However, losses, if any, in this regard will be adjusted against Capital Reserve.
2. ** Bonds Issued by WEBFIL Ltd., in lieu of adjustment of Advance to WEBFIL Ltd., as per their approved Revival packag of BIFR.
3. The following Investments having been written down to a nominal value of Re. 1/- each, do not appear in the details given above :

Name of the Company	No. of Shares	Face Value per Share
Unquoted - Preference Shares :		Rs.
Transformer & Switchgear Ltd.		
7 1/2% Tax-free Redeemable Cumulative Preference Shares	1000	100
Unquoted - Equity Shares :		
Transformer & Switchgear Ltd.	22395	10
Hooghly Docking & Engineering Co. Ltd.	4410	50
Brentford Electric (India) Ltd.	52500	10
India Paper Pulp Co. Ltd.	439675	10

SCHEDULE 6

INVENTORIES

At or under cost :

	2006-07	2005-06
Raw materials, Components and Packaging Materials (Includes Raw Materials-in-Transit Rs.53.55 lakhs; 2005-06 Rs.26.43 lakhs)	863.09	735.57
Stores and Spare parts (Includes Stores-in-Transit Rs.Nil; 2005-06 Rs.0.16 lakh)	565.13	439.01
Food-stuff	22.74	20.98
Loose tools	5.34	4.44

At Cost or net realisable value whichever is lower :

Finished goods	427.24	500.49
Finished goods-in-transit	64.97	12.60
Work-in-Progress	587.24	460.91
Scrap (at estimated realisable value)	2.74	2.29
	<u>2538.49</u>	<u>2176.29</u>

Note: The unit-wise break-up of the inventories is as follows :

Sirocco Unit	284.54	177.68
Switchgear Unit	214.97	197.41
Electrical System Group	203.61	203.61
Electronics Unit	70.00	71.95
Togami Unit	351.80	289.07
Transformer and Switchgear Unit	290.01	157.02
Brentford Unit	78.87	89.47
Project	43.89	43.89
Tea Division	1000.80	946.19
	<u>2538.49</u>	<u>2176.29</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 7		
SUNDRY DEBTORS		
Unsecured :		
Debts outstanding for a period exceeding six months :		
Considered Good	807.17	2827.05
Considered doubtful	6308.65	5177.43
	<u>7115.82</u>	<u>8004.48</u>
Other Debts :		
Considered good	2368.57	1613.59
	<u>9484.39</u>	<u>9618.07</u>
Less: Provision for doubtful debts	6308.65	5177.43
	<u>3175.74</u>	<u>4440.64</u>

Note: The Unit-wise Break-up of the Sundry Debtors is as follows :

General Division	0.88	3.16
Sirocco Unit	420.79	592.22
APC Unit	219.27	214.32
Switchgear Unit	312.88	207.95
Togami Unit	307.98	230.13
Transformer and Switchgear Unit	1455.13	1290.38
Brentford Unit	86.11	50.97
Electronics Unit	2.40	3.87
ESG Unit	266.96	1660.33
Project	38.54	38.54
Belting Division	5.00	65.00
Tea Division	59.80	83.77
	<u>3175.74</u>	<u>4440.64</u>

SCHEDULE-8
CASH AND BANK BALANCES

Cash-in-hand	25.49	30.40
Postage and Stamps-in-hand	0.07	0.09
Cheques-in-hand	1998.02	21.19
Remittances-in-transit	27.42	41.49
Balances with Scheduled Banks :		
On Current Account (Net)	785.79	1377.49
On Deposit Account :		
Employees' Security Deposit	0.06	0.06
* Others	<u>1471.00</u>	<u>638.60</u>
Unclaimed Preference Share Redemption Account	1471.06	638.66
	<u>0.80</u>	<u>0.80</u>
	<u>4308.65</u>	<u>2110.12</u>

- Notes:** *1. (a) Includes Bank deposits of Rs.10.00 lakhs (Rs.10.00 lakhs) had been pledged with United Industrial Bank Ltd.,(since amalgamated with Allahabad bank) as a lien against clean cash credit facilities to the extent of Rs.10.00 lakhs provided by them to Brentford Electric (India) Ltd., (BEIL). Following the take over of undertakings of BEIL, the pledge stands vacated and the return of deposit receipts is awaited.
- (b) Includes Rs.341.42 lakhs (Rs.171.02 lakhs) is pledged with Banks against Letter of Credit, Bank Guarantee and Overdraft facilities.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 9		
OTHER CURRENT ASSETS		
Considered Good		
Deposits with National Bank for Agricultural and Rural Development under Tea Development Account Scheme, 1985 and 1990	0.69	0.69
SCHEDULE 10		
LOANS AND ADVANCES		
Secured		
Loans	48.40	79.86
Unsecured		
Loans	615.06	201.13
Advances recoverable in cash or in kind or for value to be received (including Rs.1.42 lakhs due from Subsidiary; 2005-06 Rs.2.19 lakh).	1418.01	3032.49
Advance Payment of Income/Wealth-tax and F.B.Tax (including Income Tax deducted at source)	964.75	4932.49
Balance with Government Authorities	45.58	44.74
Interest accrued on Loans, Deposits etc.	13.62	9.24
Deposits – lodged with various authorities (including National Plan Savings Certificates Rs.0.71 lakh; 2005-06 Rs.0.70 lakh)	196.84	207.50
	<u>3253.86</u>	<u>8427.59</u>
	<u>3302.26</u>	<u>8507.45</u>
Notes:		
1. Classification of Loans and Advances :		
(A) Secured Considered Good	48.40	79.86
(B) Unsecured Considered Good	3253.86	8427.59
Considered Doubtful	1875.20	1495.32
	5129.06	9922.91
Less: Provision	1875.20	1495.32
	<u>3253.86</u>	<u>8427.59</u>
	<u>3302.26</u>	<u>8507.45</u>

2. Secured Loans represent House Building and Car Loans (including loan of Rs.1.42 lakhs to a Director; 2005-06 Rs.1.44 lakhs – Maximum amount due at any time during the year Rs.1.44 lakhs; 2005-06 Rs.1.61 lakhs) secured against mortgage of Land, Buildings, Flats and Cars etc.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

	(Rupees in lakhs)	
	<u>2006-07</u>	<u>2005-06</u>
SCHEDULE 11		
CURRENT LIABILITIES		
Sundry Creditors and Other Liabilities :		
Due to Small Scale Industries	291.15	252.48
Others		
(including Rs.1.51 lakhs due to Subsidiary and Rs.59.33 lakhs being Earnest Money and Security Deposits; 2005-06 Rs.6.80 lakh and Rs.457.23 lakhs respectively)	11587.36	12882.09
Advances and Deposits received from Customers and others (including Rs.16.73 lakhs being Security Deposits; 2005-06 Rs.89.40 lakh)	589.52	1249.86
Employees' Security Deposits	0.06	0.06
Interest accrued but not due on loans and deposits	1174.36	404.92
Unclaimed Redeemed Preference Shares	0.80	0.80
	<u>13643.25</u>	<u>14790.21</u>

SCHEDULE 12

PROVISIONS

For Taxation :

Income Tax	593.48	4073.32
Wealth Tax	9.00	6.75
Fringe Benefit Tax	<u>57.24</u>	<u>29.02</u>
	659.72	4109.09
" Superannuation and Pension	239.65	233.28
" Stock Obsolescence	453.86	345.76
" Contingencies	592.07	99.41
" Unrealised Profit	15.87	15.87
" Aqua-culture Project	222.29	222.29
" <i>Foodstuff Stock</i>	...	16.54
	<u>2183.46</u>	<u>5042.24</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	<u>2006-07</u>	<u>2005-06</u>
SCHEDULE 13		
SALES		
Sales and Work done [including trading item Rs.2.16 lakhs (2005-06 Rs.Nil)(after adjusting Rs.4.41 lakhs being returns/adjustments in respect of earlier year; 2005-06 Rs.314.87 lakhs)]	14643.99	11880.68
Add : Inter Unit Transfer of Capital Goods manufactured	<u>23.96</u>	<u>124.64</u>
	14667.95	12005.32
Less : Excise Duty recovered on sales	867.38	658.81
Trade and Other Discount	172.37	152.41
<i>Provision for Unrealised Profit on partial deliveries against Composite Contracts</i>	<u>...</u>	<u>14.15</u>
	<u>1039.75</u>	<u>825.37</u>
	<u>13628.20</u>	<u>11179.95</u>
SCHEDULE 14		
OTHER INCOME		
Interest on Loans, Advances, Deposits etc. (including TDS for Rs.33.74 lakhs; 2005-06 Rs.17.80 lakhs)	206.84	107.69
Profit on Sale of Stores	0.53	...
<i>Profit on exchange fluctuation</i>	...	0.41
Sundry Receipts (including insurance claims of Rs.11.05 lakhs; 2005-06 Rs.50.29 lakhs)	42.21	60.21
Tea Board Subsidy	9.00	3.38
Adjustment for Tea Board Subsidy for Capital Assets	7.80	...
Rent and Hire charges	49.53	48.04
<i>Fees and Commission received by Directors and Employees</i>	...	4.08
Scrap/Tea waste sale	30.50	36.53
Service charges	19.72	19.77
Export incentives	0.10	6.98
Items relating to previous years (including depreciation for earlier years Rs.6.08 lakhs; 2005-06 Rs.Nil)	30.69	82.75
Liabilities no longer required written back	415.83	194.58
Provisions no longer required written back :		
Superannuation and Pension	0.06	20.21
Food Stuff	<u>16.54</u>	<u>...</u>
	16.60	20.21
	<u>829.35</u>	<u>584.63</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 15		
ACCRETION / DECRETION (-) IN STOCKS		
Opening Stock :		
Finished goods	500.49	332.76
Finished goods-in-transit	12.60	126.66
Semi-Finished Articles	181.37	18.63
Work-in-Progress	279.54	555.42
Scrap	<u>2.29</u>	<u>1.13</u>
	976.29	1034.60
Less: CENVAT/VAT on Opening Stock	<u>2.22</u>	<u>4.92</u>
	974.07	1029.68
Closing Stocks		
Finished goods	427.24	500.49
Finished goods-in-transit	64.97	12.60
Semi-Finished Articles	180.94	181.37
Work-in-Progress	406.30	279.54
Scrap	<u>2.74</u>	<u>2.29</u>
	1082.19	976.29
	<u>108.12</u>	<u>(-)53.39</u>
SCHEDULE 16		
MATERIALS CONSUMED		
Stocks as at 1st April, 2006 :		
Raw materials, components and packaging materials	709.14	815.34
Materials-in-transit	26.43	50.44
Stores and spare parts	<u>439.01</u>	<u>509.73</u>
Loose tools	4.44	4.57
	<u>1179.02</u>	<u>1380.08</u>
Less: Book value of Stocks sold/adjusted/written off	...	4.88
	<u>1179.02</u>	<u>1375.20</u>
Add : Adj. of previous year	...	23.02
	1179.02	1398.22
Purchases during the year :		
Raw materials, components and packaging materials (including erection expenses in case of composite contracts and processing charges)	3905.44	3278.83
Stores and spare parts (including trading item of Rs.1.92 lakhs)	2296.45	1294.27
Loose tools	<u>16.41</u>	<u>2.73</u>
	6218.30	4575.83
	<u>7397.32</u>	<u>5974.05</u>
Less: Stocks as at 31st March, 2007 :		
Raw materials, components and packaging materials	823.87	709.14
Materials-in-transit	39.22	26.43
Stores and spare parts	565.13	439.01
Loose tools	<u>5.34</u>	<u>4.44</u>
	1433.56	1179.02
Raw materials and stores used on Capital Jobs Rs.20.91 lakhs and on Repair Jobs, Advertising, Transport, Power and Fuel, Research and Development etc. Rs.1077.61 lakhs; 2005-06 Rs.0.03 lakh and Rs.848.03 lakhs.	<u>1098.52</u>	<u>848.06</u>
	2532.08	2027.08
	<u>4865.24</u>	<u>3946.97</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	(Rupees in lakhs)	
	<u>2006-07</u>	<u>2005-06</u>
SCHEDULE 17		
SALARIES, WAGES AND BONUS		
Salaries, Wages, Bonus and Gratuity	5267.36	4866.03
Contribution to Provident and Other Funds	717.75	574.32
Welfare and Other Expenses	<u>774.78</u>	<u>688.34</u>
	6759.89	6128.69
Less: Incurred on Capital jobs, Repair Jobs, Research and Development, Advertising, Transport etc.	180.49	172.95
	<u>6579.40</u>	<u>5955.74</u>
SCHEDULE 18		
INTEREST		
Fixed Deposits	31.28	38.68
Term Loans	1819.06	1059.76
Others	<u>2197.84</u>	<u>1844.26</u>
	<u>4048.18</u>	<u>2942.70</u>

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	(Rupees in lakhs)	
	2006-07	2005-06
SCHEDULE 19		
OTHER EXPENSES		
Power and Fuel	1247.23	1226.34
Miscellaneous Tea Cultivtion and Manufacturing Expenses	173.82	103.26
Research and Development Expenses	2.32	2.05
Directors' Salaries	15.21	11.85
Directors' Fees	0.37	0.14
Rent (Net)	49.23	44.98
Rates and Taxes	34.98	30.21
Repairs and Maintenance :		
Buildings	174.37	144.43
Plant and Machinery	255.67	167.66
Others	64.26	39.26
	494.30	351.35
Travelling Expenses and Upkeep of Vehicles	359.94	302.76
Insurance	29.11	33.46
Brokers' Commission	78.83	78.42
Selling Expenses :		
Selling Agents' Commission	35.28	21.60
Others	305.03	279.23
	340.31	300.83
Miscellaneous Expenses	519.33	532.87
Commission against Govt. Guarantee	35.20	35.20
Excise Duty on stock	32.63	(-)7.64
Turnover Tax	...	15.50
Assam Cess on Green Tea Leaf	72.50	73.32
West Bengal Primary Education Cess	8.00	7.50
West Bengal Rural Employment Cess	16.00	14.99
Tea Cess	28.84	27.44
Assam Entry Cess	3.08	0.57
Education Cess	0.49	0.55
Bank Charges	90.31	78.34
Auditors' Remuneration :		
Audit Fees	3.10	3.10
In Other Capacity :		
Tax Audit Fees	0.61	0.61
For Certificates etc.	1.31	1.80
Out of Pocket Expenses	0.80	0.54
	5.82	6.05
Miscellaneous Expenditure Written off :		
Other Expenses	315.79	393.60
Net Loss on Exchange Fluctuation	0.26	...
Items relating to previous years (including interest on Income Tax of Rs.194.91)	383.58	669.30
Cold Weather expenses written off	1105.56	...
Liquidated Damages and Penalty etc.	145.94	199.58
Rectification/Replacement	46.14	101.29
Provision for :		
Doubtful Debts	1131.22	762.30
Doubtful Loans, Advances and Deposits	465.60	388.08
Stock Obsolescence	108.10	29.09
Contingencies	492.66	0.11
Foodstuff	...	16.54
	2197.58	1196.12
	7832.70	5830.23
Less: Amount transferred to Capital jobs etc.	1.80	0.30
	7830.90	5829.93

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

SCHEDULE 20

1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.134.11 lakhs (Rs.105.67 lakhs).
2. Contingent liabilities not provided for in respect of :
 - (a) Claims against the Company not acknowledged as debts :
 - (i) Disputed labour matters (amount not ascertainable).
 - (ii) Others Rs.667.09 lakhs (Rs.967.98 lakhs)
 - (b) Guarantees and Indemnities given to various Institutions and Authorities in connection with Company's operations amounting to Rs.2706.24 lakhs (Rs.2297.65 lakhs).
 - (c) Legal cases U/s.138 and 141 of Negotiable Instruments Act., remaining outstanding as on 31st March, 2007 Rs.Nil (Rs.29.10 lakhs).
 - (d) Guarantees given to banks on behalf of other Group and/or Associate Companies :
 - (i) The Bengal Coal Co. Ltd. – Rs.115.00 lakhs (Rs.115.00 lakhs).
 - (ii) India Paper Pulp Co. Ltd. – Rs.265.00 lakhs (Rs.265.00 lakhs).
 - (iii) Other Companies – Rs.328.00 lakhs (Rs.60.00 lakhs) on behalf of Hooghly Printing Co. Ltd., a Subsidiary of the Company.
Rs.30.00 lakhs (Rs.30.00 lakhs) on behalf of Tide Water Oil Company (India) Ltd., an Associate Company.

In respect of item Nos.(i) and (ii) above, although the notices of invocation of guarantees have been received neither any payment nor any provision has been made as the matters are sub-judice.

- (e) Disputed Sales Tax/Professional Tax aggregating to Rs.5116.83 lakhs (Rs.4717.64 lakhs).
- (f) Aggregate Income Tax demands amounting to Rs.45.88 lakhs (Rs.45.88 lakhs) not admitted, against which appeals have been preferred by the Company.
- (g) Agricultural Income Tax demands amounting to Rs.484.75 lakhs including interest (Rs.373.85 lakhs) not admitted, against which appeals have been preferred by the Company.
- (h) Disputed Excise/Customs Duty matters Rs.801.82 lakhs excluding interest (Rs.926.91 lakhs).
- (i) Unexpired Letter of Credit opened by the Company's bankers – Rs.711.43 lakhs (Rs.429.69 lakhs).
3. Liability on additional interest payable due to delay in deposit of Provident Fund (PF) contribution to the respective Provident Fund Authorities has been accounted for as per statutory rates provided in the statutes applicable to such Provident Funds. However, no liability has been provided for Damages u/s.14B of the Employees' Provident Fund and Miscellaneous Provident Fund Act, 1952 as waiver has been asked for in Draft Rehabilitation Scheme (DRS). Govt. of India (GOI) while communicating its approval of DRS vide letter No.10(43)/2005-PE-I dated 19th March, 2007 have given directives for making representation before the Central Board of Trustees, EPFO to waive damages u/s.14B of the Act. Before receipt of such order from GOI, Regional Provident Fund Commissioner, Barrackpore, West Bengal (RPFC-II) invoked a Notice of Recovery of Damages u/s.14B of the Act amounting to Rs.42.78 lakhs on 22nd February, 2007 on UTI Bank (Company's Bank). and RPFC-Jalpaiguri, West Bengal, recovered Rs.6.60 lakhs for the West Bengal Tea Gardens i.e. Karballa Tea Estate Rs.3.76 lakhs, Choonabhutti Tea Estate Rs.2.82 lakhs and Banarhat Tea Estate Rs.0.02 lakh. Although the Company contested the action of RPFC-II citing the Advisory Note of Additional Central Provident Fund Commissioner (Compliance), New Delhi, dated 7th March, 2007 to Additional Central Provident Fund Commissioner, East Zone, not to proceed for recovery action and other representations made by the Company from time to time. RPFC-II recovered Rs.42.78 lakhs from Company's Account with UTI Bank and RPFC-Jalpaiguri recovered Rs.6.60 lakhs from the Company's Account with United Bank of India, Banarhat Branch, as Damages u/s.14B of the Act.

In view of the above development, no provision has been made against the claim u/s.14B raised by the respective RPFC for the Company amounting to Rs.441.25 lakhs as on 31st March, 2007.

It is contemplated that most of the items 2(a) to 2(i) above are likely to be decided in favour of the Company.

4. Consequent to change in Accounting Policy No.9(j) to comply with AS-26 towards Tea Cultivation Expenses in Cold Weather incurred during the year and carry forward balance from the earlier years have been debited to Profit and Loss Account instead of existing system of charging 1/5th and carry forward balance of such expenditure every year. As a result of such changes, the additional amount debited to the Profit and Loss Account for the year 31st March, 2007 is Rs.1392.05 lakhs.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

5. The estimated arrear liability on account of pay revision of Officers and Non-unionised Supervisory Staff with effect from 1st August, 1997 to 30th September, 2000 and in respect of the then Directors from 1st January, 1997 to 30th September, 2000 is Rs.872.58 lakhs (net of payment of Interim Relief). This obligation will be accounted for in the Profit and Loss Account for the period during which such payment will actually be made as provided in DRS package.
6. (a) In the matter of dispute between the Company and Hooghly Docking and Port Engineering Co. Ltd. (HDPE), the Sole Arbitrator published an award on 18th December, 1994 for Rs.53.40 lakhs (Rs.31.88 lakhs + Rs.0.26 lakh + Rs.0.92 lakhs + Rs.1.67 lakhs + Rs.18.67 lakhs) together with interest of Rs.64.26 lakhs in favour of HDPE and Rs.13.90 lakhs (Diff. loss Rs.7.34 lakhs + Bank Commission Rs.0.85 lakh + Refund of Deposits Rs.3.00 lakhs together with interest Rs.2.71 lakhs) in favour of the Company. The amount awarded in favour of HDPE by the sole arbitrator included an amount of Rs.42.49 lakhs as total loss of ship building which the Company had not accepted as their liability on the ground that they were not liable for any over-run in the cost beyond the revised price fixed through negotiation by and between Hooghly Docking and Engineering Co. Ltd. (HDE) and its customers.
- Though the extent of loss, if any, in this regard is not ascertainable at this stage, the Company as an abundant precaution and prudence has taken a conservative stand to provide Rs.117.66 lakhs including interest upto 31st March, 1994 as per award, in the Accounts without prejudice to the right of contesting the award or any other rightful legal option available with the Company to defend the same.
- (b) State Bank of India (SBI), Chennai, filed a suit before Hon'ble Madras High Court for enforcement of a Corporate Guarantee of Rs.190.00 lakhs given by AYCL in favour of SBI as collateral security for the Cash Credit facilities advanced by SBI to the erstwhile Transformer & Switchgear Ltd. (TSL). Subsequently, the case was transferred to Debt Recovery Tribunal (DRT), Chennai. DRT, Chennai, passed a decree in favour of SBI against which the Company has preferred an appeal which is now pending. Meanwhile SBI proposed for One Time Settlement (OTS) to the Company and in response to that the Company made an offer for Rs.62.00 lakhs to be paid from the fund available with the Commissioner of Payments (COP) to liquidate outstanding claims as on the date of nationalisation of TSL. A Memorandum of Settlement (MOS) has been drawn in this regard between the Company and SBI highlighting the steps required for mutual settlement. As per MOS, the Company already released 5% payment to SBI and made a joint petition dated 28th March, 2007 to COP for releasing fund lying in his custody. The MOS also stipulated that in the event of any non receipt or short receipt of fund from COP, AYCL will make payment of balance amount in 10 equal instalments together with the interest @ 10% p.a. on reducing balance from 7th month from the date of filing the joint petition. Release of amount from COP is awaited. Pursuant to this mutual settlement, the Company has not made any provision in the Accounts.
7. Loans and Advances in Schedule 10 includes an interest free amount of Rs.111.64 lakhs (Rs.115.08 lakhs) given for the Agro Projects, which was subsequently transferred to Yule Agro Industries Ltd. (YAIL), a Company promoted by the two Associate Companies in the Group.
- YAIL has since informed that pending implementation of the aforesaid Agro Project, they will have in the meantime engaged in the activities of Oyster Mushroom, Vermiculture and Tea Nursery and will repay the balance advance gradually.
- Pursuant to an arrangement with YAIL, regarding takeover of Telepara Unit by them and pending implementation of the Agro Projects on commercial scale, an amount of Rs.22.93 lakhs (Rs.20.69 lakhs) consisting of salaries, wages and other administrative expenses of the said unit has been charged to the Profit and Loss Account of the Company.
8. An amount of Rs.60.93 lakhs (Rs.60.93 lakhs) has been paid/payable till 31st January, 1999 to the Gayeshpur Municipality (GM) erstwhile Gayeshpur Notified Area Authority (GNAA) being rates and taxes according to the order issued on 8th April, 1986, by the Hon'ble Calcutta High Court upon the writ application filed by the Company challenging the enhancement of the rates by the GM. The Court has further directed that the amount paid in excess shall be refunded by GM to the Company with 18% interest p.a. in the event the Company succeeds in the writ application. Appropriate adjustment entries in this regard will be made in the accounts in the year of final decision of the Court. The writ is still pending without any further order.
9. Unpaid overdue amount as on 31st March, 2007 payable to Micro and Small Enterprises Supplier as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" amounts to Rs.285.13 lakhs on account of principal and provision of interest of Rs.111.18 lakhs made in the Accounts. This disclosure is based on the existing information available with the Company regarding the status of suppliers.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

However, pending receipt of necessary information from suppliers as to their registration status under the aforesaid act, the necessary information required under the act could not be complied and disclosed.

10. Directors' Remuneration :-

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Salaries	15.21	11.85
Directors' Fees	0.37	0.14
Contribution to Provident Fund/Superannuation Fund	3.32	1.96
Other Perquisites/benefits	1.37	1.01
	<u>20.27</u>	<u>14.96</u>

11. Details of "Miscellaneous Expenditure to the extent not written off or adjusted" as on 31st March, 2007 are as follows :-

OTHER EXPENSES	2006-07	2005-06
Expenses spent for development of Proto-type Fan out of grant received under DSIR Scheme	9.00	9.00
Voluntary Retirement	<u>83.72</u>	<u>399.51</u>
	<u>92.72</u>	<u>408.51</u>

12. Inventories include Rs.59.04 lakhs (Rs.73.18 lakhs) worth of stocks lying with third parties for which confirmations are awaited and/or under reconciliation and the same has been fully provided for.

13. Sundry debtors, claims receivable, deposits and advances to parties, sundry creditors and other liabilities as well as Loans from Financial Institutions, loan from WB Govt. under Subsidised Housing Scheme and Bodies Corporate, in the absence of confirmations, wherever necessary, are taken as per book balances and are subject to reconciliation and adjustments thereon having an impact of revenue nature, if any, will be made in the year in which those are finally settled.

14. The Company had revalued its Tea Estates in the year 1994-95 on the basis of Revaluation Report by an approved valuer. Accordingly, Capital Reserve of Rs.10,735.16 lakhs under Schedule 2 includes a sum of Rs.10,332.52 lakhs as Revaluation Reserve arising out of above revaluation. No Depreciation is charged on such revalued assets, as there is no depreciation charge on Estates.

15. In course of execution of a contract received from Oil and Natural Gas Corporation Ltd. (ONGC), the Company had to undertake some additional work beyond the scope of the contract. Though the official bill for the main work was duly raised on ONGC, final bill for additional work could not be raised because of a dispute between the Company and ONGC about the value of the additional work. After the matter was referred to the Sole Arbitrator appointed by the Ministry of Heavy Industries, the Company submitted its final claim on 9th January 2001, of Rs.431.42 lakhs together with an interest, as may be admissible, at the direction of the Sole Arbitrator; but the matter was contested by ONGC. Till date, the Company has received Rs.70.00 lakh from ONGC as interim payment by two orders of the Sole Arbitrator made on 20th June'01 and 8th May'02. The arbitration proceeding is in progress.

16. Provision for Liquidated damages amounting to Rs.1343.15 lakhs (Rs.1215.31 lakhs) have been set off against Sundry Debtors.

17. Pending enhancement of Authorised Share Capital, due to non-payment of Registration Fees, Allotment in respect of Equity Shares could not be made and has been shown as "Shares pending Allotment" amounting to Rs.10892.90 lakhs (Rs.10303.90 lakhs).

18. 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.42.89 lakhs). The possible loss, if any, will be accounted for as and when it arises.

19. Yule Financing & Leasing Co. Ltd. (YFLC), an Associate Company of Andrew Yule & Co. Ltd. (AYCL), had large amount of overdue public deposits lying outstanding which could neither be repaid nor serviced primarily because of serious liquidity problem faced by it. Affected depositors resorted to legal action through various Regulatory Authorities, Consumers' Forum and Court of Law. Under the circumstances and in order to pre-empt any coercive action, AYCL being a premier promoter was compelled to intervene with dual objectives of bailing out YFLC and to protect the interest of the affected public depositors.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

In November, 2003, GOI approved a Financial Restructuring proposal of AYCL which also included funding to YFLC to the extent of Rs.500.00 lakhs to pay off its large number of affected public depositors. Since fund approved under the scheme was insufficient due to non materialisation of important components namely receipt from dis-investments of shares in Group Companies and mobilisation of fund through Bond issue, the Company could release part fund of Rs.75.00 lakhs only to YFLC instead of Rs.500.00 lakhs. The present restructuring package as approved by GOI vide its letter No.10(43)/2005-PE-I dated 19th March, 2007 at a cost of Rs.20527.00 lakhs also includes Rs.425.00 lakhs for meeting the above shortfall. However, actual fund as per DRS is yet to be received from GOI/Other Sources except issuance of 9.1% Bond of Rs.2000.00 lakhs being a part of total means of finance proposed in the present DRS. On the other hand due to pressing demand from YFLC, the Company had to release Rs.425.00 lakhs during 2006-07 out of Bond money totalling to Rs.500.00 lakhs as unsecured loan to YFLC @ 5.5% interest p.a. Under the given circumstances, the decision of the Company was a judicious assessment of the situation stated above. YFLC has serviced the interest due for the financial year 2006-07.

20. Unabsorbed depreciation, business loss as per Income-Tax Act, 1961, has not been recognised as deferred tax assets while computing deferred tax liability for the financial year 2006-07.
21. (a) Both the Income Tax and Agricultural Income Tax position of the Company has been reviewed in respect of assessments already completed and an amount of Rs.315.57 lakhs and Interest Charge of Rs.201.07 lakhs relating to earlier years has been provided in the Accounts during the year.
- (b) In respect of such Assessment Years, proceedings for which are pending before the various Income Tax/Agricultural Income Tax Authorities on account of Rectification and Appeal Petition filed by the Company, adjustments will be made on final settlement of pending proceedings.
- (c) Undisputed Agricultural Income Tax demands to the tune of Rs.21.12 lakhs for the Assessment years 1989-90 and 1990-91 will be adjusted against Refund Orders for the various Assessment years amounting to Rs.115.00 lakhs obtained by the Company. Application for adjustments are pending with the Assessing Authorities.
22. The Company was referred to Board for Industrial & Financial Reconstruction (BIFR) under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). BIFR at its meeting held on 20th September, 2004, declared the Company as "Sick" and appointed Industrial Development Bank of India (IDBI) as the Operating Agency for finalization of Rehabilitation Scheme of the Company. The Draft Rehabilitation Scheme (DRS) with the cut-off-date as on 31st March, 2006 having the consent of all the secured creditors had been approved by Govt. of India vide letter No.10(43)/2005-PE-I dated 19th March, 2007 and the same has been communicated by the Department of Heavy Industries (DHI) to BIFR [vide letter No.10(42)/2005-PE-I dated 20th March, 2007] for taking the case for its implementation. Further, IDBI (OA) has also forwarded the DRS to BIFR-Cell/NDBO vide letter Ref. dated 8th June, 2007, apprising the updated status of the same. Since the applicability of approval of GOI and consent given by the Bankers is subject to final Order of the BIFR, the Company has not given any effects in the Accounts towards waiver of interest on GOI loan and restructured Bank loan remaining outstanding as on 31st March, 2006 being cut-off date of DRS. The impact of items for which effects have not been given inter-alia are as under :-
- (a) (i) Write back of accrued interest (Rs.1136.68 lakhs) as on 31st March, 2006 on GOI Loan.
- (ii) Write back of accrued interest (Rs.1129.37 lakhs) as on 31st March, 2006 on Bank Loan.
- (iii) Conversion of GOI loan as on 31st March, 2007 into Equity.
- (iv) Write down of the Equity shares held by GOI in the Company as on 31st March, 2007.
- (v) Conversion of Funded interest (at PLR) for the irregular part of Cash Credit Account of State Bank of India, Bank of Baroda and Allahabad Bank into Equity of AYCL with effect from 1st April, 2006.
- (b) Interest has been charged and accounted for in the Profit and Loss Account for the year 2006-07 on the outstanding GOI loan, Bank loans and Other loans at the applicable normal rate instead of concessional rate recommended in DRS.

Had the effects of the above items (a)(i), (ii), non-charging of interest on GOI loan/other loans and charging of interest at concessional rates been given in the Accounts based on DRS, the loss of the Company for the year would have been less by Rs.4468.81 lakhs.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

23. Segment Reporting

The Company's segment information as at and for the year ended 31st March, 2007 are as below :-

Business Segment	Electrical	Tea	Engineering	Segment Total	Elimination	Total
1. Segment Results						
– External sales	4875.70	7075.24	1653.30	13604.24		
	[3923.47]	[5823.85]	[1307.98]	[11055.30]		
– Inter Segment sales	8.35	0.91	20.29	29.55		
	[10.10]	[1.26]	[22.95]	[34.31]		
– Inter Segment Sale of Capital Goods	23.96	...	...	23.96		
	[35.37]	[...]	[89.27]	[124.64]		
– Total Revenue	4908.01	7076.15	1673.59	13657.75	29.55	13628.20
	[3968.94]	[5825.12]	[1420.20]	[11214.26]	[34.31]	[11179.95]
2. Segment Results	(-)1220.18	(-)2811.72	(-)603.35	(-)4635.25	...	(-)4635.25
	[(-)2007.70]	[(-)1803.57]	[(-)458.72]	[(-)4269.99]	[...]	[(-)4269.99]
– Unallocated Corporate expenses net of unallocated income	...	...	...	...	...	(-)598.19
	...	...	...	...	...	[(-)261.61]
– Operating Profit	...	...	...	...	...	(-)5233.44
	...	...	...	...	...	[(-)4531.60]
– Interest expenses	...	...	...	...	...	(-)4048.18
	...	...	...	...	...	[(-)2942.70]
– Interest/dividend income	...	...	...	...	...	270.42
	...	...	...	...	...	[139.60]
Profit from ordinary activities	...	...	...	...	...	(-)9011.20
	...	...	...	...	...	[(-)7334.70]
– Net Profit	...	...	...	...	...	(-)9011.20
	[...]	[...]	[...]	[...]	[...]	[(-)7334.70]
– Segment Assets	5367.88	18441.74	1958.55	25768.17	...	25768.17
	[5946.03]	[22859.32]	[2036.28]	[30841.63]	[...]	[30841.63]
– Unallocated corporate Assets	...	...	...	...	...	6040.45
	[...]	[...]	[...]	[...]	[...]	[4321.32]
– Total Assets	...	...	...	...	...	31808.62
	[...]	[...]	[...]	[...]	[...]	[35162.95]
– Segment Liabilities	6824.68	5846.49	2229.97	14901.14	...	14901.14
	[6991.36]	[9490.74]	[2077.02]	[18559.12]	[...]	[18559.12]
– Unallocated corporate Liabilities	...	...	...	...	...	925.57
	[...]	[...]	[...]	[...]	[...]	[1273.33]
– Total Liabilities	...	...	...	...	...	15826.71
	[...]	[...]	[...]	[...]	[...]	[19832.45]
– Capital Expenditure	86.53	538.33	35.04	659.90		
	[10.58]	[433.85]	[...]	[444.43]		
– Depreciation including Impairment	43.21	257.68	10.09	310.98		
	[46.44]	[339.20]	[10.53]	[396.17]		
– Non-Cash expenses other than depreciation	1396.78	69.65	501.50	2020.27		
	[836.41]	[33.72]	[296.98]	[1167.11]		

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

Notes: (1) The business segments comprise of the following major product groups :-

- | | | |
|-------------|---|---|
| Engineering | – | Industrial Fans. |
| | – | Tea Machinery. |
| | – | Air Pollution and Water Pollution Control equipments. |
| | – | Turn-key projects involving the above products. |
| Electrical | – | HT and LT Switchgears. |
| | – | Transformers |
| | – | Relay and Contactors |
| | – | Turn-key projects on power distribution. |
| Tea | – | Tea growing and manufacturing. |

(2) The information relating to erstwhile Belting Division has been considered as part of the corporate information for the purpose of the above reporting as the related business has been discontinued earlier.

(3) Information relating to "Project" has been reported after being clubbed with Engineering Division.

24. Particulars relating to discontinued operations.

(a) Description of discontinued operations

Business Segments	Discontinued Operations
(i) Engineering Division	Air Handling Unit (AHU) Core Lamination Project (CLP) Project
(ii) Electrical Division	Port Engineering Works (PEW) Turnkey Agency
(iii) Residual Assets/Liabilities of Belting Division (shown under unallocated assets and liabilities)	

(b) Carrying amount of fixed Assets, Current Assets and Current Liabilities in respect of discontinued operations included in the total Assets and liabilities as shown in the Balance Sheet as on 31st March, 2007 :

Sl. No.	Discontinued operations	Fixed Assets	Current Assets	Current liabilities provisions
1.	AHU	5.02	...	...
2.	CLP	18.34	...	...
3.	PEW	...	...	173.87
4.	Turnkey	...	...	...
5.	Agency	...	...	1.76
6.	Project	0.10	82.81	101.27
7.	Belting	...	66.03	128.19
	Total	23.46	148.84	405.09

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

(c) Revenue, Expenses and Pre-Tax, Profit/Loss in respect of discontinued operations

	<u>AHU</u>	<u>CLP</u>	<u>PEW</u>	<u>Agency</u>	<u>Turnkey</u>	<u>Project</u>	<u>Belting</u>	<u>Total</u>
Turnover
Operating Expenses	-4.40)	...	-4.40
Interest	-6.37	-6.37
Provisions	-117.66	...	...	...	...	-117.66
Profit/Loss before tax	-117.66	...	...	-4.40	-6.37	-128.43
Provision for Taxation	-15.29	-11.04	-26.33
Profit/Loss after tax	-117.66	...	...	-19.69	-17.41	-154.76

(d) Cash Flow

	<u>PEW</u>	<u>Project</u>	<u>Belting</u>
Cash Flow from Operating Activities :			
Net Profit before tax & Extraordinary items	-117.66	-4.40	-6.37
Adjustment for :			
Interest charged	...	...	6.37
Operating Profit before changes in amount of Current Liabilities and Current Assets	-117.66	-4.40	...
Adjustment for :			
Trade Receivables	...	...	60.00
Loans and Advances	...	-0.02	21.67
Trade payable	117.66	-0.45	-10.45
Cash Generated from Operations	...	-4.87	71.22
Income Tax	...	-15.29	-11.04
Net Cash from Operating Activities	...	-20.16	60.18
Cash Flow from Investing Activities	...	...	...
Cash Flow from Financing Activities :			
Interest paid	...	...	-0.18
Net Cash used in Financing Activities	...	...	-0.18
Net Charges in Cash and Cash Equivalent	...	-20.16	60.0

25. Related party disclosure

(i) Names of Related Parties with whom Company had transactions during the year :

Associate Companies	–	Tide Water Oil Co. (I) Ltd.
	–	DPSC Ltd.
	–	Bengal Coal Co. Ltd.
	–	New Beerbhoom Coal Co. Ltd.
	–	Katras Jherriah Coal Co. Ltd.
	–	Yule Agro Industries Ltd.
	–	WEBFIL Ltd.
	–	Yule Financing and Leasing Co. Ltd.
Joint Venture	–	Phoenix Yule Ltd.

(ii) Key Management Personnel :

(a) Arindom Mukherjee	–	Chairman and Managing Director [till 31st March, 2007]
(b) S. Muralidharan	–	Director (Finance)
(c) I. Sengupta	–	Director (Personnel) [since 27th June, 2006]
(d) S. Lahiry	–	Chief Executive, Engineering Division
(e) R. K. Babaycon	–	Chief Executive, Tea Division
(f) R. K. Sikdar	–	Chief Executive, Electrical Division

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

(iii) Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 31st March, 2007.

	Associates		Joint Venture		Key Management Personnel and Relatives	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Purchase of goods	36.51	19.45	...	...	...	...
Sale of goods	12.38	51.66	0.12	0.84	...	...
Sale of services	0.17	0.14	...	...	...	...
Interest income	12.32	4.50	...	...	...	...
Dividend income	37.27	5.71	...	...	...	...
Interest expenses	...	80.00	...	...	...	...
Rent / Hire charges received	49.04	48.34	...	...	...	...
Miscellaneous Receipt	2.30	7.09	2.66	...	0.07	0.20
Expenses recovered	322.45	301.94	...	...	...	...
Loan given	417.00	8.00	...	...	...	...
Remuneration to Directors	...	...	...	...	19.90	14.82
Remuneration to Others	...	...	...	...	15.54	12.25
Balances as on 31st March,2007						
Debtors / Receivable	0.24	116.04	0.07	0.13	...	...
Advance recoverable in cash	531.90	861.53	1.64	1.64	...	...
Creditors / Payable	1.42	57.76	...	...	...	...
Deposit From	29.05	29.05	...	...	...	...
Loan given	500.00	83.00	...	...	0.42	1.44
Loan taken	1000.00	1000.00	...	...	...	...
Interest payable	251.71	251.71	...	...	...	...

26. Earning per share

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
(a) Number of Equity Share :-		
At the beginning of the year	5,82,67,078	5,82,67,078
At the end of the year	5,82,67,078	5,82,67,078
Weighted average number of		
Equity Shares outstanding during the year	5,82,67,078	5,82,67,078
Face value of each Equity Share	Rs.10.00	Rs.10.00
(b) Profit after Tax available for Equity Shareholders	Rs. (-)89,57,40,727.66	Rs.(-)74,07,34,135.32
(c) Basic earnings per Share	Rs.(-)15.37	Rs.(-)12.71

Note: There was no change in basic structure of Paid-up Share Capital during the year. Hence diluted earning per share is not applicable.

27. Company's interest in joint venture :

The Company's interest as a joint venture, in jointly controlled entity is :

Name	Country of incorporation	Percentage of ownership interest as at 31st March, 2007
Phoenix Yule Limited	India	26%

The Company's interest in this joint venture entity are reported as "Non-Trade Investments in Other Companies" (Schedule-5) and stated at cost. The Company's share of each of the assets, liabilities, income and expenses etc. (each without elimination of the effect of transaction between the Company and the Joint Venture) related to its

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

interest in the joint venture are as follows :–

	As at 31st December, 2006	As at 31st December, 2005
1. Assets		
(a) Fixed Assets	999.60	682.46
(b) Current Assets, Loans and Advances		
(i) Inventories	513.94	329.65
(ii) Sundry Debtors	969.51	855.19
(iii) Cash and Bank Balances	498.12	605.29
(iv) Loans and Advances	346.40	314.95
2. Liabilities		
(a) Current Liabilities and Provisions		
(i) Liabilities	937.93	668.18
(ii) Provisions	122.28	101.67
(b) Deferred Tax Liability (Net)	12.11	61.27
	For the year ended 31st December, 2006	For the year ended 31st December, 2005
1. Income		
(a) Sales	4620.42	3819.48
(b) Other Income	36.71	70.83
(c) Accretion/Decretion in Stocks	177.16	(–) 16.91
2. Expenditure		
(a) Raw Materials, Components and Packing Materials	3151.67	2453.97
(b) Salaries, Wages and Bonus	270.20	314.04
(c) Interest	...	0.18
(d) Other Expenses	774.56	627.83
(e) Depreciation	119.42	137.78
(f) Extra-Ordinary Expenses net of Extra-ordinary item	60.19	37.12
(g) Provision for Taxation –		
(i) Current	208.58	143.14
(ii) Deferred	(–) 49.16	(–) 20.96

As the financial year of the joint venture ends on 31st December every year, the financial statement of the joint venture prepared for the year ended 31st December, 2006, being the latest available financial statement of the joint venture, has been considered for the purpose of adoption under Accounting Standard 27 – Financial Reporting of interests in Joint Venture.

28. Provision has been made against “Contingencies” for the following items :–

	As on 01.04.06	Provided during the year	As on 31.03.07
(a) Unconfirmed stock with various third parties	98.19	13.63	111.82
(b) Hooghly Docking & Port Engineering Co. Ltd.	...	117.66	117.66
(c) Orissa Cements Ltd.	...	351.37	351.37
(d) Fixed Deposit as Guarantee for Brentford Unit after Nationalisation and other Miscellaneous	...	10.00	10.00
(e) Others	1.22	...	1.22
Total	<u>99.41</u>	<u>492.66</u>	<u>592.07</u>

The contingent liabilities and liabilities mentioned at Note No..2 and 28 above respectively are dependent upon Court decision/out of Court settlement/disposal of appeals etc.

No reimbursement is expected in the case of contingent liabilities and liabilities shown respectively under Note No.2 and 28 above.

29. The Company has obtained exemption from the Company Law Board in respect of disclosure of quantitative information relating to production/sale of spares and components.

30. (a) Previous year's figures have been re-arranged or re-grouped wherever necessary.

(b) The figures in these accounts have been rounded off to nearest lakhs of rupees and, as such, the balances in certain heads of account amounting to Rs.500 or less, although maintained in the books of accounts of the Company, do not appear in these accounts.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)
31. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 :
(a) Particulars in respect of Goods manufactured :

Class of Goods	Unit	Capacity		Actual Production	
		Licensed 2006-07	Installed 2006-07	2006-07	2005-06
A. ENGINEERING DIVISION					
I. SIROCCO UNIT :					
(1) Tea Machinery :					
Tea Drying Machines	Nos.	120	120	-	-
Tea Leaf Processing Machines	"	24	24	-	1
Green Leaf Shifters	"	24	24	-	-
Tea Packing Machines	"	12	12	-	-
Tea Leaf Rolling Machines	"	24	24	-	-
Rootes Rotary Blowers	"	12	12	-	-
Oil Fuel Burning Equipment	"	48	48	-	-
Tea Fluff Removal Plant	"	24	24	-	-
Multi Air Heaters	"	48	48	-	1
Tea Machinery Spares	Rs.	Worth about	Worth about	-	-
		Rs.10.08 lakhs	Rs.10.08 lakhs	Rs.Nil	Rs.50.30 lakhs
(2) Industrial Fans and Blowers :					
Assorted Fans	Nos.	900	900	32	16
Dust/Dumpy Collectors	"	108	108	-	-
Air Washers for Evaporating, Cooling and Humidification Plants	"	36	36	-	-
(3) Core Lamination	M.T.	2200	1800	-	-
(4) Flanged Pipes	Nos.	N.A.	As required	-	-
(5) Ladle Car	"	N.A.	As required	-	-
(6) Compac Space Fan System	"	N.A.	As required	-	-
II. AIR POLLUTION CONTROL UNIT :					
(1) Air Pollution Control Equipment :					
Cyclones	Sets	100	100	4	-
Cellulars					
Scrubbers					
Bag Filters					
Electrostatic Precipitators					
Pneumatic Conveying Systems					
Classifiers for Materials Sorting					
Paper Machine Hoods					
Spray Booths					
Cooling Tower					
Fume Extraction					
Ventilation system including Marine components and allied accessories for above					
(2) Water Pollution Control Equipment					
Water Pollution Control Equipment	Sets	N.A.	As required	-	-

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

Class of Goods	Unit	Capacity		Actual Production	
		Licensed 2006-07	Installed 2006-07	2006-07	2005-06
B. ELECTRICAL DIVISION					
I. SWITCHGEAR UNIT :					
(1) Various Switchgear Items :					
Low Tension Iron Clad Combination Switch Fuse Unit	Nos.	3600	3600	—	—
Flame Proof Air Circuit Breakers upto 500 Volts	"	100	100	—	—
Distribution Board (including Small Board Boxes)	"	2364	2364	—	—
Motor Control Centre Panels	"	191	191	3	4
Circuit Breakers upto 660 Volts Unit Rating	"	600	600	6	16
Flame Proof Air Break Gate End Boxes and Starters upto 250 HP	"	1800	1800	5	—
Flame Proof Air Cooled Signalling and Lighting Transformer"	"	300	300	—	—
Flame Proof Control Switches etc.	"	800	800	—	—
Flame Proof Drill Control Panel	"	1200	1200	77	90
Flame Proof 3.3KV Oil/Air Break Starters (upto 1200HP)	"	300	300	—	—
Flame Proof Transwitch Unit	"	100	100	4	—
Circuit Breakers above 660 Volts Rating	"	600	600	224	121
6.6KVA Vacuum Contactors upto 400 Amps.	"	50	50	—	2
LT Motor Control Centres	"	200	200	—	—
(2) (i) Shaft and Cage Communication System					
(ii) Face Signalling Unit					
(iii) Intrinsically Safe Telephone Systems					
(iv) Pre-start Alarm to indicate status of the machine					
(v) Intrinsically Safe Insulation Tester					
II. TOGAMI UNIT :					
Electromagnetic Contactors upto 600 Amps	Nos.	84,000	84,000	14,595	13,705
Bi-metallic Overload Relays upto 600 Amps	"	68,000	68,000	2,206	1,859
Moulded Case Circuit Breakers upto 1200 Amps	"	12,000	9,000	1,757	1,240
Industrial Motor Starters	"	25,000	25,000	250	268
11 KV Pole Mounted Sectionalizer	"	500	500	15	12
11 KV Pole Mounted Capacitor Switch	"	1,500	1,500	53	164
Pole Mounted Vacuum Circuit Breakers/Auto Reclosure/Vacuum Capacitor Switch	"	125	50	124	156
Switch Fuse Unit	"	N.A.	As required	—	—
III. TRANSFORMER AND SWITCHGEAR UNIT :					
Current and Potential Transformers	Nos.	4,050	1,500	—	—
Power and Distribution Transformers	KVA	5,00,000	5,00,000	5,58,000	4,87,300
Control Panel and Systems	Nos.	350	350	26	14
Air Break Switches upto 12 KV and 630 Amps	"	500	500	—	—
Air Break Load Interruptors upto 33 KV and 830 Amps	"	500	500	—	—
		Worth	Worth	Rs. Nil	Rs. 7.76 lakhs
		Rs. 300.00 lakhs	Rs. 300.00 lakhs		

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

31. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 – (Contd.)
(a) Particulars in respect of Goods manufactured – (Contd.)

Class of Goods	Unit	Capacity		Actual Production	
		Licensed 2006-07	Installed 2006-07	2006-07	2005-06
B. ELECTRICAL DIVISION : – (Contd.)					
IV. BRENTFORD UNIT :					
Power Voltage Regulator upto 7500 KVA	KVA	1,85,000	1,85,000	36130	19,219
Power Transformer upto 2500 KVA	"	50,000	50,000	140	5,000
Rectifiers upto 2500 KW	KW	20,000	20,000	–	–
C. TEA DIVISION					
*Tea	Kgs.	–	1,12,00,000	9316713	89,61,902
Tea Purchases	Kgs.	N.A.	N.A.	1330	–
Aromatic Oil	Kgs.	N.A.	As reqd.	–	–

Notes: (i) Installed Capacities have been certified by the Company's Technical Experts.
(ii) Licensed/Installed capacities are based on Maximum utilisation of the Plant, except in case of Tea Machinery (excluding Tea Drying Machine) at the Sirocco Unit where they are on single shift basis.
(iii) Production includes sub-contracted items and goods produced for captive consumption, sample issues etc.
(iv) Excluding tea issued to labourers, sample etc. 3,38,290 Kgs. (2005-06 3,20,370 Kgs.) including 6,091 kgs kept for issue to labourers.

(b) Details of Raw Materials and Components Consumed :

Class of Goods	Unit	Quantity		Amount	
		2006-07	2005-06	2006-07	2005-06
Laminations	M.T.	392.028	334.26	861.11	685.27
Steel	"	621.591	439.65	279.69	240.22
Copper, Flats, Wires etc.	"	216.137	212.43	792.56	462.32
** Green Tea Leaf	Kgs.	4,40,01,875	4,16,50,879	–	–
Sundries (None of which individually exceeds 10% of the consumption)		–	–	1717.25	1957.04
				3650.61	3344.85

Notes: (i) Consumption includes Shortage/Excess but excludes consumption for Capital/Repair jobs etc.

** (ii) Quantity of Green Tea Leaf mentioned above was harvested from the Company's own Gardens as agricultural product involving integrated activities of nursery, cultivation and growth etc., and utilised in the manufacture of tea and the value at the intermediate stage is not ascertainable and there is no opening or closing stock.

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 - (Contd.)

(Rupees in lakhs)

Class of Goods	Unit	Opening Stock		Purchases		Closing Stock		Sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
A. ENGINEERING DIVISION									
I. SIROCCO UNIT :									
Tea Leaf Processing Machine	No./Set	-	-	-	-	-	-	-	-
Multi Air Heaters	"	(-)	(-)	(-)	(-)	(-)	(-)	(1)	(9.80)
Assorted Fans	"	(-)	(-)	(-)	(-)	(-)	(-)	(1)	(14.00)
Turnkey Contract	Rs.	(-)	(-)	(-)	(-)	(-)	(-)	32	527.64
		(-)	(-)	(-)	(-)	(-)	(-)	(16)	(213.35)
		(-)	(-)	(-)	(-)	(-)	(-)	-	132.13
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(66.31)
II. AIR POLLUTION CONTROL UNIT :									
Air Pollution Control Equipment :	Rs.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	121.71
Spares Components etc. for		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(23.01)
Air Pollution Control Equipment		(-)	(-)	(-)	(-)	(-)	(-)	(-)	436.77
and their erection		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(534.91)
Water Pollution Control Equipment	"	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
B. ELECTRICAL DIVISION :									
I. SWITCHGEAR UNIT :									
Circuit Breakers upto 660V Unit Rating Nos.		(26)	(9.27)	(-)	(-)	(-)	(-)	6	1.76
Flame Proof Transwitch Unit	"	(2)	(12.00)	(-)	(-)	(-)	(-)	(42)	(12.24)
Motor Control Centre Panel	"	(-)	(-)	(-)	(-)	(-)	(-)	4	63.03
Flame Proof Gate End Boxes and	"	(-)	(-)	(-)	(-)	(-)	(-)	(2)	(10.80)
Starters upto 250 HP	"	4	5.54	(-)	(-)	(-)	(-)	(-)	(-)
Circuit Breakers above 660V unit Rating "		(23)	(44.18)	(-)	(-)	14	20.17	(-)	392.15
6.6KV Vacuum Contactors upto 400Amps "		(-)	(-)	(-)	(-)	(4)	(5.54)	(140)	(266.06)
FLP Drill control Panel	"	(30)	(6.68)	(-)	(-)	(-)	(-)	(2)	(2.60)
Shaft and Cage Communication		(-)	(-)	(-)	(-)	(-)	(-)	77	16.75
System		(-)	(-)	(-)	(-)	(-)	(-)	(120)	(26.10)
Face Signalling Units	Rs.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Intrinsically Safe Telephone		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(7.76)
System		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Pre-start alarm to indicate status		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
of the machine		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
System and Contract Engg.	Rs.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	31.26
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(64.36)

(Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

Class of Goods	Unit	Opening Stock		Purchases		Closing Stock		Sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
B. ELECTRICAL DIVISION :- (Contd.)									
II. TOGAMI UNIT :									
Electromagnetic Contactors upto 600 Amps.	Nos.	5532 (4063)	32.61 (24.77)	-	-	5413 (5532)	46.13 (32.61)	14714 (12236)	406.96 (375.73)
Bi-metallic Overload Relays upto 600 Amps	"	2361 (2189)	9.91 (9.48)	-	-	2055 (2361)	8.45 (9.91)	2512 (1687)	12.95 (12.40)
Moulded Case Circuit Breakers upto 1200 Amps	"	1696 (1842)	17.52 (17.53)	-	-	1595 (1696)	15.94 (17.52)	1858 (1384)	41.56 (45.76)
Industrial Motor Starters	"	251 (287)	3.97 (3.64)	-	-	113 (251)	2.01 (3.97)	388 (304)	12.93 (8.97)
11 KV Pole Mounted Sectionalizer	"	-	-	-	-	-	-	15	19.89
11 KV Pole Mounted Capacitor Switch	"	(-)	(-)	(-)	(-)	(-)	(-)	(12)	(17.73)
Pole Mounted Vacuum Circuit Breaker/Auto Reclosure	"	(-)	(-)	(-)	(-)	(-)	(-)	53	46.74
Switch Fuse Unit	"	(-)	(-)	(-)	(-)	30	36.55	94	165.84
		32	0.20	(-)	(-)	(-)	(-)	(156)	(213.93)
		(32)	(0.43)	(-)	(-)	(32)	(0.20)	(-)	(-)
III. TRANSFORMER AND SWITCHGEAR UNIT :									
Power and Distribution Transformer	KVA	(31500)	(73.89)	(-)	(-)	(-)	(-)	558000	3703.08
Control Panel and Systems (including Air break Load Interruptors)	Nos.	(-)	(-)	(-)	(-)	(-)	(-)	26	29.24
		(-)	(-)	(-)	(-)	(-)	(-)	(14)	(20.08)
IV. BRENTFORD UNIT :									
Power Voltage Regulator upto 7500KVA	KVA	(-)	(-)	(-)	(-)	(-)	(-)	36130	436.28
Power Transformer upto 2500KVA	KVA	(-)	(-)	(-)	(-)	(-)	(-)	(19219)	(158.27)
		(-)	(-)	(-)	(-)	(-)	(-)	140	4.95
		(-)	(-)	(-)	(-)	(-)	(-)	(5000)	(58.33)

(Contd.)

SCHEDULE 20 – (Contd.)

31. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956: – (Contd.)
(c) Particulars of Purchases, Turnover and Stocks – (Contd.)

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)
 31. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956: – (Contd.)
 (c) Particulars of Purchases, Turnover and Stocks – (Contd.)

Class of Goods	Unit	Opening Stock		Purchases		Closing Stock		Sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
C. TEA DIVISION :									
Tea	Kgs.	611504 (338179)	420.93 (223.41)	1330 (-)	1.92 (-)	418643 (611504)	329.55 (420.93)	9510904 (8688577)	7075.24 (5823.85)
Aromatic Oil	Kgs.	308 (308)	0.59 (0.59)	- (-)	- (-)	308 (308)	0.59 (0.59)	- (-)	- (-)
Spares, Components and Trading items :									
Sirocco Unit	Rs.	- (-)	- (9.05)	- (-)	- (-)	- (-)	- (-)	- (-)	560.99 (563.38)
Switchgear Unit	Rs.	- (-)	5.67 (3.49)	- (-)	- (-)	- (-)	- (5.67)	- (-)	174.30 (208.03)
Togami Unit	Rs.	- (-)	16.15 (21.01)	- (-)	- (-)	- (-)	32.62 (16.15)	- (-)	171.35 (169.61)
Brentford Unit	Rs.	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	55.55 (27.90)
			513.09 (459.42)		1.92 (-)		492.21 (513.09)		14643.99 (11880.68)

Notes: (1) Quantitative information in respect of production and turnover of spares and components separately sold have not been furnished pursuant to necessary exemption obtained from Company Law Board while turnover of Air Pollution Control Equipment have not been furnished as it is impracticable to do so since it includes innumerable items.

(2) Turnover is shown in gross value without deduction of trade discount and unrealised profit.

(3) Stock of Tea as on 31st March, 2007 includes 3,126 kgs., value Rs.6.56 lakhs lying with third party.

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

32. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 – (Contd.)

(d) Value of Imported and Indigenous Raw Materials, Components, Stores and Spare parts consumed (excluding items consumed for Capital and Repair jobs etc.)

	Raw Materials and Components				Stores and Spare Parts			
	2006-07	%	2005-06	%	2006-07	%	2005-06	%
Imported	35.77	0.98	61.11	1.83	0.56	0.05	2.48	0.41
Indigenous	3614.84	99.02	3283.74	98.17	1198.56	99.95	596.78	99.59
	3650.61	100.00	3344.85	100.00	1199.12	100.00	599.26	100.00

(e) Value of Imports on C.I.F. basis (excluding canalised imports) :-

	2006-07	2005-06
Raw Materials and Components	54.78	52.51
Stores and Spare Parts	0.61	0.37
	55.39	52.88

(f) Earnings in Foreign Exchange :
Export on F.O.B. basis

	163.70	80.24
--	--------	-------

(g) Expenditure in Foreign Currencies (on Accrual basis) :
Others

	0.49	2.87
--	------	------

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 - (Contd.)

SCHEDULE 20 – (Contd.)

33. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 – (Contd.)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE – (Contd.)

I. Registration Details :

Registration No.				3	2	2	9	
State Code (Refer Code List)	2	1						
Balance Sheet Date	3	1	0	3	2	0	0	7

II. Capital Raised during the year (Amount in Rs. Thousands) :-

Public Issue								N	I	L
Right Issue								N	I	L
Bonus Issue								N	I	L
Private Placement					5	8	9	0	0	

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands) :

Total Liabilities			5	9	2	6	6	5	7
Total Assets			5	9	2	6	6	5	7

Sources of funds :

Paid up Capital (including shares pending allotment of Rs. 10892.90 lakhs)			1	6	7	1	9	6	1
Reserves and Surplus			1	0	8	7	4	0	1
Secured Loans			1	6	6	8	3	1	1
Unsecured Loans			1	4	9	6	9	2	6
Deferred Tax Liability						2	0	5	8

Application of funds :

Net Fixed Assets			1	6	6	4	7	7	7
Investments				1	8	3	5	0	2
Net Current Assets			(-)	2	5	0	0	8	8
Miscellaneous Expenditure						9	2	7	2
Accumulated Losses			4	3	1	9	1	9	4

NOTES ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 - (Contd.)

SCHEDULE 20 – (Contd.)

33. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 – (Contd.)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE – (Contd.)

IV. Performance of Company (Amount in Rs. Thousands) :

Turnover (including miscellaneous income)			1	4	5	2	1	1	3			
Total Expenditure (including extra-ordinary item)			2	3	5	3	2	3	3			
	+ –											
Profit/Loss before Tax			3				9	0	1	1	2	0
	+ –											
Profit/Loss after Tax			3				8	9	5	7	4	1
	(Please tick Appropriate box + for Profit – for Loss)											
Earning per Share in Re.			(-)	1	5	/	3	7				
Dividend	-	-										

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms) :

Item Code No. (ITC Code)			8	4	1	4	5	9	0	3									
Product Description	I	N	D	U	S	T	R	I	A	L	F	A	N	S	A	N	D		
	B	L	O	W	E	R	S												
Item Code No. (ITC Code)				8	5	0	4	0	0										
Product Description							T	R	A	N	S	F	O	R	M	E	R	S	
Item Code No. (ITC Code)			0	9	0	2	4	0	0	0									
Product Description																	T	E	A

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA - 11th July, 2007.

On behalf of the Board,
K. DATTA, Chairman and Managing Director.
CA S. MURALIDHARAN, } Directors.
I. SENGUPTA.

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,
(CA S. K. PRAMANIK)
Partner.
Membership No.51722

For G. P. AGRAWAL & CO.,
Chartered Accountants,
(CA AJAY AGRAWAL)
Partner.
Membership No.17643
Kolkata – 11th July, 2007.

For MITRA GHOSH & RAY
Chartered Accountants,
(CA B. K. KOLAY)
Partner.
Membership No.52959

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

(1)	Name of the Subsidiary Company	HOOGLY PRINTING COMPANY LIMITED
(2)	Holding Company's Interest :	
	Entire issued Share Capital of 10,27,128 Ordinary Shares of Rs. 10 each, fully paid.	
(3)	Net aggregate amount of Subsidiary's profit not dealt with the Holding Company's accounts :	(Rs. in lakhs)
(i)	Profit for the Subsidiary's financial year ended 31st March, 2007.	20.25
(ii)	Profit for its previous years.	20.08
(4)	Net aggregate amount of Subsidiary's profit dealt within the Holding Company's accounts :	
(i)	For the Subsidiary's financial year ended 31st March, 2007.	Nil
(ii)	For its previous financial years.	Nil

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA - ... August, 2007.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN, } *Directors.*
I. SENGUPTA.

CONSOLIDATED ACCOUNTS

Statement of Major Accounting Policies forming part of the Consolidated Financial Statements for the year ended 31st March, 2007.

The financial statements have been prepared under the historic cost convention on accrual basis adjusted by revaluation of certain fixed assets in compliance with all material aspect of applicable Accounting Standards in India and the relevant provisions of The Companies Act, 1956 and on the Accounting Principles of going concern.

1. Reserves :

- (a) Central and State Subsidies received by the Company are retained in Special Reserve until the conditions stipulated in the respective schemes are complied with, and the same are credited to Profit and Loss Account or Capital Reserve after the expiry of the specified period depending upon the nature of the subsidy.
- (b) Sales value of fixed assets and investments to the extent it exceeds the original cost of the relevant asset is credited to Profit and Loss Account. Provided, however, loss/diminution in value of assets acquired through amalgamation/merger are adjusted against the Capital Reserve created out of the same.

2. Fixed Assets :

- (a) The Physical verification of fixed assets is carried out in a phased manner so as to cover each item of the fixed assets over a period of 3 years.
- (b) Machinery manufactured by one Unit/Division for use of another Unit/Division are accounted for at Works/Factory cost of the Transferor Unit.
- (c) The gross fixed assets are valued at acquisition cost and other related expenses incurred to bring them to their present condition. The gross amount of interest on loans utilised for various expansion/diversification schemes is capitalised till the commissioning of the projects. Further, no interest for inter-unit transfer of funds on Capital Account is considered for the above purpose.

In case of Tide Water Oil Co. (India) Ltd.,

[i] Certain land, buildings, blending plants and laboratory equipment and grease plant are stated on the basis of their revaluation being inclusive of resultant write-ups. Other fixed assets are stated at cost.

[ii] Assets acquired under lease, where the Company possesses substantially all risks and rewards incidental to ownerships are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rentals paid is allocated between the liability and the interest cost, so as to obtain a constant periodic interest on the outstanding liability for each period. Assets acquired on leases where a significant portion of the risks and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rentals are charged to Profit and Loss Account on accrual basis.

- (d) (i) Depreciation is provided on the Assets other than Estate on straightline method in accordance with the provisions of Section

205(2)(b) read with Schedule XIV of the Companies Act, 1956.

- (ii) In case of Hooghly Printing Co. Ltd. depreciation on assets has been calculated on written down value method in accordance with the rates and in the manner prescribed in Schedule–XIV of the Companies Act, 1956.
- (iii) In case of Tide Water Oil Co. (India) Ltd., depreciation on revalued assets is calculated on the revalued book value at the rates considered appropriate by the Approved Valuer on a straight line basis and thereafter adjusted to the extent chargeable on written down value method at the rates prescribed under Schedule–XIV of the Companies Act, 1956. Depreciation on other fixed assets is calculated on written down value method at the rates prescribed under Schedule–XIV of the Companies Act, 1956, except on leasehold land which is calculated on straight line basis over the period of lease. Items costing not more than Rs.5000 have been fully depreciated during the year of additions.

- (e) In case of Hooghly Printing Co. Ltd. Profit on Sale of Fixed Assets including Capital Profit is taken into Profit and Loss Account, if it is realised.
- (f) No amortisation of cost of long-term leasehold land is done. However, fee payable for renewal of lease of land is charged as expenditure in the Profit and Loss Account as and when the payment is due.
- (g) Liquidated damages received by the Company for delayed construction and delayed supply of equipment are set-off against the capital expenditure to which it relates.
- (h) Grant/Subsidy in respect of capital expenditure is accounted for as per applicable Accounting Standard and depreciations on the Assets acquired out of such subsidy is adjusted thereagainst.
- (i) Expenditure incurred/capitalised in respect of projects abandoned/to be abandoned are accounted for in compliance of relevant Accounting Standard.
- (j) Provision for impairment of assets is made in compliance with AS-28.

3. Inventories :

- (a) Stocks of stores, spares, raw materials etc., are valued at lower of cost or net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished products in which those will be incorporated are expected to be sold at or above cost. Cost is determined at weighted average cost basis.

In case of Hooghly Printing Co. Ltd. raw materials and stores and spares are valued at cost.

In case of Phoenix Yule Ltd., carrying costs of raw materials, stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials or where the finished goods in which those will be incorporated are expected to be sold below cost.

- (b) Work-in-Progress is valued at Works Cost. Works cost includes direct materials, labour and manufacturing overhead. All losses on Work-in-Progress incurred upto the end of the year and losses estimated for further Works Cost to be incurred on such jobs are taken into account and duly provided for.

While valuing the contract jobs in progress (excluding systems and turnkey jobs) at the close of the year, future estimated losses are considered only in respect of jobs valued at Rs.25.00 lakhs or more and/or physical progress whereof as per technical estimate, is minimum 50%.

- (c) Royalty liabilities calculated with reference to Sales as per the collaboration agreements are considered as selling expenses and thus, have not been considered for the purpose of valuation of stocks of Work-in-Progress and finished goods.

- (g) Inter-Unit transfers of own manufactured stores, spares, raw materials etc., if lying in stock at the close of the year, are valued at estimated Works/Factory cost of the Transferrer Unit.

- (d) Excise Duty, Insurance and Freight outward in connection with transfer of finished goods from factories to branches have been considered for valuation of branch stock at the close of the year.

- (e) Stocks of finished goods including Finished goods-in-transit are valued at garden cost/estimated total cost or net realisable value, whichever is lower. Estimated total cost covers all costs excluding interest, general administration overheads and selling and distribution expenses. In case of Packet Tea, all expenses relating to packeting including freight are also considered.

In case of Hooghly Printing Co. Ltd. estimated liabilities, if any, for expenses are not taken into the account for the purpose of stock valuation.

In case of Tide Water Oil Co. (India) Ltd. cost is determined under first in first out method.

In case of Phoenix Yule Ltd. traded finished goods are valued at the lower of cost of procurement and net realisable value.

- (f) Imported materials lying in bonded warehouse and at Port are valued at cost including Customs Duty, Port Charges etc.

- (h) Loose Tools are amortised over a period of 5 years.

In case of Phoenix Yule Ltd. loose tools are amortised over a period of two years from the year of issue.

- (i) Stock of scrap as per stock records, is valued on the basis of estimated realisable value. However, tea waste is not valued.

- (j) Export benefits against Advance Licences are considered at the time of actual consumption of the imported materials. Advance Licences in hand at the close of the year are not accounted for.

4. Investments :

Investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary nature in the opinion of the Management.

5. Sales :

- (a) (i) Sales against Ex-Works/FOR Contracts are booked on the basis of deliveries to transport carriers upto 31st March, irrespective of whether the goods have been received by the customers by 31st March or not. Sales in respect of transactions against FOR destination contracts are booked for the goods actually received by customers by 31st March.

- (ii) Despatches against FOR destination contracts not reaching the customers within the close of the year, are shown as Finished goods-in-transit.

- (iii) In case of Hooghly Printing Co. Ltd.; sales are accounted for on the basis of receipted challans in respect of goods received by the customers by 31st March.

- (iv) In case of Phoenix Yule Ltd.,

[a] Revenue from sale of goods is recognised on transfer of substantial risks and rewards of ownership to customers.

[b] Revenue from service contracts is recognised as and when the related invoices are raised on rendering of service to customers.

[c] Export incentive benefits are recognised on despatch of goods to customers.

- (v) In case of Tide Water Oil Co. (I) Ltd., sales are recognised when goods are supplied.

- (b) Partial deliveries are accounted for in accordance with the billing schedule as per the terms of sales contract.

- (c) Tea sales against contracts are accounted for on the basis of delivery orders and on completion of sale in auction centres in accordance with the norms of tea trade.

- (d) Sales returns, if any, upto the cut-off date i.e. 30th April, are accounted for.

- (e) [i] Sales is inclusive of excise duty wherever is applicable.

[ii] In case of Phoenix Yule Ltd. sales (net of excise duty) is stated inclusive of Sales Tax.

[iii] In case of Tide Water Oil Co. (I) Ltd. sales are recorded net of Sales Tax/VAT and inclusive of Excise Duty.

- (f) Except in disputed cases, escalation/de-escalation claim bills are accounted for on the basis of the terms of the relevant contracts.

- (g) Export sales are accounted for with reference to the date of Bill of Lading.

6. Dividend Receipts :

Dividends declared within the close of the accounting year only are accounted for in respect of investments held by the Company.

In case of Katras Jherriah Coal Co. Ltd. and New Beerbhoom Coal Co. Ltd. income from investments in shares is accounted for on cash basis.

7. Other Income :

- (a) The following items are accounted for in the books on actual receipt basis :
 - (i) Fees receivable by the Directors and/or employees from Subsidiary and other Companies;
 - (ii) Interest on late retirement of bills of customers;
 - (iii) Interest on loans to employees as per approved Schemes, other than under House Building Loan Scheme, which is recovered and accounted for after repayment of the principal amount.
- (b) (i) Insurance and other claims are accounted for on the basis of amounts admitted;
- (ii) Sales Tax, Excise Duty and Customs Duty refunds are accounted for on the basis of assessment/refund orders received;
- (iii) Central/State Subsidies from Government and Tea Board are accounted for on the receipt of intimation of grant.
- (c) Interest receivable from customers as per stipulation of the Sales Contract on account of late receipt of full/proportionate payments are accounted for to the extent of such interest is ascertainable with respect to the payment so far received.
- (d) Liquidated Damages received by the Company for delayed execution and delayed supply of equipment/spares are set-off against the expenditure to which it relates.
- (e) Export/Deemed Export benefits are accounted for on completion of despatches in terms of the contract.
- (f) In case of Hooghly Printing Co. Ltd. credit of scrap is taken in miscellaneous receipts when disposed off.
- (g) In case of Katras Jherriah Coal Co. Ltd. interest income and income from debentures are accounted for on accrual basis.
- (h) In case of New Beerbhoom Coal Co. Ltd. interest income and income from debentures are accounted for on accrual basis.

8. Purchases :

- (a) Insurance charges incurred in relation to the incoming goods where materials are directly relatable are accounted for in respect of individual items' otherwise, such insurance premium is charged off to Profit and Loss Account.
- (b) In case of goods purchased from overseas, the shipment is treated as goods-in-transit (import) :
 - (i) in case of both CIF and C&F Contracts, from the date of intimation received from bank;
 - (ii) in case of FOB Contracts, from the date of actual shipment as per Bill of Lading.

Customs Duty is charged on the basis of the date of arrival in port.

9. Other Expenses :

- (a) Issue of materials/components as free replacements during the guarantee period which can not be provided being unknown, is accounted for on actual despatches. Known free replacements upto the close of the accounting year are provided for.

- (b) Liability in respect of rectification work/replacement involving estimated value above Rs.0.25 lakh per case is booked on the basis of claims from the customers admitted by the Company wherever it is possible to estimate.
- (c) Liabilities in respect of Liquidated Damages are provided if and to the extent, not disputed by the Company. Liquidated Damages disputed by the Company are treated as contingent liability. The amount of liability/contingent liability is estimated on the basis of contracted terms and the facts of each case to the extent of revenue recognised.
- (d) Liability in respect of commission is provided in proportion to sales.
- (e) Interest on delayed payments of Taxes is accounted for on the basis of assessment orders of the Tax Authorities, if not disputed by the Company or actual payment effected, as the case may be.
- (f) Provisions made and Provisions no longer required written back during the year are netted against in respect of each individual items.
- (g) Payment of Technical Know how Fees is accounted for in compliance with the relevant Accounting Standard.
- (h) Provision for unrealised profit is made in respect of partially completed composite/turnkey contracts on basis of proportionate direct cost on the revenue recognised.
- (i) In case of Phoenix Yule Ltd. commission to consignment agents is recognised on despatch of goods to customers in accordance with the terms of the related agreements.

10. Deferred Revenue Expenditure :

- (a) The compensation paid under the Voluntary Retirement Scheme is treated as deferred revenue expenditure and written off equally over a period of five years commencing from the year in which it is disbursed.

In case of Phoenix Yule Ltd. compensation paid to employees under Voluntary Retirement Schemes are charged to Profit and Loss Account in the year the employees opt to avail such scheme.
- (b) The balance of deferred revenue expenditure as on 31st March, 2003 are written off over a period of five years as under :
 - (i) 10% of the expenditure during the first year on which these were incurred;
 - (ii) remaining 90% are written off pro-rated during the next four years.
- (c) In case of new project, and for launching of new products, other initial expenditure, are written off in compliance with the provision of AS-26.
- (d) In case of Tide Water Oil Co. (India) Ltd., deferred revenue expenditure on account of technical know how fees are written off over a period of six years and in case of other expenses over a period of three years.

11. Contingent Liabilities/Capital Losses and Contingent Assets :

Disputed liabilities and claims against the Company including claims by Tax Authorities (for example, Income-tax, Sales tax etc.) pending in appeal, are treated

(Contd.)

as contingent liabilities. Contingent assets are not accounted for.

Provisions for contingent liabilities are made in compliance with Accounting Standard-29.

12. Booking/Writing Back of Liabilities :

- (a) For providing liabilities, cut-off date is 30th April (For Hooghly Printing Co. Ltd. 15th April,) but all known liabilities, if material, are booked as far as practicable.
- (b) Liabilities which are more than 3 years old and not likely to materialise are written back. In case of extraordinary items only, separate disclosure is given in the Accounts.

13. Conversion of Foreign Currencies:

- (a) Foreign currency loans to finance fixed assets including technical know-how fees are converted either at the exchange parity rate ruling at the close of the accounting year or at the fixed rate when the exchange is booked in advance, as the case may be. Necessary adjustments with regard to such exchange rate difference are made to secured loans, fixed assets and depreciation.
- (b) In respect of any import of materials both under CIF, FOB and C&F Contracts, purchases are booked at the exchange rates ruling on the date of Bill of Entry. The exchange difference, if any, arising from the difference between the above rate and the rate at which the actual payment is made or at the rate prevailing on 31st March, whichever is earlier, is accounted for in the Profit and Loss Account.
- (c) Exports/Overseas Sales are booked at the rates ruling on the date of bill of lading. Exchange difference, if any, relating to such bills arising either on realisation of the proceeds or on conversion thereof at the exchange rate ruling at the close of the year, whichever is earlier, is accounted for in Profit and Loss Account.
- (d) Receivables and Payables in foreign currency are reported in the Balance Sheet at the parity rate ruling at the close of the financial year. The exchange difference arising on the settlement of such receivables/payable or on reporting such receivables/payables at rates different from those at which those are initially recorded during the period or reported in previous Balance Sheet is accounted for in Profit and Loss Account.
- (e) Wherein contract for import or export is covered by forward exchange contract any premium or discount at inception of such contract and any other gain or loss arising out of exchange differences between the forward contract rate and the rate on the day of reporting are treated in compliance with Accounting Standard-11.
- (f) In case of Phoenix Yule Ltd.
 - [i] Transactions in foreign currency are recorded in the books of the Company at the exchange rates prevailing on the dates of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies, other than those covered by foreign exchange contracts, are translated at the year-end foreign exchange rates.
 - [ii] Exchange differences arising on settlement/transations are recognised in the Profit and Loss

Account for the year, except when such exchange differences are related to acquisition of fixed assets from outside India. In those cases, the exchange differences are adjusted in the carrying values of assets.

[iii] In case of forward exchange contracts other than those related to acquisition of fixed assets from outside India, premium or discount on such contracts are recognised in the Profit and Loss Account over the lives of the contracts. In case the contracts are related to acquisition of fixed assets from outside India premium or discount on such congtracts are adjusted to the carrying values of the assets.

14. Research and Development Costs :

Expenditure in relation to Research and Development activities are treated in accordance with the relevant provision of AS-26.

15. Retirement Benefits :

- (a) Gratuity contribution is made to an Approved Gratuity Fund on the basis of actuarial valuation.
- (b) Liabilities in regard to accrued pension and leave encashment on the retirement in respect of employees are determined on the basis of actuarial valuation and provided for in the Accounts.
- (c) In case of Hooghly Printing Co. Ltd.
 - [i] Liability towards contributions on account of medical benefit payable to elligible employees are provided for in the Accounts on the basis of actuarial valuation.
 - [ii] Contribution to Gratuity Fund is made annually under approved Group Gratuity Scheme with Life Insurance Corporation of India and charged to Reserve.
 - [iii] Contribution on account of Leave Encashment is made under approved Leave Encashment Scheme with Life Insurance Corporation of India and charged to revenue.
- (d) In case of Phoenix Yule Ltd. liability for Leave Encashment is provided for on the basis of unutilised leave due to employees at the end of the year.
- (e) In case of Tide Water Oil Co. (I) Ltd.
 - [i] Defined Contribution Scheme :
Company's contribution towards Provident Fund, on arithmetical basis (DCS) paid/ payable during the year to the Provident Fund Authority are charged to the Profit and Loss Account.
 - [ii] Defined Benefit Schemes :
Company's liabilities towards Gratuity, Pension, Superannuation, Medical and Leave Encashment are defined benefit Schemes (DBS). All liabilities of DBS are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard-15 (Revised 2005) on "Employee Benefits".
Gratuity and Superannuation benefits to eligible employees have been funded under separate arrangements with the Life Insurance Corporation of India (LIC).

ANDREW YULE & CO. LTD.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

(Rupees in lakhs)

	Schedules	2006-07	2005-06
SOURCES OF FUNDS			
(1) Shareholders' Funds :			
(a) Share Capital	1	5826.71	5826.71
(b) Share pending allotment to Govt. of India		10892.90	10303.90
(c) Reserves and Surplus	2	10874.01	10835.31
		<u>27593.62</u>	<u>26965.92</u>
(2) Loan Funds :			
(a) Secured Loans	3	16683.11	14744.80
(b) Unsecured Loans		14969.26	7842.41
		<u>31652.37</u>	<u>22587.21</u>
(3) Deferred Tax Liability (Net)			
(Note No.27 on Schedule 20)		35.71	485.47
TOTAL		<u>59281.70</u>	<u>50038.60</u>
APPLICATIONS OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	4	22524.29	21887.99
(b) Less: Depreciation and Impairment of Assets		5795.12	5363.09
(c) Net Block		<u>16729.17</u>	<u>16524.90</u>
(d) Capital work-in-progress (net of Impairment of Assets)		839.96	481.13
		<u>17569.13</u>	<u>17006.03</u>
(e) Pre-operative Expenditure (Pending Allocation)		113.85	113.85
		<u>17682.98</u>	<u>17119.88</u>
(2) Investments			
	5	<u>1437.98</u>	<u>958.51</u>
(3) Current Assets, Loans and Advances :			
(a) Inventories	6	3061.60	2550.63
(b) Sundry Debtors	7	4165.86	5618.30
(c) Cash and Bank Balances	8	5114.33	2898.49
(d) Other Current Assets	9	0.69	0.69
(e) Loans and Advances	10	3833.35	8992.74
		<u>16175.83</u>	<u>20060.85</u>
Less: Current Liabilities and Provisions :			
(a) Current Liabilities	11	14636.76	15707.64
(b) Provisions	12	2498.15	5330.15
		<u>17134.91</u>	<u>21037.79</u>
Net Current Assets		<u>(-) 959.08</u>	<u>(-) 976.94</u>
(4) (a) Miscellaneous Expenditure to the extent not written off or adjusted:			
(i) Other Expenses		92.72	408.51
(b) Profit and Loss Account		<u>41027.10</u>	<u>32528.64</u>
TOTAL		<u>59281.70</u>	<u>50038.60</u>
NOTES ON ACCOUNTS	20		
STATEMENT ON ACCOUNTING POLICIES AND SCHEDULES 1 TO 20 FORM AN INTEGRAL PART OF THE ACCOUNTS.			

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA - 21st August, 2007.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN, } *Directors.*
I. SENGUPTA.

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,

For G. P. AGRAWAL & CO.,
Chartered Accountants,

For MITRA GHOSH & RAY
Chartered Accountants,

(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

(CA AJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 21st August, 2007.

(CA B. K. KOLAY)
Partner,
Membership No.52959.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	Schedules	2006-07	2005-06
INCOME			
Sales	13	18647.18	15492.01
Interest and Dividend on Investments (Gross)		37.90	6.24
Other Income	14	871.20	659.19
Accretion/Decretion (-) in Stocks	15	284.59	(-) 70.02
		<u>19840.87</u>	<u>16087.42</u>
EXPENDITURE			
Materials Consumed	16	8085.68	6501.83
Salaries, Wages and Bonus	17	6998.81	6432.18
Interest	18	4048.18	2944.15
Other Expenses	19	8766.08	6645.23
Depreciation	4	440.23	545.07
		<u>28338.98</u>	<u>23068.46</u>
Loss before Extra-ordinary items		(-) 8498.11	(-) 6981.04
Add/Less : Extra-ordinary items :			
Add : Extra-ordinary Expenses net of Extra-ordinary Income (Proportionate share of Joint Venture vide Note No.2(iii) of Schedule 20)		60.19	37.12
Loss(-) for the year		(-) 8558.30	(-) 7018.16
Add : Provision for Taxation :			
[a] Wealth Tax (Proportionate share of Joint Venture Rs.0.03 lakhs; 2005-06 Rs.Nil)	2.28	2.25	
[b] Income Tax (Earlier year)	315.57	32.00	
[c] Income Tax (Current Year)[Proportionate share of Joint Venture Rs.201.46 lakhs; 2005-06 Rs.143.14 lakhs]	209.46	158.14	
[d] Fringe Benefit Tax (Prop. share of Joint Venture Rs.7.09 lakhs; 2005-06 Rs.4.55 lakhs)	36.24	35.02	
[e] Deferred Tax	...	9.37	
		<u>563.55</u>	<u>236.78</u>
Less : Provision for deferred tax liability written back [Proportionate share of Joint Venture Rs.49.16 lakhs; 2005-06 Rs.20.96 lakhs] (in respect of earlier year Rs.396.11 lakhs)		(-) 9121.85	(-) 7254.94
		<u>449.76</u>	<u>22.17</u>
Less : Share of Profit of Associates		(-) 8672.09	(-) 7232.77
		<u>174.50</u>	<u>172.28</u>
Add : Transfer to General Reserve		(-) 8497.59	(-) 7060.49
		<u>6.00</u>	<u>10.00</u>
Add : Loss brought forward from last account		(-) 8503.59	(-) 7070.49
		<u>(-) 35155.64</u>	<u>(-) 28081.55</u>
Add : Dividend Tax		(-) 43659.23	(-) 35152.04
		<u>0.87</u>	<u>3.60</u>
Less : Balance in General Reserve (per contra)		(-) 43660.10	(-) 35155.64
Balance carried to Balance Sheet		<u>2633.00</u>	<u>2627.00</u>
		<u>(-) 41027.10</u>	<u>(-) 32528.64</u>

NOTES ON ACCOUNTS 20

STATEMENT ON ACCOUNTING POLICIES AND SCHEDULES 1 TO 20 FORM AN INTEGRAL PART OF THE ACCOUNTS.

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA - 21st August, 2007.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director*.
CA S. MURALIDHARAN, } *Directors*.
I. SENGUPTA.

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,

For G. P. AGRAWAL & CO.,
Chartered Accountants,

For MITRA GHOSH & RAY
Chartered Accountants,

(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

(CA AJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 21st August, 2007.

(CA B. K. KOLAY)
Partner,
Membership No.52959.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007
PREPARED PURSUANT TO THE LISTING AGREEMENTS WITH STOCK EXCHANGES

(Rupees in lakhs)

	2006-07	2005-06
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and extraordinary items	(8498.11)	(6981.04)
Adjustments for :		
Depreciation/Impairment	440.23	545.07
Depreciation for earlier year	(6.08)	...
Miscellaneous Expenditure written off	315.79	393.60
Interest charged	4048.18	2944.15
Investment Income	(248.91)	(117.26)
Profit/Loss on sale of Fixed Assets	0.12	(3.98)
Tea Board Subsidy Transferred to Profit and Loss Account	(7.80)	...
Operating profit before changes in amount of Current Liabilities and Current Assets	(3956.58)	(3219.46)
Adjustments for :		
Trade Receivables	1452.44	179.76
Loans and Advances	5545.98	474.38
Inventories	(510.97)	192.34
Current Liabilities and Provisions	(5235.13)	1086.15
Cash Generated from Operations	(2704.26)	(1286.83)
Dividend tax	(0.87)	(3.60)
Cash-flow before Extra-ordinary Items	(2705.13)	(1290.43)
Extraordinary Items (Net)	(60.91)	(37.12)
NET CASH FROM OPERATING ACTIVITIES (A)	(2766.04)	(1327.55)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including Capital WIP)	(998.78)	(530.32)
Loans and Advances	(382.21)	3.57
Sale of Fixed Assets	1.42	7.37
Investment Income	244.53	121.73
Tea Board Subsidy	46.50	...
Issue of Bonds	(305.00)	...
NET CASH FROM INVESTING ACTIVITIES (B)	(1393.54)	(397.65)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007
PREPARED PURSUANT TO THE LISTING AGREEMENTS WITH STOCK EXCHANGES – (Contd.)

(Rupees in lakhs)

	2006-07	2005-06
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Net Proceeds from borrowings	7064.27	1774.47
Interest paid	(1277.85)	(339.99)
Advance against equity	589.00	639.00
NET CASH USED IN FINANCING ACTIVITIES (C)	6375.42	2073.48
NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)	2215.84	348.28
CASH AND CASH EQUIVALENT Opening Balance as at 1st April, 2006.	2898.49	2550.21
CASH AND CASH EQUIVALENT Closing Balance as at 31st March, 2007.	5114.33	2898.49

1. For a detailed list of cash balances please refer Schedule-8 to the Accounts.
2. Only balances lying in cash and deposits with banks as cash and cash equivalent have been considered.
3. Suitable modifications have been made in the prescribed form to provide for adequate information.
4. Figures of the previous year have been re-grouped/re-arranged wherever necessary.
5. Cash Flow Statement has been prepared by following Indirect Method mentioned in AS-3.

D. BANDYOPADHYAY,
Company Secretary.
KOLKATA - 21st August, 2007.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director.*
CA S. MURALIDHARAN, } *Directors.*
I. SENGUPTA.

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,

For G. P. AGRAWAL & CO.,
Chartered Accountants,

For MITRA GHOSH & RAY
Chartered Accountants,

(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

(CA AJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 21st August, 2007.

(CA B. K. KOLAY)
Partner,
Membership No.52959.

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

	(Rupees in lakhs)	
	2006-07	2005-06
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
7,50,00,000 Equity Shares of Rs.10 each	7500.00	7500.00
Issued, Subscribed and Fully Paid-up :		
5,82,67,078 Equity Shares of Rs.10 each [Of the above, 6,00,000 Shares issued as Bonus Shares by capitalisation of General Reserve, 21,35,344 Shares issued pursuant to a Contract without payment being received in cash and 11,57,600 Shares issued to Government of India in the name of The President of India pursuant to Transformer & Switchgear Ltd. (Acquisition and Transfer of Undertakings) Act, 1983 and Brentford Electric (India) Ltd. (Acquisition and Transfer of Undertakings) Act, 1987 against compensation money paid by them.]	5826.71	5826.71
	<u>5826.71</u>	<u>5826.71</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve :		
General :		
Balance as per last account	10735.16	10735.16
Special :		
Central/State Subsidy for Capital Assets :		
Balance as per last account	11.40	11.40
Tea Board Subsidy for Capital Assets	46.50	...
Less: Transfer to Profit and Loss Account	<u>7.80</u>	...
	38.70	...
State Housing Subsidies	<u>4.06</u>	4.06
	54.16	15.46
	<u>10789.32</u>	<u>10750.62</u>
Preference Share Capital Redemption Reserve :		
Balance as per last account	84.69	84.69
General Reserve :		
Balance as per last account	2627.00	2617.00
Add: Transfer from Profit and Loss Account	6.00	10.00
	2633.00	2627.00
Less: Shown as deduction from balance in Profit and Loss Account (Per Contra)	<u>2633.00</u>	<u>2627.00</u>

	<u>10874.01</u>	<u>10835.31</u>

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 3		
LOANS		
Secured Loans :		
Term Loans :		
<i>Tea Board Hire-purchase Loan</i> (Secured by hypothecation of the movable Assets acquired under the Tea Machinery and Irrigation Equipment Loan Scheme)	...	3.39
Add: Interest accrued and due thereon	...	0.53
	...	3.92
West Bengal Government Sales Tax Loan (To be secured by a residuary charge over certain immovable property ranking next only to the charges in favour of the Banks)	250.00	250.00
Add: Interest accrued and due thereon	153.23	131.29
	403.23	381.29
<i>Others (Secured by hypothecation of certain immovable properties)</i>	...	200.00
Bonds :		
9% Secured Redeemable Non-convertible 12 Years Bond (Secured by creation of 2nd charge on mortgage of Banarhat and Karballa Tea Estates.)	2000.00	2000.00
Add: Interest accrued and due thereon	270.74	367.86
	2270.74	2367.86
9.1% Secured Redeemable Non-convertible 10 Years Bond (Secured by GOI Guarantee)	2000.00	...
From Scheduled Banks on Cash Credit Accounts :		
State Bank of India	1264.72	1239.40
Add: Interest accrued and due thereon	1026.64	737.79
	2291.36	1977.19
Bank of Baroda	3756.03	3682.12
Add: Interest accrued and due thereon	1940.77	1191.50
	5696.80	4873.62
Allahabad Bank	621.79	1020.13
(The above loans are secured by the whole of the Company's present and future stocks of raw materials, work-in-progress, finished goods and manufactured goods and articles, stores, components and spares, other movable properties wherever situate, book debts and all other current assets, claims, rights to movable properties by way of first charge ranking pari-passu inter-se without any preference to one over the other)		
United Bank of India (for Desam, Khowang, New Dooars and Choonabhutti Tea Estates)	1053.79	1411.93
Union Bank of India (for Banarhat, Karballa, and Hoolungooree Tea Estates)	723.55	853.51
Allahabad Bank	1621.85	1654.83
Add: Interest accrued and due thereon	...	0.52
(for Tinkong, Basmatia, Rajgarh, Murphulani and Mim Tea Estates)	1621.85	1655.35
(The above loans are secured by Hypothecation of the whole of crop, book-debts and all other movable assets both present and future, and by equitable mortgage of all immovable properties of the Estates)		
Carried over	<u>16683.11</u>	<u>14744.80</u>

(Contd.)

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

		(Rupees in lakhs)	
		2006-07	2005-06
SCHEDULE 3 - (Contd.)			
LOANS - (Contd.)			
Secured Loans - (Contd.)			
	Brought forward	16683.11	14744.80
Unsecured Loans :			
	From Bodies Corporate	1000.00	1000.00
	Fixed Deposits	221.70	321.74
	From Government of India	11652.24	5464.24
	Add: Interest accrued and due thereon	<u>1825.10</u>	<u>786.08</u>
		13477.34	6250.32
	From West Bengal Industrial Development Corpn. Ltd.(Interest free)	268.86	268.86
	West Bengal Govt. Subsidised Housing Scheme Loan for Plantation Workers	0.50	0.61
	Add: Interest accrued and due thereon	<u>0.86</u>	<u>0.88</u>
		1.36	1.49
		<u>14969.26</u>	<u>7842.41</u>
		<u>31652.37</u>	<u>22587.21</u>

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007												
(Rupees in lakhs)												
SCHEDULE 4 FIXED ASSETS	GROSS BLOCK			DEPRECIATION			IMPAIRMENT OF ASSETS		NET BLOCK			
	Cost/Book Value as at 31st March, 2006	Additions/ Adjustments during the year	Less: Sales/ Adjustments during the year	Cost/Book Value as at 31st March, 2007	Upto 31st March, 2006	For the year	Less: On Sales/ Adjustments during the year	Upto 31st March, 2007	Upto 31st March, 2006	During the year	As at 31st March, 2007	As at 31st March, 2006
Description of Assets	12.15	...	...	12.15	...	...	...	...	...	...	12.15	12.15
Goodwill	12.15	...	...	12.15	...	...	...	...	...	...	12.15	12.15
Land (including cost of development and leasehold land Rs.4.31 lakhs; 2005-06 Rs.4.31 lakhs)	175.43	...	...	175.43	...	...	...	...	...	...	175.43	175.43
Estates[Leasehold(including garden development expenses)]	12386.93	25.24	...	12412.17	195.66	14.64	...	210.30	...	...	12201.87	12191.27
Buildings	2657.58	44.31	...	2701.89	977.52	55.34	...	1032.86	...	...	1669.03	1680.06
Roads and Culverts	53.61	1.52	...	55.13	12.56	0.88	...	13.44	...	...	41.69	41.05
Plant and Machinery	3515.36	314.68	...	3830.04	2363.90	169.15	5.19	2527.86	59.01	...	1243.17	1092.46
Drawings, Designs and Tracings etc.	74.99	...	...	74.99	40.91	...	...	40.91	34.08	...	...	...
Electrical Installations	561.69	98.52	...	660.21	322.18	1.03	(-)	343.27	...	...	316.94	239.50
Water Installations	402.93	37.63	...	440.56	162.46	16.45	...	178.91	...	...	261.65	240.47
Furniture, Fittings and Office Equipments	381.33	11.88	...	393.21	301.80	14.18	0.95	315.03	...	...	78.18	79.52
Vehides	401.02	55.89	...	456.91	247.93	29.14	...	277.07	...	...	179.84	153.09
Share of Joint Venture [Note No.2(iii) of Sch-20]	20623.02	589.67	...	21212.69	4624.92	320.81	6.08	4939.65	93.09	...	16179.95	15905.00
Capital Work-in-Progress	1264.97	50.28	3.65	1311.60	645.07	119.42	2.11	762.38	...	...	549.22	619.90
Share of Joint Venture [Note No.2(iii) of Sch-20]	21887.99	639.95	3.65	22524.29	5269.99	440.23	8.19	5702.03	93.09	...	16729.17	16524.90
TOTAL	469.85	280.25	309.24	440.86	...	...	...	...	51.28	...	389.58	418.57
PREVIOUS YEAR'S TOTAL	62.56	450.38	62.56	450.38	...	...	...	...	...	...	450.38	62.56
	532.41	730.63	371.80	891.24	...	...	...	...	51.28	...	839.96	481.13
	22420.40	1370.58	375.45	23415.53	5269.99	440.23	8.19	5702.03	144.37	...	17569.13	17006.03
	21900.81	624.45	104.86	22420.40	4732.27	545.07	7.34	5269.99	144.37	...	17006.03	17006.03

(Contd.)

SCHEDULE 4 – (Contd.)

FIXED ASSETS – (Contd.)

- Notes :**
1. Land valuing Rs.1.84 lakhs has been acquired by the Government of West Bengal under the West Bengal Estate Acquisition Act, 1953 but pending finalisation of the compensation amount, no adjustment thereof has been made in these accounts.
 2. Estates include lease-hold land, fencing and expenses on extension Planting/Maintenance and Up-keep expenses on immature plants.
 3. Renewal lease agreement for Banarhat and Choonabhutti Tea Estates covering a grant area of 1336.24 hectares is pending.
 4. Following leasehold land of the Company have been acquired by various Government Authorities and other agencies :

<u>Name of Gardens</u>	<u>Land (Bighas) Approx.</u>	
Basmatia	310	(310)
Hoolungooree	2	(2)
Murphulani	2475	(2475)
Khowang	18	(18)
Rajgarh/Tinkong	61	(61)
M i m	20	(20)
New Dooars	145	(145)
Hingrijan	16	(16)

Against the above acquisitions, part compensation aggregating to Rs.14.03 lakhs (Rs.14.03 lakhs) has been received by the Company which is included under the head "Sundry Creditors". Appropriate adjustment entries in this regard would be made in the Accounts after settlement of the Final Compensation in respective cases.

5. Buildings include Rs.15.66 lakhs representing the cost of structures on rented land (Rs.15.66 lakhs).
6. Capital Work-in-Progress includes capital advances Rs.99.50 lakhs (Rs.99.50 lakhs) against which provision for doubtful advances of Rs.99.50 lakhs (Rs.13.78 lakhs) has been provided.
7. Depreciation for the year includes Rs. Nil (Rs.80.63 lakhs) relating to earlier years.
8. Share of Joint Venture in relation to "Addition to Plant and Machinery" in the previous year includes a value of Rs.32.57 lakhs, which represents certain machinery spares re-classified from inventories to fixed assets, being usable only in connection with particulars items of fixed assets and being of irregular use. Corresponding share of depreciation charged for the previous year on such machinery spares amounts to Rs.23.11 lakhs including Rs.17.89 lakhs pertaining to prior years.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

(Rupees in lakhs)

SCHEDULE 5	No. of Shares/ Units	Face Value per Share/ Unit	Book Value	
			2006-07	2005-06
INVESTMENTS (Long Term) (At Cost less written off)				
1. (A) In Associates – Non-Trade Investments :				
Equity Shares (Fully Paid) :				
Quoted :				
Tide Water Oil Co. (India) Ltd.				
Cost of Acquisition (Net of Capital Reserve of Rs.1730.45 lakhs)	2,28,390	10	141.07	141.07
Add: Group Share of Profit as on 31st March, 2007			897.37	724.11
			<u>1038.44</u>	<u>865.18</u>
Unquoted :				
New Beerbhoom Coal Co. Ltd.				
Cost of Acquisition (Net of Capital Reserve of Rs.2.10 lakhs)	1,05,355	10	12.27	12.27
Add/Less: Group Share of Profit upto 31st March, 2007			0.64	0.14
			<u>12.91</u>	<u>12.41</u>
Katras Jherriah Coal Co. Ltd.				
Cost of Acquisition (Net of Capital Reserve of Rs.6.71 lakhs)	60,260	10	6.95	6.95
Add: Group Share of Profit upto 31st March, 2007			2.46	1.72
			<u>9.41</u>	<u>8.67</u>
(B) In Other Companies – Non-Trade Investments :				
Equity Shares (Fully Paid) :				
Quoted :				
Yule Financing & Leasing Co. Ltd.	3,00,000	10	27.88	27.88
Dishergarh Power Supply Co. Ltd.	3,01,269	10	12.50	12.50
WEBFIL Ltd.	1,45,000	10	14.50	14.50
Fort Gloster Industries Ltd.	1,040	10	0.13	0.13
Gloster Jute Mills Ltd.	208	10	...	...
Exide Industries Ltd.	19,942	10	0.23	0.23
The Gillapukri Tea & Industries Ltd.	26	10	...	...
Unquoted :				
* The Bengal Coal Co. Ltd.	10,305	100	0.51	0.51
The Statesman Ltd.	9,966	100	4.70	4.70
ABC Tea Workers Welfare Services	750	10	0.08	0.08
Jalpaiguri Club Compnay Ltd.	40	10	...	...
Debentures (Fully Paid) :				
Unquoted :				
Woodlands Hospital & Medical Research Centre Ltd. (formerly The East India Clinic Ltd.) Rs.65,200 - 5% Non-Redeemable				
Registered Mortgage Debenture Stock, 1957	...	...	0.65	0.68
Woodlands Hospital & Medical Research Ltd. (formerly The East India Clinic Ltd.) Rs.600 - 1/2% Registered Mortgage Debenture Stock	6	100	0.01	0.01
Bonds (Fully Paid) :				
Unquoted :				
**WEBFIL Ltd. Zero Rate Unsecured Redeemable Bond	305	100000	305.00	...
2. Units (Fully Paid) :				
Quoted :				
Unit Trust of India				
Unit Scheme – 2002	1,81,022	10	11.03	11.03
			<u>1437.98</u>	<u>958.51</u>
Market value of quoted investments			<u>4616.89</u>	<u>2547.82</u>

SCHEDULE 5 – (Contd.)

INVESTMENTS – (Contd.)

- Notes:** 1. * The Coal mines of these Companies have been nationalised. Pending finalisation of compensation rolls by the Commissioners of Payments, the Company is not in a position to estimate the amount receivable on its holding in these Companies. However, losses, if any, in this regard will be adjusted against Capital Reserve.
2. ** Bonds Issued by WEBFIL Ltd., in lieu of adjustment of Advance to WEBFIL Ltd., as per their approved Revival packag of BIFR.
3. The following Investments having been written down to a nominal value of Re. 1/- each, do not appear in the details given above :

<u>Name of the Company</u>	<u>No. of Shares</u>	<u>Face Value per Share</u>
Unquoted – Preference Shares :		
Transformer & Switchgear Ltd.		
7½% Tax-free Redeemable Cumulative Preference Shares	1000	100
Unquoted – Equity Shares :		
Transformer & Switchgear Ltd.	22395	10
Hooghly Docking & Engineering Co. Ltd.	4410	50
Brentford Electric (India) Ltd.	52500	10
India Paper Pulp Co. Ltd.	439675	10

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 6		
INVENTORIES		
At or under cost :		
Raw materials, Components and Packaging Materials (Includes Stores-in-Transit Rs.53.55 lakhs; 2005-06 Rs.26.43 lakhs)	870.84	777.93
Stores and Spare parts (Including Stores-in-Transit Rs.Nil; 2005-06 Rs.0.16)	565.73	439.84
Food-stuff	22.74	20.98
Loose tools	5.34	4.44
At Cost or net realisable value whichever is lower :		
Finished goods	427.77	501.07
Finished goods-in-transit	64.97	12.60
Work-in-Progress	587.52	461.83
Scrap (at estimated realisable value)	2.74	2.29
	2547.65	2220.98
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)(Net of provision)	513.95	329.65
	3061.60	2550.63
SCHEDULE 7		
SUNDRY DEBTORS		
Unsecured :		
Debts outstanding for a period exceeding six months :		
Considered good	808.14	2835.34
Considered doubtful	6308.65	5177.43
	7116.79	8012.77
Other Debts :		
Considered good	2388.21	1927.77
	9505.00	9940.54
Less: Provision for doubtful debts	6308.65	5177.43
	3196.35	4763.11
Add: Net share of Joint Venture (Note No.2(iii) of Schedule-20)	969.51	855.19
	4165.86	5618.30
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash-in-hand	25.52	30.42
Postage and Stamps-in-hand	0.07	0.09
Cheques-in-hand	1998.02	21.19
Remittances-in-transit	27.42	41.49
Balances with Scheduled Banks :		
On Current Account (Net)(Including debit balance of Cash Credit of Subsidiary Rs.229.50 lakhs; 2005-06 Rs.110.11 lakhs)	1023.05	1490.28
On Deposit Account :		
Employees' Security Deposit	0.06	0.06
* Others	1541.27	708.87
	1541.33	708.93
Unclaimed Preference Share Redemption Account	0.80	0.80
	4616.21	2293.20
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	498.12	605.29
	5114.33	2898.49

- Notes:**
- * 1. (a) Includes Bank deposits of Rs. 10.00 lakhs (Rs. 10.00 lakhs) had been pledged with United Industrial Bank Ltd., (since amalgamated with Allahabad bank) as a lien against clean cash credit facilities to the extent of Rs. 10.00 lakhs provided by them to Brentford Electric (India) Ltd., (BEIL). Following the take over of undertakings of BEIL, the pledge stands vacated and the return of deposit receipts is awaited.
- (b) Includes Rs. 341.42 lakhs (Rs. 171.02 lakhs) is pledged with Banks against Letter of Credit, Bank Guarantee and Overdraft facilities.

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

	(Rupees in lakhs)	
	2006-07	2005-06
SCHEDULE 9		
OTHER CURRENT ASSETS		
Considered Good		
Deposits with National Bank for Agricultural and Rural Development under Tea Development Account Scheme, 1985 and 1990	0.69	0.69
Interest receivable	...	...
	<u>0.69</u>	<u>0.69</u>
SCHEDULE 10		
LOANS AND ADVANCES		
Secured		
Loans	48.40	79.86
Unsecured		
Loans	615.10	201.43
Advances recoverable in cash or in kind or for value to be received	1418.38	3035.47
Advance Payment of Income/Wealth-tax/Fringe Benefit Tax (including Tax deducted at source)	1151.48	5103.26
Balance with Government Authorities	48.54	46.20
Interest accrued on Loans, Deposits etc.	13.62	9.24
Deposits – lodged with various authorities (including National Plan Savings Certificates Rs.0.71 lakh; 2005-06 Rs.0.70 lakh)	200.69	211.36
	<u>3447.81</u>	<u>8606.96</u>
	<u>3496.21</u>	<u>8686.82</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	337.14	305.92
	<u>3833.35</u>	<u>8992.74</u>
Notes:		
1. Classification of Loans and Advances :		
(A) Secured Considered Good	48.40	79.86
(B) Unsecured		
Considered Good	3784.95	8912.88
Considered Doubtful	1879.18	1501.66
	<u>5664.13</u>	<u>10414.54</u>
Less: Provision	1879.18	1501.66
	<u>3784.95</u>	<u>8912.88</u>
	<u>3833.35</u>	<u>8992.74</u>

2. Secured Loans represent House Building and Car Loans (including loan of Rs.1.42 lakhs to a Director; 2005-06 Rs.1.44 lakhs – Maximum amount due at any time during the year Rs.1.44 lakhs; 2005-06 Rs.1.61 lakhs) secured against mortgage of Land, Buildings, Flats and Cars etc.

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

(Rupees in lakhs)

SCHEDULE 11	<u>2006-07</u>	<u>2005-06</u>
CURRENT LIABILITIES		
Sundry Creditors and Other Liabilities :		
Due to Small Scale Industries	291.15	252.48
*Others		
(including Rs.59.33 lakhs being Earnest Money and Security Deposits; 2005-06 Rs.461.23 lakhs)	11639.23	13035.30
Advances and Deposits received from Customers and others (including Rs.16.73 lakhs being security deposits; 2005-06 Rs.89.40 lakhs)	593.67	1346.36
Employees' Security Deposits	0.06	0.06
Interest accrued but not due on loans and deposits	1174.36	404.92
Unclaimed Redeemed Preference Shares	0.80	0.80
	<u>13699.27</u>	<u>15039.92</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	937.49	667.72
	<u>14636.76</u>	<u>15707.64</u>

SCHEDULE 12

PROVISIONS

For Taxation :

Income Tax	781.69	2754.89
Agricultural Tax	...	1498.64
Wealth Tax	9.00	6.75
Fringe Benefit Tax	<u>59.69</u>	<u>30.54</u>
	850.38	4290.82
" Superannuation and Pension	239.65	233.28
" Employees' Benefit	0.88	0.91
" Stock Obsolescence	453.86	345.76
" Contingencies	592.07	99.41
" Unrealised Profit	15.87	15.87
" Aqua-culture Project	222.29	222.29
" Foodstuff Stock	...	16.54
" Dividend Tax	0.87	3.60
	<u>2375.87</u>	<u>5228.48</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	122.28	101.67
	<u>2498.15</u>	<u>5330.15</u>

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 13		
SALES		
Sales and Work done [including trading item Rs.2.16 lakhs (2005-06 Rs.Nil)(after adjusting Rs.4.41 lakhs being returns/adjustments in respect of earlier year; 2005-06 Rs.314.87 lakhs)]	15042.56	12373.26
Add: Inter Unit Transfer of Capital Goods manufactured	23.96	124.64
	15066.52	12497.90
Less: Excise Duty recovered on sales	867.38	658.81
Trade and Other Discount	172.37	152.41
Provision for Unrealised Profit on partial deliveries against Composite Contracts	...	14.15
	1039.75	825.37
Net sales and job work done	14026.77	11672.53
Add: Share of Joint Venture vide Note No.2(iii) of Schedule 20 (Net of Excise Duty Rs.511.54 lakhs; 2005-06 Rs.447.60 lakhs)	4620.41	3819.48
	18647.18	15492.01
SCHEDULE 14		
OTHER INCOME		
Interest on Loans, Advances, Deposits etc. (Gross)	211.01	111.02
Profit on sale of stores	0.53	...
<i>Profit on exchange fluctuation</i>	...	0.41
Sundry Receipts (including insurance claims of Rs.11.05 lakhs; 2005-06 Rs.50.29 lakhs)	43.16	60.59
Tea Board Replantation Subsidy	9.00	3.38
Adjustment for Tea Board Subsidy for Capital Assets	7.80	...
Rent and Hire charges	49.53	48.04
Fees and Commission received by Directors and Employees	...	4.08
Scrap/Tea waste sale	30.50	36.53
Service charges	19.72	19.77
Export incentives	0.10	6.98
Items relating to previous years (including depreciation for earlier year Rs.6.08 lakhs; 2005-06 Rs.Nil)	30.69	82.75
Liabilities no longer required written back	415.83	194.58
Provisions no longer required written back :		
Superannuation and Pension	0.06	20.21
Food stuff	16.54	...
Doubtful Debs	0.02	0.02
	16.62	20.23
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	36.71	70.83
	871.20	659.19

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 15		
ACCRETION / DECRETION (-) IN STOCKS		
Opening Stock :		
Finished goods	501.07	333.14
Finished goods-in-transit	12.60	126.66
Semi-Finished Articles	181.37	18.63
Work-in-Progress	280.46	556.27
Scrap	2.29	1.13
	977.79	1035.83
Less: CENVAT/VAT on Opening Stock	2.22	4.92
	975.57	1030.91
Closing Stocks :		
Finished goods	427.77	501.07
Finished goods-in-transit	64.97	12.60
Semi-Finished Articles	180.94	181.37
Work-in-Progress	406.58	280.46
Scrap	2.74	2.29
	1083.00	977.79
	107.43	(-) 53.12
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	177.16	(-) 16.90
	284.59	(-) 70.02
SCHEDULE 16		
MATERIALS CONSUMED		
Stocks as at 1st April, 2006 :		
Raw materials, components and packaging materials	751.49	821.31
Materials-in-transit	26.43	50.44
Stores and spare parts	439.84	510.28
Loose tools	4.44	4.57
	1222.20	1386.60
Less: Book value of Stocks sold/adjusted/written off	...	4.88
	1222.20	1381.72
Add: Adj. of previous year	...	23.02
	1222.20	1404.74
Purchases during the year :		
Raw materials, components and packaging materials (including erection expenses in case of composite contracts and processing charges)	3938.53	3415.40
Stores and spare parts (including Trading item of Rs.1.92 lakhs)	2297.29	1295.25
Loose tools	16.41	2.73
	6252.23	4713.38
	7474.43	6118.12
Less: Stocks as at 31st March, 2007 :		
Raw materials, components and packaging materials	831.62	751.49
Materials-in-transit	39.22	26.43
Stores and spare parts	565.72	439.84
Loose tools	5.34	4.44
	1441.96	1222.20
Raw materials and stores used on Capital Jobs Rs.20.91 lakhs and on Repair Jobs, Advertising, Transport, Power and Fuel, Research and Development etc. Rs.1077.61 lakhs; 2005-06 Rs.0.03 lakh and Rs.848.03 lakhs.	1098.52	848.06
	2540.42	2070.26
	4934.01	4047.86
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	3151.67	2453.97
	8085.68	6501.83

ANDREW YULE & CO. LTD.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	<u>2006-07</u>	<u>2005-06</u>
SCHEDULE 17		
SALARIES, WAGES AND BONUS		
Salaries, Wages, Bonus and Gratuity	5392.09	5005.03
Contribution to Provident and Other Funds	734.46	588.55
Welfare and Other Expenses	782.55	697.51
	<u>6909.10</u>	<u>6291.09</u>
Less: Incurred on Capital jobs, Repair Jobs, Research and Development, Advertising, Transport etc.	180.49	172.95
	<u>6728.61</u>	<u>6118.14</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	270.20	314.04
	<u>6998.81</u>	<u>6432.18</u>

SCHEDULE 18

INTEREST

Fixed Deposits	31.28	38.68
Term Loans	1819.06	844.82
Others	2197.84	2060.47
	<u>4048.18</u>	<u>2943.97</u>
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	...	0.18
	<u>4048.18</u>	<u>2944.15</u>

ANDREW YULE & CO. LTD.

SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

	2006-07	2005-06
SCHEDULE 19		
OTHER EXPENSES		
Power and Fuel	1251.62	1229.87
Miscellaneous Tea Cultivtion and Manufacturing Expenses	173.82	103.26
Research and Development Expenses	2.32	2.05
Directors' Salaries	15.21	11.85
Director' Fees	0.37	0.14
Rent (Net)	54.84	50.52
Rates and Taxes	36.18	31.43
Repairs and Maintenance :		
Buildings	174.37	144.43
Plant and Machinery	257.22	167.98
Others	64.26	39.26
	495.85	351.67
Travelling Expenses and Upkeep of Vehicles	365.08	310.50
Insurance	30.61	34.81
Brokers' Commission	78.83	78.42
Selling Expenses :		
Selling Agents' Commission	53.72	53.31
Others	308.79	286.68
	362.51	339.99
Miscellaneous Expenses	636.79	660.45
Commission against Govt. Guarantee	35.20	35.20
Excise Duty	32.63	(-) 7.64
Turnover Tax	...	15.50
Assam Cess on Green Tea Leaf	72.50	73.32
West Bengal Primary Education Cess	8.00	7.50
West Bengal Rural Employment Cess	16.00	14.99
Tea Cess	28.84	27.44
Educaion Cess	0.49	0.55
Assam Entry Tax	3.08	0.57
Bank Charges	92.25	79.24
Auditors' Remuneration :		
Audit Fees	3.38	3.38
In Other Capacity :		
Tax Audit Fees	0.68	0.68
For Certificates etc.	1.31	1.80
Out of Pocket Expenses	0.80	0.54
	6.17	6.40
Miscellaneous Expenditure Written off :		
Other Expenses	315.79	393.60
Net Loss on Exchange Fluctuation	0.26	...
Items relating to previous years (including interest on Income Tax of Rs.194.91)		669.30
Cold Weather Expenses written off	383.58	...
Liquidated Damages and Penalty etc.	1105.56	...
Rectification/Replacement	145.94	199.58
	46.14	101.29
Provision for :		
Doubtful Debts	1131.22	762.30
Doubtful Loans, Advances and Deposits	465.60	388.08
Stock Obsolescence	108.10	29.09
Contingencies	492.66	0.11
Foodstuff	...	16.54
	2197.58	1196.12
	7994.04	6017.92
Less: Amount transferred to Capital jobs etc.	1.80	0.30
	7992.24	6017.62
Add: Share of Joint Venture (Note No.2(iii) of Schedule-20)	773.84	627.61
	8766.08	6645.23

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007

(Rupees in lakhs)

SCHEDULE 20

1. Principles of Consolidation :

The Consolidated Financial Statements (CFS) relate to Andrew Yule & Co. Ltd. (the Company), its Subsidiary Company, its Associates and Joint Venture entity. The Consolidated Financial Statements have been prepared on the following basis :

- (i) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) – “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- (ii) The difference between the cost of investment in the Subsidiary, over the net assets at the time of acquisition of shares in the Subsidiary is recognized in the financial statements as Goodwill. As the date of investments in this Company was not readily available, the subsidiary’s audited Balance Sheet as on 31st March, 2001 was taken into consideration to determine the Goodwill.
- (iii) In case of Associates where the Company holds 20% or more of equity, investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS-23) – “Accounting for Investments in Associates in Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India. As the dates of investments in those Associates are not readily available, the audited Balance Sheet of those Associates as at 31st March, 2002 was taken into consideration to determine the Capital Reserve.
- (iv) In case of Joint Venture interest in the jointly controlled entity has been accounted for by proportionate consolidation method in accordance with Accounting Standard (AS-27) – “Financial Reporting of Interests in Joint Ventures” issued by the Institute of Chartered Accountants of India. Under this method, the Company’s share of Joint Venture’s individual income and expenses, assets and liabilities and cash flows are included in the relevant components of the Consolidated Financial Statements.

2. Ownership Interest in Subsidiary, Associates and Joint Venture :

- (i) The Subsidiary (which alongwith “Andrew Yule & Co. Ltd., (AY) the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are :

<u>Name</u>	<u>Country of Incorporation</u>	<u>Percentage of voting power as at 31st March, 2007</u>
Hooghly Printing Co. Ltd.	India	100

The financial statement of the Subsidiary is drawn upto 31st March every year.

- (ii) Ownership interest of the Company in the Associates considered in the CFS are as follows :–

(Rupees in lakhs)

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Ownership Interest as at 31st March, 2007</u>	<u>Ownership interest as at 31st March, 2006</u>
Tide Water Oil Co. (India) Ltd.	India	26.22%	26.22%
New Beerbhoom Coal Co. Ltd.	India	32.95%	32.95%
Katras Jherriah Coal Co. Ltd.	India	31.66%	31.66%

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 - (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

These investments have been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets. During the year, the Group has received dividend aggregating Rs.34.26 lakhs in respect of the investments in Associates.

Financial Statements of all the Associates are drawn upto 31st March. The Group's investment in Associates were reported as long term investments as on 31st March, 2002 (Schedule-5) and stated at cost.

(iii) Interest in Joint Venture :

<u>Name of the Joint Venture</u>	<u>Country of Incorporation</u>	<u>Percentage of ownership interest as at 31st March, 2007</u>
Phoenix Yule Ltd.	India	26%

The financial statement of the Joint Venture Company is drawn upto 31st December every year. The proportionate share of assets, liabilities, income and expenditure of the above Joint Venture, as contained in its financial statements as at 31st December, 2006 has been included in this Consolidated Financial Statements.

3. In the Consolidated Financial Statements depreciation on assets (Other than Tea Estates) belonging to Parent Company has been provided under "Straight-line" method, whereas the same has been provided under "Written down value" method for assets belonging to Hooghly Printing Co. Ltd. (HP) (wholly owned subsidiary). Both these aforesaid methods are being followed consistently in respective companies.

The total value of gross block of the Group as on 31st March, 2007 is Rs.22524.29 lakhs (Rs.21887.99 lakhs) out of which on the gross block of value Rs.166.07 lakhs (Rs.166.07 lakhs), depreciation has been provided under "Written down value method". The amount of depreciation so charged up to 31st March, 2007 is Rs.142.61 lakhs (Rs.138.54 lakhs) out of total depreciation of Rs.5795.12 lakhs (Rs.5363.09 lakhs) provided upto 31st March, 2007.

4. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.430.84 lakhs (Rs.110.82 lakhs).

5. Contingent liabilities not provided for in respect of :

(a) Claims against the Group not acknowledged as debts :

- (i) Disputed labour matters (amount not ascertainable).
(ii) Others Rs.667.09 lakhs (Rs.967.98 lakhs).

(b) Guarantees and Indemnities given to various institutions and Authorities in connection with Company's operations amounting to Rs.2706.24 lakhs (Rs.2297.65 lakhs).

(d) Legal cases U/s.138 and 141 of Negotiable Instruments Act. remaining outstanding as on 31st March, 2007 Rs.Nil lakhs (Rs.29.10 lakhs).

(e) Guarantees given to banks in favour of other Group and/or Associate Companies :

- (i) The Bengal Coal Co. Ltd. – Rs.115.00 lakhs (Rs.115.00 lakhs).
(ii) India Paper Pulp Co. Ltd. – Rs.265.00 lakhs (Rs.265.00 lakhs).

In respect of item Nos.(i) and (ii) above, the guarantees have already been invoked by the banks but not provided for as the matters are still subjudice.

(Contd.)

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

- (f) Disputed Sales Tax matters aggregating to Rs.5282.84 lakhs (Rs.4791.11 lakhs).
- (g) Aggregate Income Tax demands amounting to Rs.53.96 (Rs.53.96) not admitted, against which appeals have been preferred by the Company.
- (h) Agricultural Income Tax demands amounting to Rs.484.75 lakhs (Rs.373.85 lakhs) not admitted, against which appeals have been preferred by the Company.
- (i) Disputed Excise/Customs Duty matters Rs.883.15 lakhs (Rs.959.67 lakhs).
- (k) Unexpired Letter of Credit opened by the Company's bankers – Rs.711.43 lakhs (Rs.429.69 lakhs).

It is contemplated that most of the items 5(a) to 5(i) above are likely to be decided in favour of the Company.

6. Liability on additional interest payable due to delay in deposit of Provident Fund (PF) contribution to the respective Provident Fund Authorities has been accounted for as per statutory rates provided in the statutes applicable to such Provident Funds. However, no liability has been provided for Damages u/s.14B of the Employees' Provident Fund and Miscellaneous Provident Fund Act, 1952 as waiver has been asked for in Draft Rehabilitation Scheme (DRS). Govt. of India (GOI) while communicating its approval of DRS vide letter No.10(43)/2005-PE-I dated 19th March, 2007 have given directives for making representation before the Central Board of Trustees, EPFO to waive damages u/s.14B of the Act. Before receipt of such order from GOI, Regional Provident Fund Commissioner, Barrackpore, West Bengal (RPFC-II) invoked a Notice of Recovery of Damages u/s.14B of the Act amounting to Rs.42.78 lakhs on 22nd February, 2007 on UTI Bank (Company's Bank). and RPFC-Jalpaiguri, West Bengal, recovered Rs.6.60 lakhs for the West Bengal Tea Gardens i.e. Karballa Tea Estate Rs.3.76 lakhs, Choonabhutti Tea Estate Rs.2.82 lakhs and Banarhat Tea Estate Rs.0.02 lakh. Although the Company contested the action of RPFC-II citing the Advisory Note of Additional Central Provident Fund Commissioner (Compliance), New Delhi, dated 7th March, 2007 to Additional Central Provident Fund Commissioner, East Zone, not to proceed for recovery action and other representations made by the Company from time to time. RPFC-II recovered Rs.42.78 lakhs from Company's Account with UTI Bank and RPFC-Jalpaiguri recovered Rs.6.60 lakhs from the Company's Account with United Bank of India, Banarhat Branch, as Damages u/s.14B of the Act.

In view of the above development, no provision has been made against the claim u/s.14B raised by the respective RPFC for the Company amounting to Rs.441.25 lakhs as on 31st March, 2007.

7. Consequent to change in Accounting Policy No.9(j) to comply with AS-26 towards Tea Cultivation Expenses in Cold Weather incurred during the year and carry forward balance from the earlier years have been debited to Profit and Loss Account instead of existing system of charging 1/5th and carry forward balance of such expenditure every year. As a result of such changes, the additional amount debited to the Profit and Loss Account for the year 31st March, 2007 is Rs.1392.05 lakhs.
8. The estimated arrear liability on account of pay revision of Officers and Non-unionised Supervisory Staff with effect from 1st August, 1997 to 30th September, 2000 and in respect of the then Directors from 1st January, 1997 to 30th September, 2000 is Rs.872.58 lakhs (net of payment of Interim Relief). This obligation will be accounted for in the Profit and Loss Account for the period during which such payment will actually be made as provided in DRS package.
9. (a) In the matter of dispute between the Company and Hooghly Docking and Port Engineering Co. Ltd. (HDPE), the Sole Arbitrator published an award on 18th December, 1994 for Rs.53.40 lakhs (Rs.31.88 lakhs + Rs.0.26 lakh + Rs.0.92 lakhs + Rs.1.67 lakhs + Rs.18.67 lakhs) together with interest of Rs.64.26 lakhs in

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

favour of HDPE and Rs.13.90 lakhs (Diff. loss Rs.7.34 lakhs + Bank Commission Rs.0.85 lakh + Refund of Deposits Rs.3.00 lakhs together with interest Rs.2.71 lakhs) in favour of the Company. The amount awarded in favour of HDPE by the sole arbitrator included an amount of Rs.42.49 lakhs as total loss of ship building which the Company had not accepted as their liability on the ground that they were not liable for any over-run in the cost beyond the revised price fixed through negotiation by and between Hooghly Docking and Engineering Co. Ltd. (HDE) and its customers.

Though the extent of loss, if any, in this regard is not ascertainable at this stage, the Company as an abundant precaution and prudence has taken a conservative stand to provide Rs.117.66 lakhs including interest upto 31st March, 1994 as per award, in the Accounts without prejudice to the right of contesting the award or any other rightful legal option available with the Company to defend the same.

- (b) State Bank of India (SBI), Chennai, filed a suit before Hon'ble Madras High Court for enforcement of a Corporate Guarantee of Rs.190.00 lakhs given by AYCL in favour of SBI as collateral security for the Cash Credit facilities advanced by SBI to the erstwhile Transformer & Switchgear Ltd. (TSL). Subsequently, the case was transferred to Debt Recovery Tribunal (DRT), Chennai. DRT, Chennai, passed a decree in favour of SBI against which the Company has preferred an appeal which is now pending. Meanwhile SBI proposed for One Time Settlement (OTS) to the Company and in response to that the Company made an offer for Rs.62.00 lakhs to be paid from the fund available with the Commissioner of Payments (COP) to liquidate outstanding claims as on the date of nationalisation of TSL. A Memorandum of Settlement (MOS) has been drawn in this regard between the Company and SBI highlighting the steps required for mutual settlement. As per MOS, the Company already released 5% payment to SBI and made a joint petition dated 28th March, 2007 to COP for releasing fund lying in his custody. The MOS also stipulated that in the event of any non receipt or short receipt of fund from COP, AYCL will make payment of balance amount in 10 equal instalments together with the interest @ 10% p.a. on reducing balance from 7th month from the date of filing the joint petition. Release of amount from COP is awaited. Pursuant to this mutual settlement, the Company has not made any provision in the Accounts.
10. Loans and Advances in Schedule 10 includes an interest free amount of Rs.111.64 lakhs (Rs.115.08 lakhs) given for the Agro Projects, which was subsequently transferred to Yule Agro Industries Ltd. (YAIL), a Company promoted by the two Associate Companies in the Group.
- YAIL has since informed that pending implementation of the aforesaid Agro Project, they will have in the meantime engaged in the activities of Oyster Mushroom, Vermiculture and Tea Nursery and will repay the balance advance gradually.
- Pursuant to an arrangement with YAIL, regarding takeover of Telepara Unit by them and pending implementation of the Agro Projects on commercial scale, an amount of Rs.22.93 lakhs (Rs.20.69 lakhs) consisting of salaries, wages and other administrative expenses of the said unit has been charged to the Profit and Loss Account of the Company.
11. An amount of Rs.60.93 lakhs (Rs.60.93 lakhs) has been paid/payable till 31st January, 1999 to the Gayeshpur Municipality (GM) erstwhile Gayeshpur Notified Area Authority (GNAA) being rates and taxes according to the order issued on 8th April, 1986, by the Hon'ble Calcutta High Court upon the writ application filed by the Company challenging the enhancement of the rates by the GM. The Court has further directed that the amount paid in excess shall be refunded by GM to the Company with 18% interest p.a. in the event the Company succeeds in the writ application. Appropriate adjustment entries in this regard will be made in the accounts in the year of final decision of the Court. The writ is still pending without any further order.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

12. Unpaid overdue amount as on 31st March, 2007 payable to Micro and Small Enterprises Supplier as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" amounts to Rs.285.13 lakhs on account of principal and provision of interest of Rs.111.18 lakhs made in the Accounts. This disclosure is based on the existing information available with the Company regarding the status of suppliers.

13. Directors' Remuneration :-

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Salaries	15.21	11.85
Directors' Fees	0.37	0.14
Contribution to Provident Fund/Superannuation Fund	3.32	1.96
Other Perquisites/benefits	1.37	1.01
	<u>20.27</u>	<u>14.96</u>
Add : Share of Joint Venture (Note No.2(iii) on Schedule-20)	3.63	4.37
	<u>23.90</u>	<u>19.33</u>

14. Details of "Miscellaneous Expenditure to the extent not written off or adjusted" as on 31st March, 2007 are as follows :-

OTHER EXPENSES	2006-07	2005-06
Expenses spent for development of Proto-type Fan out of grant received under DSIR Scheme	9.00	9.00
Voluntary Retirement	83.72	399.51
	<u>92.72</u>	<u>408.51</u>

15. Inventories include Rs.59.04 lakhs (Rs.73.18 lakhs) worth of stocks lying with third parties for which confirmations are awaited and/or under reconciliation and the same has been fully provided for.
16. Sundry debtors, claims receivable, deposits and advances to parties, sundry creditors and other liabilities as well as Loans from Financial Institutions, loan from WB Govt. under Subsidised Housing Scheme and Bodies Corporate, in the absence of confirmations, wherever necessary, are taken as per book balances and are subject to reconciliation and adjustments thereon having an impact of revenue nature, if any, will be made in the year in which those are finally settled.
17. The Company had revalued its Tea Estates in the year 1994-95 on the basis of Revaluation Report by an approved valuer. Accordingly, Capital Reserve of Rs.10,735.16 lakhs under Schedule 2 includes a sum of Rs.10,332.52 lakhs as Revaluation Reserve arising out of above revaluation. No Depreciation is charged on such revalued assets, as there is no depreciation charge on Estates.
18. In course of execution of a contract received from Oil and Natural Gas Corporation Ltd. (ONGC), the Company had to undertake some additional work beyond the scope of the contract. Though the official bill for the main work was duly raised on ONGC, final bill for additional work could not be raised because of a dispute between the Company and ONGC about the value of the additional work. After the matter was referred to the Sole Arbitrator appointed by the Ministry of Heavy Industries, the Company submitted its final claim on 9th January 2001, of Rs.431.42 lakhs together with an interest, as may be admissible, at the direction of the Sole Arbitrator; but the matter was contested by ONGC. Till date, the Company has received Rs.70.00 lakh from ONGC as interim payment by two orders of the Sole Arbitrator made on 20th June'01 and 8th May'02. The arbitration proceeding is in progress.
19. Provision for Liquidated damages amounting to Rs.1343.15 lakhs (Rs.1215.31 lakhs) have been set off against Sundry Debtors.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

20. Pending enhancement of Authorised Share Capital, due to non-payment of Registration Fees, Allotment in respect of Equity Shares could not be made and has been shown as “Shares pending Allotment” amounting to Rs.10892.90 lakhs (Rs.10303.90 lakhs).
21. [a] 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.42.89 lakhs). The possible loss, if any, will be accounted for as and when it arises.
- [b] In Tide Water Oil Co. (India) Ltd. diminution in value of long term investments amounting to Rs.60.09 lakhs (Rs.60.09 lakhs) is in the opinion of the management not of a permanent nature and accordingly no provision has been made. The Group interest in the same amount is Rs.15.75 lakhs (Rs.15.75 lakhs).
- [c] In New Beerbhoom Coal Co. Ltd. diminution in value of long term investment amounting to Rs.1.42 lakh (Rs.0.90 lakh) is in the opinion of the management not of a permanent nature and accordingly no provision has been made. The Group interest in the same amount is Rs.0.47 lakhs (Rs.0.30 lakhs).
- [d] In Katras Jherriah Coal Co. Ltd. diminution in value of long term investment amounting to Rs.2.25 lakhs (Rs. Nil) is in the opinion of the management not of a permanent nature and accordingly no provision has been made. The group interest in the same amount is Rs.0.71 lakh (Rs.Nil).
22. Yule Financing & Leasing Co. Ltd. (YFLC), an Associate Company of Andrew Yule & Co. Ltd. (AYCL), had large amount of overdue public deposits lying outstanding which could neither be repaid nor serviced primarily because of serious liquidity problem faced by it. Affected depositors resorted to legal action through various Regulatory Authorities, Consumers’ Forum and Court of Law. Under the circumstances and in order to pre-empt any coercive action, AYCL being a premier promoter was compelled to intervene with dual objectives of bailing out YFLC and to protect the interest of the affected public depositors.

In November, 2003, GOI approved a Financial Restructuring proposal of AYCL which also included funding to YFLC to the extent of Rs.500.00 lakhs to pay off its large number of affected public depositors. Since fund approved under the scheme was insufficient due to non materialisation of important components namely receipt from dis-investments of shares in Group Companies and mobilisation of fund through Bond issue, the Company could release part fund of Rs.75.00 lakhs only to YFLC instead of Rs.500.00 lakhs. The present restructuring package as approved by GOI vide its letter No.10(43)/2005-PE-I dated 19th March, 2007 at a cost of Rs.20527.00 lakhs also includes Rs.425.00 lakhs for meeting the above shortfall. However, actual fund as per DRS is yet to be received from GOI/Other Sources except issuance of 9.1% Bond of Rs.2000.00 lakhs being a part of total means of finance proposed in the present DRS. On the other hand due to pressing demand from YFLC, the Company had to release Rs.425.00 lakhs during 2006-07 out of Bond money totalling to Rs.500.00 lakhs as unsecured loan to YFLC @ 5.5% interest p.a. Under the given circumstances, the decision of the Company was a judicious assessment of the situation stated above. YFLC has serviced the interest due for the financial year 2006-07.

23. Phoenix Yule Ltd. was entitled to remission of Central Sales Tax under the provision of the West Bengal Sales Tax Act, 1994, that was effective till 31st March, 2005. The West Bengal Value Added Tax Rules, 2005, (VAT Rules) had been introduced with effect from 1st April, 2005. In the previous year, specific clarification was awaited from the West Bengal Sales Tax authorities regarding continuation of the remission benefits under the VAT Rules. Also, the Company was yet to receive the renewed Eligibility Certificate that would enable the Company to avail of the remission benefits after 31st March, 2005. Pending receipt of the aforesaid clarification and Eligibility Certificate, it had been considered prudent not to recognise Central Sales Tax aggregating Rs.36574468, collected/collectible on sales made during the period 1st April, 2005 to 31st December, 2005, as revenue for the previous year. Accordingly, the aforesaid amount had been considered as liability in the financial statements of the previous year.

In the current year, the Company has received the required Eligibility Certificate from the West Bengal Sales Tax authorities, pursuant to which the aforesaid liability on account of Central Sales Tax aggregating Rs.36574468 collected/collectible on sales made during the period 1st April, 2005 to 31st December, 2005 has been considered as revenue for the year. The group interest in the same amount is Rs.9509362.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

24. New Beerbhoom Coal Co. Ltd. an Associate of the Company, the extent of realisability of a loan given to a body corporate amounting to Rs.4.50 lakhs (Rs.4.50 lakhs) is not ascertainable. Group interest in the said amount is Rs.1.48 lakhs (Rs.1.48 lakhs).
25. In Katras Jherriah Coal Co. Ltd., the extent to which amount receivable Rs.1.79 lakhs from Central Government is not ascertainable. Group interest in the said amount is Rs.0.57 lakh (Rs.0.57 lakh).
26. In Katras Jherriah Coal Co. Ltd., an Associate of the Company, the extent of realisability of a loan given to a Body Corporate amounting to Rs.2.00 lakhs (Rs.2.00 lakhs) is not ascertainable. Group interest in the said amount is Rs.0.63 lakh (Rs.0.63 lakh).
27. In Tide Water Oil Co. (India) Ltd. a loan of Rs.348.00 lakhs has been given as advance towards proposed issue of shares by Yule Agro Industries Limited (YAIL). In view of the present status of activities of YAIL, shares have not been issued. Hence the status of the recoverability of the aforesaid advance of Rs.348.00 lakhs and the corresponding provision as may be required is not ascertainable at this stage. The Group interest in the same amount is Rs.91.25 lakhs (Rs.91.25 lakhs).
28. (a) Both the Income Tax and Agricultural Income Tax position of the Company has been reviewed in respect of assessments already completed and an amount of Rs.315.57 lakhs and Interest Charge of Rs.201.07 lakhs relating to earlier years has been provided in the Accounts during the year.
(b) In respect of such Assessment Years, proceedings for which are pending before the various Income Tax/ Agricultural Income Tax Authorities on account of Rectification and Appeal Petition filed by the Company, adjustments will be made on final settlement of pending proceedings.
(c) Undisputed Agricultural Income Tax demands to the tune of Rs.21.12 lakhs for the Assessment years 1989-90 and 1990-91 will be adjusted against Refund Orders for the various Assessment years amounting to Rs.115.00 lakhs obtained by the Company. Application for adjustments are pending with the Assessing Authorities.
29. (i) During the Financial year 2004-05, opening deferred tax liability has been reviewed and necessary effect of changes thereof has been given in the Accounts. The balance of deferred tax liability as on 31st March, 2006 stood at Rs.485.47 lakhs (Rs.498.26 lakhs) including share of Joint Venture Rs.61.27 lakhs (Rs.82.22 lakhs).
(ii) In computing Deferred Tax Liability of the Company for the Financial Year 2006-07, unabsorbed depreciation, business loss as per Income Tax Act, 1961 has not been recognised as Deferred Tax Assets. The balance of Deferred Tax Liability as on 31st March, 2007 stood at Rs.35.71 lakhs (Rs.485.47 lakhs) including share of Joint Venture Rs.12.11 lakhs (Rs.61.27 lakhs).
30. The Company was referred to Board for Industrial & Financial Reconstruction (BIFR) under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). BIFR at its meeting held on 20th September, 2004, declared the Company as "Sick" and appointed Industrial Development Bank of India (IDBI) as the Operating Agency for finalization of Rehabilitation Scheme of the Company. The Draft Rehabilitation Scheme (DRS) with the cut-off-date as on 31st March, 2006 having the consent of all the secured creditors had been approved by Govt. of India vide letter No.10(43)/2005-PE-I dated 19th March, 2007 and the same has been communicated by the Department of Heavy Industries (DHI) to BIFR [vide letter No.10(42)/2005-PE-I dated 20th March, 2007] for taking the case for its implementation. Further, IDBI (OA) has also forwarded the DRS to BIFR-Cell/NDBO vide letter Ref. dated 8th June, 2007, apprising the updated status of the same. Since the applicability of approval of GOI and consent given by the Bankers is subject to final Order of the BIFR, the Company has not given any effects in the Accounts towards waiver of interest on GOI loan and restructured Bank loan remaining outstanding as on 31st March, 2006 being cut-off date of DRS. The impact of items for which effects have not been given inter-alia are as under :-
(a) (i) Write back of accrued interest (Rs.1136.68 lakhs) as on 31st March, 2006 on GOI Loan.
(ii) Write back of accrued interest (Rs.1129.37 lakhs) as on 31st March, 2006 on Bank Loan.
(iii) Conversion of GOI loan as on 31st March, 2007 into Equity.
(iv) Write down of the Equity shares held by GOI in the Company as on 31st March, 2007.
(v) Conversion of Funded interest (at PLR) for the irregular part of Cash Credit Account of State Bank of India, Bank of Baroda and Allahabad Bank into Equity of AYCL with effect from 1st April, 2006.
(b) Interest has been charged and accounted for in the Profit and Loss Account for the year 2006-07 on the outstanding GOI loan, Bank loans and Other loans at the applicable normal rate instead of concessional rate recommended in DRS.

Had the effects of the above items (a)(i), (ii), non-charging of interest on GOI loan/other loans and charging of interest at concessional rates been given in the Accounts based on DRS, the loss of the Company for the year would have been less by Rs.4468.81 lakhs.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 - (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

31. Consolidated Segment Reporting :

The Group's segment information as at and for the year ended 31st March, 2007 are as below :-

	2006-07		Total
	External Sales	Inter Segment Sales	
1. Segment Revenue			
Electrical	4875.70	8.35	4884.08
	[3923.47]	[10.10]	[3933.57]
Tea	7075.21	0.94	7076.15
	[5823.63]	[1.48]	[5825.11]
Engineering	1653.30	20.29	1673.59
	[1307.98]	[22.95]	[1330.93]
Printing	398.60	9.40	408.00
	[492.80]	[15.69]	[508.49]
Conveyor Belt System	4620.41	...	4620.41
	[3819.48]	[...]	[3819.48]
Segment Total	18623.22	38.98	18662.20
	[15367.36]	[50.22]	[15417.58]
IUT Sale of Capital Goods			23.96
			[124.64]
Eliminations			38.98
			[50.22]
Consolidated Total			18647.18
			[15492.00]
2. Segment Results			
Electrical			(-)1220.18
			[(-)2007.70]
Tea			(-)2811.72
			[(-)1803.57]
Engineering			(-)603.35
			[(-)458.72]
Printing			32.59
			[74.25]
Conveyor Belt System			511.97
			[327.78]
Segment Total			(-)4090.69
			[(-)3867.96]
Unallocated Corporate Expenses (Net of Unallocated Income)			(-)614.61
			[(-)298.19]
Profit before Interest and Taxation			(-)4705.30
			[(-)4166.15]
Interest etc. paid			4048.18
			[2944.15]
Interest/Dividend Income			255.37
			[129.26]
Profit from ordinary activity			(-)8498.11
			[(-)6981.04]
Extra ordinary Income (Net)			...
			[...]
Extra ordinary Expenses (Net)			(-)60.19
			[(-)37.12]
Net Profit			(-)8558.30
			[(-)7018.16]
Provision for Taxation (Net of written back)			(-)113.79
			[(-)214.61]

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 - (Contd.)

(Rupees in lakhs)

SCHEDULE 20 - (Contd.)

3. Profit after taxation before share of results of Associates	(-)	8672.09
Share of Profit of Associates	[(-)]	7232.77
		174.50
		[172.28]
4. Profit after taxation	(-)	8497.59
	[(-)]	7060.49

Other Information	Segment Assets	Segment Liabilities
Electrical	5367.88	6824.68
	[5946.03]	[6990.94]
Tea	18441.74	5845.08
	[22859.32]	[9484.46]
Engineering	1958.55	2229.97
	[2036.28]	[2077.02]
Printing	555.18	259.34
	[757.63]	[451.74]
Conveyor Belt System	3318.31	1059.77
	[2778.51]	[769.39]
Segment Total	29641.66	16218.84
	[34377.77]	[19773.55]
Unallocated Corporate Assets/Liabilities	5655.13	916.07
	[3761.47]	[1264.24]
Total	35296.79	17134.91
	[38139.24]	[21037.79]

	Capital Expenditure	Depreciation including Impairment	Non-Cash Expenditure Other than Depreciation
Electrical	86.53	43.21	1396.78
	[10.58]	[46.44]	[836.41]
Tea	538.33	257.68	69.65
	[433.85]	[339.20]	[33.72]
Engineering	35.05	10.09	501.30
	[...]	[10.53]	[296.98]
Printing	...	4.08	...
	[...]	[4.82]	[...]
Conveyor Belt System	438.10	119.42	75.99
	[84.80]	[137.78]	[31.61]
Segment Total	1098.01	434.48	2043.92
	[529.23]	[538.77]	[1167.11]

Notes: (1) The business groups comprise the following segments :-

- Engineering
 - Industrial Fans.
 - Tea Machinery.
 - Air Pollution and Water Pollution Control equipments.
 - Turn-key projects involving the above products.
- Electrical
 - HT and LT Switchgears.
 - Transformers
 - Relay and Contactors
 - Turn-key projects on power distribution.
- Tea
 - Tea growing and manufacturing.
- Printing
 - Printing of books, periodicals & publicity materials.
- Conveyor Belt System
 - Manufacturing and marketing of Steel Cord and Textile Conveyor Belt.

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 - (Contd.)

(Rupees in lakhs)

SCHEDULE 20 - (Contd.)

32. Particulars relating to discontinued operations.

(a) Description of discontinued operations

Business Segments	Discontinued Operations
(i) Engineering Division	Air Handling Unit (AHU) Core Lamination Project (CLP) Project
(ii) Electrical Division	Port Engineering Works (PEW) Turnkey Agency
(iii) Residual Assets/Liabilities of Belting Division (shown under unallocated assets and liabilities)	

(b) Carrying amount of fixed Assets, Current Assets and Current Liabilities in respect of discontinued operations included in the total Assets and liabilities as shown in the Balance Sheet as on 31st March, 2007 :

Sl. No.	Discontinued operations	Fixed Assets	Current Assets	Current liabilities provisions
1.	AHU	5.02	...	...
2.	CLP	18.34	...	...
3.	PEW	...	...	173.87
4.	Turnkey	...	...	...
5.	Agency	...	...	1.76
6.	Project	0.10	82.81	101.27
7.	Belting	...	66.03	128.19
	Total	23.46	148.84	405.09

(c) Revenue, Expenses and Pre-Tax, Profit/Loss in respect of discontinued operations

	AHU	CLP	PEW	Agency	Turnkey	Project	Belting	Total
Turnover
Operating Expenses	-4.40)	...	-4.40
Interest	-6.37	-6.37
Provisions	-117.66	...	...	...	...	-117.66
Profit/Loss before tax	-117.66	...	...	-4.40	-6.37	-128.43
Provision for Taxation	-15.29	-11.04	-26.33
Profit/Loss after tax	-117.66	...	...	-19.69	-17.41	-154.76

(d) Cash Flow

	PEW	Project	Belting
Cash Flow from Operating Activities :			
Net Profit before tax & Extraordinary items	-117.66	-4.40	-6.37
Adjustment for :			
Interest charged	...	...	6.37
Operating Profit before changes in amount of Current Liabilities and Current Assets	-117.66	-4.40	...
Adjustment for :			
Trade Receivables	...	...	60.00
Loans and Advances	...	-0.02	21.67
Trade payable	117.66	-0.45	-10.45
Cash Generated from Operations	...	-4.87	71.22
Income Tax	...	-15.29	-11.04
Net Cash from Operating Activities	...	-20.16	60.18
Cash Flow from Investing Activities	...	...	...
Cash Flow from Financing Activities :			
Interest paid	...	...	-0.18
Net Cash used in Financing Activities	...	...	-0.18
Net Charges in Cash and Cash Equivalent	...	-20.16	60.0

NOTES ON THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 – (Contd.)

(Rupees in lakhs)

SCHEDULE 20 – (Contd.)

33. Related party disclosure

(i) Names of Related Parties with whom the Group had transactions during the year.

- Associate Companies – Dishergarh Power Supply Co. Ltd.
 – Bengal Coal Co. Ltd.
 – Yule Agro Industries Ltd.
 – WEBFIL Ltd.
 – Yule Financing & Leasing Co. Ltd.

(ii) Key Management Personnel

- (a) Arindom Mukherjee – Chairman and Managing Director, Andrew Yule & Co. Ltd. [till 31st March, 2007].
 (b) S. Muralidharan – Director (Finance).
 (c) I. Sengupta – Director (Personnel) [Since 27th June, 2006].
 (d) T. K. Mukherjee – Managing Director, Phoenix Yule Ltd.
 (e) R. K. Babaycon – Chief Executive, Tea Division, Andrew Yule & Co. Ltd.
 (f) S. Lahiry – Chief Executive, Engineering Division, Andrew Yule & Co. Ltd.
 (g) R. K. Sikdar – Chief Executive, Electrical Division, Andrew Yule & Co. Ltd.

(iii) Disclosure of transactions between the Group and related parties and the status of outstanding balance as on 31st March, 2007.

	Associates	Key Management Personnel and Relatives
Purchase of goods	15.03	...
	[10.33]	[...]
Sale of goods	1.58	...
	[8.70]	[...]
Sale of services	...	...
	[...]	[...]
Interest income	12.32	...
	[4.50]	[...]
Dividend income	3.01	...
	[...]	[...]
Rent / Hire charges received	17.61	...
	[17.61]	[...]
Miscellaneous Receipt	0.80	0.07
	[0.78]	[0.20]
Expenses recovered	40.79	...
	[21.00]	[...]
Loan given	417.00	...
	[8.00]	[...]
Remuneration to Directors	...	23.53
	[...]	[19.19]
Remuneration to Others	...	15.54
	[...]	[12.25]
Balances as on 31st March, 2007		
Debtors / Receivable	0.17	...
	[115.55]	[...]
Advance recoverable	484.08	...
	[783.20]	[...]
Creditors / Payable	1.42	...
	[57.76]	[...]
Deposits from	29.05	...
	[29.05]	[...]
Loan given	500.00	0.42
	[83.00]	[1.44]

34. Earning per share

	<u>For the year ended 31st March, 2007</u>	<u>For the year ended 31st March, 2006</u>
(a) Number of Equity Shares :-		
At the beginning of the year	5,82,67,078	5,82,67,078
At the end of the year	5,82,67,078	5,82,67,078
Weighted average number of Equity Shares outstanding during the year	5,82,67,078	5,82,67,078
Face value of each Ordinary Share	Rs.10.00	Rs.10.00
(b) Profit after Tax available for Equity Shareholders	Rs. (-)8497.59	Rs. (-) 7060.49 lakhs
(c) Basic earnings per Share	Rs. (-)14.58	Rs. (-)12.11

Notes: Since the Company has incurred loss from its normal continuing operation diluted earnings per share has not been computed.

35. Provision has been made against "Contingencies" for the following items :-

	As on 01.04.06	Provided during the year	As on 31.03.07
(a) Unconfirmed stock with various third parties	98.19	13.63	111.82
(b) Hooghly Docking & Port Engineering Co. Ltd.	...	117.66	117.66
(c) Orissa Cements Ltd.	...	351.37	351.37
(d) Fixed Deposit as Guarantee for Brentford Unit after Nationalisation and other Miscellaneous	...	10.00	10.00
(e) Others	1.22	...	1.22
Total	<u>99.41</u>	<u>492.66</u>	<u>592.07</u>

The contingent liabilities and liabilities mentioned at Note No.2 and 28 above respectively are dependent upon Court decision/out of Court settlement/disposal of appeals etc.

No reimbursement is expected in the case of contingent liabilities and liabilities shown respectively under Note No.2 and 28 above.

36. Previous year's figures have been re-classified/re-grouped wherever necessary to conform with current year's presentation.

D. BANDYOPADHYAY,
Company Secretary,
KOLKATA - 21st August, 2007.

On behalf of the Board,
K. DATTA, *Chairman and Managing Director*.
CA S. MURALIDHARAN, } *Directors*.
I. SENGUPTA.

In terms of our attached Report of even date.

For A. R. MAITI & CO.,
Chartered Accountants,

For G. P. AGRAWAL & CO.,
Chartered Accountants,

For MITRA GHOSH & RAY
Chartered Accountants,

(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

(CA AJAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 21st August, 2007.

(CA B. K. KOLAY)
Partner,
Membership No.52959.

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ANDREW YULE & CO. LTD. ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached consolidated Balance Sheet of Andrew Yule & Co. Ltd. and its Subsidiary, Associates and Joint Venture Companies (the Andrew Yule Group) as at 31st March, 2007, and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Andrew Yule & Co. Ltd.'s management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary, associates and joint venture. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, associates and joint venture is based solely on the report of the other auditors. The details of Assets and Revenues in respect of these subsidiary, Associates and Joint Venture to the extent to which they are reflected in the Consolidated Financial Statements are given below :-

<u>Name of the Companies</u>	(Rupees in lakhs)	
	<u>Total Assets</u>	<u>Total Revenues</u>
A. Subsidiary Hooghly Printing Co. Ltd.	555.21	398.60
B. Joint Venture Phoenix Yule Ltd.	3318.32	4620.41
C. Associates	Net Carrying cost of investment <u>as on 31st March, 2007</u>	Current year's share of Profit
1. Tide Water Oil Co. (India) Ltd.	1038.44	173.26
2. Katras Jherriah Coal Co. Ltd.	9.41	0.74
3. The New Beerbhoom Coal Co. Ltd.	12.91	0.50

1. We report that, the consolidated financial statements, read with Note 1 in Schedule 20, have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, AS-23 Accounting for Investments in Associates in Consolidated Financial Statements and AS-27 Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Andrew Yule Group included in the Consolidated Financial Statements.
2. **The accounts are prepared on the principle applicable to a going concern despite heavy accumulated past losses and loss for the year which have totally eroded the net worth of the Company and reference had been made to the Board for Industrial and Financial Reconstruction (BIFR). In the proceedings of hearing held on 20th September, 2004 before the BIFR Bench, the Company was declared as Sick and BIFR had appointed IDBI as the Operating Agency for submission of a Revival Package. The Draft Rehabilitation Scheme with cut-off date as 31st March, 2006 has been approved by Govt. of India vis-a-vis Deptt. of Heavy Industries and Public Enterprises and communicated to BIFR in respect of which final hearing of BIFR is still pending. The operational existence of the Company is dependent on the implementation of the Revival Package.**
3. **Authorised Share Capital of the Company has been increased to Rs.20000.00 lakhs vide a Resolution passed in its Annual General Meeting held on 30th September, 2004. Pending filing of the necessary**

- documents alongwith increased registration fees in respect of Authorised Capital with the Registrar of Companies, the effect of the increased Authorised Capital has not been given in the Accounts. (Refer to Note No.20 in Schedule 20).
4. Non-provision of Liability in respect of pay revision of employees and Directors amounting to Rs.872.58 lakhs for earlier years. (Refer to Note No.8 in Schedule 20).
 5.
 - [i] Non-provision against diminution in value of investments in Bengal Coal Co. Ltd., Yule Financing & Leasing Co. Ltd., and The Statesman Ltd., aggregating to Rs.28.60 lakhs. [Refer to Note No.21(a) in Schedule 20].
 - [ii] Non-provision towards diminution in value of long term investments of Tide Water Oil Co. (India) Ltd., amounting to Rs.60.09 lakhs out of which Group share in Consolidated Accounts is Rs.15.75 lakhs [Refer to Note No.21(b) in Schedule 20].
 - [iii] Non-provision towards diminution in value of long term investments of The New Beerbhoom Coal Co. Ltd., amounting to Rs.1.42 lakh out of which Group share in Consolidated Accounts is Rs.0.47 lakh [Refer to Note No.21(c) in Schedule 20].
 - [iv] Non Provision towards diminution in value of long term investments of Katras Jherriah Coal Co. Ltd., amounting to Rs.2.25 lakhs one of which group share in consolidated accounts is Rs.0.71 lakh [Refer to Note No.21(d) in Schedule 20].
 6.
 - [ii] Non-provision in respect of Advances of Rs.348.00 lakhs in the accounts of Tide Water Oil Co. (India) Ltd., out of which Group share in consolidated accounts is Rs.91.25 lakhs, the status of the recoverability of the same and the corresponding provision as may be required is not ascertainable at this stage (Refer to Note No.27 in Schedule 20).
 - [iii] Non-provision of Rs.4.50 lakhs in the Accounts of The New Beerbhoom Coal Co. Ltd., in respect of amount due from a Body Corporate, the extent of realisability of which could not be ascertained. Group share in Consolidated Accounts is Rs.1.48 lakhs (Refer to Note No.24 in Schedule 20).
 - [iv] In the Accounts of Katras Jherriah Coal Co. Ltd.
 - [a] Only those claims which have been admitted by the Commissioner of Payments or are subject to appeal still pending with Appellate Courts have been included in Sundry Creditors and therefore, adjustments may be required in these Accounts in respect of claims under appeals. Further, as the orders of the Commissioner of Payments admitting/ rejecting the claims of the Creditors against the Company were not available in all cases, claims admitted or rejected as well as those under appeal as represented by the Company have been accepted.
 - [b] From the available records and information it has not been possible to ascertain the extent to which amount receivable Rs.1.79 lakhs may be eventually realised. Group share in Consolidated Accounts is Rs.0.57 lakh (Refer to Note No.25 in Schedule 20).
 - [c] The extent of realisability of the principal on maturity amounting to Rs.2.00 lakhs due from a Body Corporate. Group share in Consolidated Accounts is Rs.0.63 lakh (Refer to Note No.26 in Schedule 20).
 7. Non-confirmation and non-reconciliation of year end balances in respect of Sundry Debtors, Deposits, Advances, Creditors, Dues to/from Govt. Undertakings and Stock with third Parties etc. (Refer to Note No.16 in Schedule 20).
 8. Non-provision against Rs.49.38 lakhs included in Current Assets, Loans and Advances in respect of recovery by Provident Fund Authority on Account of Damage against Provident Fund dues (Refer to Note No.6 in Schedule 20) and Demand for Rs.441.25 lakhs received from Provident Fund Authority u/s.14B of Employees Provident Fund and Miscellaneous Provisions Act, 1952. However, the quantum of total liability in this respect as on the Balance Sheet date has not been ascertained and accounted for.

9. No provision of shortfall, if any, against Rs.62.00 lakhs being the One Time Settlement amount between the Company and State Bank of India, Chennai and actual amount to be received (as a set off) from Commissioner of Payments in respect thereof [(Refer Note No.9(b) in Schedule 20).
10. (i) Non-compliance of sub-section 1 of 372A of the Companies Act, 1956 in respect of the following investment made and loan granted during the year which is in excess of the limit prescribed under the aforesaid section without obtaining approval of shareholders by way of special resolution:
- (a) Investment of Rs.305.00 lakhs in Zero Rate Unsecured Redeemable Bond of WEBFIL Ltd.
- (b) Unsecured loan of Rs.500.00 lakhs to Yule Financing & Leasing Co. Ltd.
- (ii) Grant of unsecured loan of Rs.500 lakhs to Yule Financing & Leasing Co. Ltd. @ 5.5% p.a. which is lower than the rate prescribed under sub-section 3 and the guidelines prescribed by the Central Govt. under sub section 7 of section 372A of the Act.
- (iii) Non-provision against possible loss arising out of unsecured loan of Rs.500.00 lakhs, as referred to (i) and (ii) hereinabove, to a Company whose net worth is fully eroded due to which its ability to meet the financial obligation arising in respect of above is doubtful.
11. Penalty/interest for non-deduction of Income Tax and non-collection of Income Tax at source has not been ascertained and not provided for.
12. Without considering the items mentioned in Paragraphs 1, 2, 5, 6, 8, 9 and 10 above, the effect of which could not be determined, had the observations in paragraphs 3, 4 and 7 above been considered, the loss for the year would have been Rs.9906.33 lakhs as against the reported figures of Rs.8497.59 lakhs, accumulated loss net of General Reserve would have been Rs.42435.84 lakhs as against the reported figures of Rs.41027.10 lakhs, net current assets would have been Rs.(-)2322.29 lakhs as against the reported figures of Rs.(-)959.08 lakhs, and investments would have been Rs.1392.45 lakhs as against the reported figures of Rs.1437.98 lakhs.

Subject to the foregoing paragraphs 1 to 11, we report that on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Andrew Yule Group we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of Andrew Yule Group as at 31st March, 2007;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Andrew Yule Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Andrew Yule Group for the year ended on that date.

For A. R. MAITI & CO.,
Chartered Accountants,

For G. P. AGRAWAL & CO.,
Chartered Accountants,

For MITRA GHOSH & RAY
Chartered Accountants,

(CA S. K. PRAMANIK)
Partner,
Membership No.51722.

(CA JAY AGRAWAL)
Partner,
Membership No.17643.
Kolkata – 21st August, 2007.

(CA B. K. KOLAY)
Partner,
Membership No.52959.