

WILLIAMSON MAGOR & CO. LIMITED

ANNUAL REPORT
AND
ACCOUNTS
2003-2004

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WILLIAMSON MAGOR & CO. LIMITED**C O N T E N T S**

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WILLIAMSON MAGOR & CO. LIMITED**DIRECTORS**

B. M. KHAITAN - *Chairman*
DEEPAK KHAITAN - *Vice Chairman*
A. KHAITAN
T. R. SWAMINATHAN
R. S. JHAWAR
PADAM KUMAR KHAITAN
D. K. PAL - *Nominee of ICICI Bank*

MANAGER

D. PAL CHOUDHURY

SECRETARY

A. GUHA SARKAR

AUDITORS

LOVELOCK & LEWES
Chartered Accountants

BANKERS

AMERICAN EXPRESS BANK LTD.
STANDARD CHARTERED GRINDLAYS BANK LTD.
UNITED BANK OF INDIA

SHARE TRANSFER AGENTS

MAHESHWARI DATAMATICS PVT. LTD.
6, MANGOE LANE, 2ND FLOOR
KOLKATA - 700 001
TEL : 033-2243-5809; 033-2243-5029
FAX : 033-2248-4787

REGISTERED OFFICE

FOUR MANGOE LANE
SURENDRA MOHAN GHOSH SARANI
KOLKATA - 700 001
TEL : 033-2243-5391, 033-2248-9434,
033-2248-9435, 033-2210-1221
FAX : 033-2248-8114, 033-2248-3683
E-MAIL : administrator@wmg.co.in

WILLIAMSON MAGOR & CO. LIMITED**WILLIAMSON MAGOR GROUP**

WILLIAMSON MAGOR & CO. LTD.	PRINCIPAL ACTIVITIES – NON-BANKING FINANCE & PROPERTY OWNERS.
SUBSIDIARIES	WOODSIDE PARKS LIMITED MAJERHAT ESTATES & DEVELOPERS LIMITED PORTSIDE ESTATES LIMITED DSK REAL ESTATES LIMITED
ASSOCIATES	EVEREADY INDUSTRIES INDIA LIMITED – BATTERY DIVISION TEA DIVISION ENGINEERING : KILBURN ENGINEERING LIMITED McNALLY BHARAT ENGINEERING CO. LIMITED WPIL LIMITED OTHERS : BABCOCK BORSIG LIMITED

EVEREADY INDUSTRIES INDIA LIMITED

30 Tea Estates, 23 in the State of Assam and 7 in the State of West Bengal as under :

ESTATE	LOCATION
Dekorai, Mijicajan, Monabarie, Pertabghur	Bishnauth, Assam
Bukhial	Dhunsiri, Assam
Baghjan	Doom Dooma, Assam
Behali, Dufflaghur, Halem, Nya Gogra	East Boro, Assam
Hunwal	Jorhat, Assam
Bhooteachang, Dimakusi	Mangaldai, Assam
Bogapani, Dehing, Dirok, Margherita	Margherita, Assam
Namdang	Margherita, Assam
Dirai	Moran, Assam
Addabarie, Tarajulie, Tezpore & Gogra	Thakurbari, Assam
Mahakali	Tingri, Assam
Bhatpara, Central Dooars, Chuapara	Dooars, West Bengal
Jainti, Chuniajhora, Mathura, Jaibirpara	Dooars, West Bengal

FIVE YEAR FINANCIAL SUMMARY

(Rupees in Lakhs)

	2003-04	2002-03	2001-02	2000-01	1999-00
Total Income	17,92.03	9,53.75	20,02.74	33,05.67	39,46.07
Expenses	37,59.43	94,09.78	41,23.40	33,23.49	31,92.64
Profit/(Loss) before Taxation	(19,67.40)	(84,56.03)	(21,20.66)	(17.82)	7,53.43
Taxation - Current	—	—	—	—	—
- Deferred	51.50	13.74	(9.47)	—	—
Profit/(Loss) after Taxation	(20,18.90)	(84,69.77)	(21,11.19)	(17.82)	7,53.43
Exceptional Items					
Provision for Contingencies	—	—	32,50.00	—	—
Provision for Contingencies Written back	—	32,50.00	—	—	—
Balance	(20,18.90)	(52,19.77)	(53,61.19)	(17.82)	7,53.43
Dividend (including Tax on Dividend effective 1997-98)	—	—	—	60.37	66.83
Retained Profits/(Loss)	(20,18.90)	(52,19.79)	(53,61.19)	(78.19)	6,86.60
Funds Employed	2,16,48.31	2,28,17.59	2,68,18.10	3,68,41.56	2,80,37.27
Employment of Funds					
Net Block	90,05.72	91,93.49	93,94.80	1,00,10.70	15,94.96
Investments	1,22,07.82	1,24,44.47	1,25,56.00	140,86.99	1,41,62.39
Net Current Assets	4,22.34	10,37.50	46,33.24	1,24,31.10	1,22,79.92
Miscellaneous Expenditure (to the extent not written off)	78.19	1,56.38	2,34.58	3,12.77	—
Deferred Tax Liability	65.76	14.26	0.52	—	—

WILLIAMSON MAGOR & CO. LIMITED
**REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2004**

The Directors submit their Report and Accounts for the year ended 31st March, 2004.

ACCOUNTS

	2003-2004	(Rs. in Thousands) 2002-2003
Profit / (Loss) before Depreciation and Interest	(9,22,84)	(70,75,93)
a) Depreciation	(19,70)	(18,66)
b) Interest	(10,24,86)	(13,61,44)
Profit / (Loss) before Taxation and Provision for Contingencies	(19,67,40)	(84,56,03)
Deferred Tax	(51,50)	(13,74)
Profit / (Loss) for the year after Taxation and before Provision for Contingencies	(20,18,90)	(84,69,77)
Less : Provision for Contingencies written back	—	32,50,00
Balance	(20,18,90)	(52,19,77)
Add : Profit/(Loss) brought forward from previous year	(94,64,74)	(42,44,97)
Balance carried forward to Balance Sheet	(1,14,83,64)	(94,64,74)

**SCHEME OF ARRANGEMENT BETWEEN THE
COMPANY AND TWO OF ITS SUBSIDIARIES**

The Scheme of Arrangement between the Company and two of its subsidiaries namely DSK Real Estates Limited and Portside Estates Limited proposed to be made effective from 1st April 2002 although was approved by the Hon'ble High Court at Calcutta by passing an order on 19th May 2004 but the operation of the order was stayed till 21st June 2004 and subsequently the stay was further extended until 5th July 2004 based on representations made by certain parties. Accordingly, the Company could not obtain a certified copy of the detailed order approving the Scheme and file the same with the Registrar of Companies at Kolkata. In view of this the Directors thought it prudent to finalise the Accounts, without waiting any longer, for the years ended 31st March 2003 and 31st March 2004 without giving effect to the aforesaid Scheme of Arrangement in the said Accounts.

OPERATIONS

During the year under review the income of the Company improved substantially to Rs.17.92 crores as compared to Rs. 9.54 crores in the previous year. This was possible primarily on account of generation of a sizeable income from a new source i.e. by way of Licence fee for granting user rights of one of the Trade Marks owned by the Company to another Company in relation to marketing of tea in India and abroad. This coupled with increase in income from a few other sources and lower provisioning for doubtful debts and advances resulted in reduction of losses during the year under review as compared to the previous year.

DIVIDEND

In view of the loss incurred by the Company your Directors regret their inability to recommend any Dividend for the year under review.

SUBSIDIARY COMPANIES

Copies of the Annual Report and Accounts of Woodside Parks Limited, Portside Estates Limited, Majerhat Estates & Developers Limited and DSK Real Estates Limited, the subsidiaries of the Company are annexed to this Report, as required under Section 212 of the Companies Act, 1956.

The consolidated financial statements with the Subsidiary Companies as also two other Associate Companies namely Eveready Industries India Limited and Babcock Borsig Limited in which your Company holds more than 20% of their share capital form part of this Report & Accounts.

WILLIAMSON MAGOR & CO. LIMITED**COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

In terms of the above Rules, your Board is pleased to give particulars as required therein in an Annexure which forms a part of the Directors' Report.

DIRECTORS

Mr. D. K. Pal joined the Board as a Nominee of ICICI Bank Limited with effect from 29th October 2003. Pursuant to the provisions of the Articles of Association of the Company, Mr. R. S. Jhawar and Mr. Padam Kumar Khaitan retire by rotation and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956 your Directors confirm as under ;

- (i) that in the preparation of the Annual Accounts, applicable accounting standards have been followed ;
- (ii) that the accounting policies are consistently followed and applied to give a true and fair view of the state of affairs of the Company ;
- (iii) that proper and sufficient care has been taken for the maintenance of accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company ;
- (iv) that the Annual Accounts have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

As required in terms of the Listing Agreement with Stock Exchanges a Management discussion and Analysis Report and a Report on Corporate Governance are annexed.

AUDITORS

The observations of the Auditors made in paragraph 6 of their Report has been fully explained in Note 2 of the attached Notes on Accounts and hence, are not being separately dealt with here.

Messrs. Lovelock & Lewes, Chartered Accountants, the Auditors of the Company retire and, being eligible shall, subject to Section 224(2) of the Companies Act, 1956 be re-appointed.

For and on behalf of the Board

A. KHAITAN
R. S. JHAWAR } *Directors*

Kolkata, 30th June, 2004

ANNEXURE TO DIRECTORS' REPORT**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT**

The principal business of the Company is investing and lending funds. With the revival of the economy backed by a good monsoon, the Capital Market also staged a smart recovery during the year under review. While the fundamentals of the economy remained intact, the market has since slipped substantially from the earlier levels on account of uncertainty prevailing in certain areas. During the year under review both agriculture and Industrial Sector showed a remarkable turnaround. However, the market for the financial companies did not grow at the desired rate as funds were available on much easier terms from the commercial banks.

OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The Company is a constituent of Williamson Magor Group having good corporate and business infrastructure. A large amount has been deployed by the Company in its investment and lending activities. The revival of the economy on a long term basis should offer necessary opportunities to the Company to improve its earnings in the form of interests and dividends from various Companies to which it granted financial assistance or in which invested funds. Improvement in general business activities should also offer better opportunities to the Company to utilise its properties and infrastructure in a better way which should improve its income level. The

WILLIAMSON MAGOR & CO. LIMITED

Company has added a new source of income during the year under review by granting user rights in respect of one of its Trade Marks. This source of income might offer generation of larger income in the years to come. On the other hand the earnings by way of interests and dividends and recovery of funds lent might suffer if the Companies to which the Company has lent monies or invested funds fail to take advantage of the economic growth of the country. If the Capital Market remains weak the value of investments held by the Company might come down. If the general business activities in the region do not take the expected upturn the Company may not be able to utilise its commercial property profitably.

FINANCIAL PERFORMANCE

There was significant improvement in financial performance during the year under review. As a result of substantial increase in income primarily on account of generation of income from a new source and increase in income from a few other sources the year-end loss came down considerably. Apart from increase in income, the other factors that helped the Company reducing the losses were reduction of expenditure on various accounts including interest and lower provisioning for doubtful debts and advances.

OUTLOOK

With the revival of the economy the future outlook of the Company has started getting better. With the sustained growth of the economy, Capital Market and business in general the Company hopes to do better by utilizing its assets more efficiently and reducing costs on a long term basis.

FINANCE

During the year under review the Company has been able to further reduce interest costs from Rs. 13.61 crores in the previous year to Rs. 10.25 crores in the year under review which was possible due to restructuring of various long-term loans taken from ICICI Bank Limited and HDFC Limited.

INTERNAL CONTROL SYSTEM

The Company maintains a system of internal control commensurate with its size. The Internal Auditors regularly conduct review of the operations. The Audit Committee reviews the adequacy of internal control system at regular intervals and provides guidance for improvement in the system.

HUMAN RESOURCES

The Company continued to have cordial and harmonious relations with its employees. After implementation of Voluntary Retirement Scheme in two stages which was accepted by a large number of employees, the employee strength of the Company came down to only 2 employees as on 31st March 2004.

CAUTIONARY STATEMENT

Statements in the Management Discussion & Analysis Report in regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Market information contained in this Report have been based on information gathered from various published and unpublished reports, and their accuracy, reliability and completeness cannot be assured.

For and on behalf of the Board

A. KHAITAN }
R. S. JHAWAR } *Directors*

Kolkata, 30th June, 2004

WILLIAMSON MAGOR & CO. LIMITED**ANNEXURE TO DIRECTORS' REPORT****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

Pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FORM A**CONSERVATION OF ENERGY**

A) Power & Fuel Consumption	Nil
B) Consumption per unit of production	Nil

FORM B

RESEARCH AND DEVELOPMENT (R&D)	Nil
--------------------------------	-----

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION	Nil
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FOREIGN EXCHANGE EARNINGS & OUTGO

Total Foreign Exchange :

Earned	Nil
Outgo	Rs.8.03 lakhs

Kolkata, 30th June, 2004

For and on behalf of the Board

A. KHAITAN	} Directors
R. S. JHAWAR	

WILLIAMSON MAGOR & CO. LIMITED**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY**

The Company's philosophy of Corporate Governance is aimed at efficient conduct of its business and in meeting its obligations towards various Stakeholders. The Company gives due emphasis on transparency, professionalism and accountability. Your Company also gives due importance to its social obligations and compliance of various regulatory provisions.

2. BOARD OF DIRECTORS**(i) Composition**

The Board of Directors of your Company consists of seven Directors. Mr. B. M. Khaitan, a Non-Executive Director is the Chairman of the Board. All other Directors are non-executive and not less than one third of the Board comprises of Independent Directors.

(ii) Board Meetings and Annual General Meeting

During the year ended 31st March, 2004 four Board Meetings were held on 26.06.2003, 29.07.2003, 29.10.2003 and on 27.01.2004 and the Annual General Meeting was held on 24.12.2003 which was adjourned.

(iii) Particulars of Directors as on 31st March, 2004 and their attendance at the Board Meetings and at the last Annual General Meeting, other Directorships and position held in Board Committees of the Companies :

Director	No. of Board Meetings Attended	Attendance at previous AGM held on 24.12.2003 (Adjourned)	No. of other Directorships (Indian) held	No. of Membership/ Chairmanship in Board Committees		Executive Non-Executive/ Independent
				Member Simplificator	Chairman	
MR. B. M. KHAITAN	4	NO	8	NIL	1	NON-EXECUTIVE CHAIRMAN
MR. D. KHAITAN	1	YES	9	3	NIL	NON-EXECUTIVE VICE-CHAIRMAN
MR. A. KHAITAN	4	YES	8	4	NIL	NON-EXECUTIVE
MR. T. R. SWAMINATHAN	4	YES	4	4	5	NON-EXECUTIVE & INDEPENDENT
MR. R. S. JHAWAR	4	YES	11	5	3	NON-EXECUTIVE
MR. PADAM KUMAR KHAITAN	4	NO	10	4	NIL	NON-EXECUTIVE & INDEPENDENT
MR. D. K. PAL*	1	YES	2	1	NIL	NON-EXECUTIVE & INDEPENDENT (NOMINEE OF ICICI BANK LTD.)

* Joined the Board on 29.10.2003