


WILLIAMSON MAGOR & CO. LIMITED

ANNUAL REPORT
AND

ACCOUNTS
2004 - 2005

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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 - *Wholetime Director (w.e.f.1.4.2005)*
PADAM KUMAR KHAITAN
D. K. PAL - *Nominee of ICICI Bank Ltd.*
G. MOMEN
DR. R. SRINIVASAN

SECRETARY

S. PHILIP

AUDITORS

LOVELOCK & LEWES
Chartered Accountants

BANKERS

HDFC BANK LTD.
STANDARD CHARTERED BANK
UNITED BANK OF INDIA
ICICI BANK LTD.
CENTURIAN BANK LTD.
VYSYA BANK

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
ASSOCIATES	EVEREADY INDUSTRIES INDIA LIMITED McLEOD RUSSEL INDIA LIMITED ENGINEERING : KILBURN ENGINEERING LIMITED McNALLY BHARAT ENGINEERING CO. LIMITED WPIL LIMITED OTHERS : BABCOCK BORSIG LIMITED METALS CENTRE LIMITED

McLEOD RUSSEL 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 Boroi, 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)

	2004-05	2003-04	2002-03	2001-02	2000-01
Total Income	9,334.04	1,792.03	953.75	2,002.74	3,305.67
Expenses	4,469.88	3,759.43	9,409.78	4,123.40	3,323.49
Profit/(Loss) Before Taxation	4,864.16	(1,967.40)	(8,456.03)	(2,120.66)	(17.82)
Taxation - Current	60.00	—	—	—	—
- Deferred	(57.37)	51.50	13.76	(9.47)	—
Profit/(Loss) after Taxation	4,861.53	(2,018.90)	(8,469.77)	(2,111.19)	(17.82)
Exceptional Items					
Provision for Contingencies	—	—	—	3,250.00	—
Provision for Contingencies Written back	—	—	3,250.00	—	—
Balance	4,861.53	(2,018.90)	(5,219.79)	(5,361.19)	—
Transfer to Statutory Reserve	972.30	—	—	—	—
Dividend (including Tax on Dividend effective 1997-98)	—	—	—	—	60.37
Retained Profits/(Loss)	3,889.23	(2,018.90)	(5,219.77)	(5,361.19)	(78.19)
Funds Employed	18,879.05	21,648.31	22,817.59	26,817.81	36,841.56
Employment of Funds					
Net Block	7,573.37	9,005.72	9,193.49	9,394.80	10,010.70
Investments	10,517.83	12,207.82	12,444.47	12,556.00	14,086.99
Net Current Assets	796.24	422.34	1,037.50	4,633.24	12,431.10
Miscellaneous Expenditure (to the extent not written off)	—	78.19	156.39	234.58	312.77
Deferred Tax Liability	(8.39)	(65.76)	(14.26)	(0.52)	—

WILLIAMSON MAGOR & CO. LIMITED
**REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2005**

The Directors submit their Report and Accounts for the year ended 31st March, 2005.

ACCOUNTS

	2004-2005	(Rs. in Thousands) 2003-2004
Profit / (Loss) before Depreciation and Interest	57,14,31	(9,22,84)
Less : a) Depreciation	14,02	19,70
b) Interest	8,36,13	10,24,86
Profit / (Loss) before Taxation	48,64,16	(19,67,40)
Provision for Taxation for :		
a) Current Tax	(60,00)	—
b) Deferred Tax	57,37	(51,50)
Profit / (Loss) after Taxation	48,61,53	(20,18,90)
Transfer to Statutory Reserve	9,72,30	—
	38,89,23	(20,18,90)
Loss brought forward from previous year	(1,14,83,64)	(94,64,74)
Balance carried forward to Balance Sheet	(75,94,41)	(1,14,83,64)

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

The Scheme of Arrangement between the Company and its then two subsidiaries namely DSK Real Estates Limited and Portside Estates Limited as reported in the previous year's Report, became effective on July 23, 2004 upon filing of the Certified Copy of the Hon'ble High Court's Order dated May 19, 2004 approving the Scheme with the Registrar of Companies, West Bengal at Kolkata on July 23, 2004. As provided in the Scheme, it became effective with retrospective effect from the Appointed Date viz. 1st April, 2002.

The controlling stake of the Company in both the aforesaid companies was subsequently transferred to Keventer Projects Limited for valuable consideration and accordingly with effect from September 28, 2004 Portside Estates Limited and DSK Real Estates Limited have ceased to be subsidiaries of the Company.

OPERATIONS

During the year under review the income of the Company was significantly higher at Rs.130.20 crore compared to Rs.17.92 crore in the previous year. The Company earned significant income by sale of its two brands viz. "WM" and "Premium Gold" during the year. There was also a considerable saving in interest charges following some reduction in debts as compared to the previous year.

**OPEN OFFER FOR THE ACQUISITION OF
SHARES OF WILLIAMSON TEA ASSAM LTD.**

McLeod Russel India Limited (MRIL) in which your Company has substantial holding, has announced the indirect acquisition of the controlling interest in Williamson Tea Assam Limited (WTAL) through the global acquisition of Borelli Tea Holdings Limited (BTAL) of UK which holds 70% of the paid up Capital of WTAL. WTAL has 17 tea gardens in Assam with an annual production of 20 million kgs. of high quality tea. At the request of MRIL, your Board has agreed to the Company joining as one of the Acquirers along with three other companies in the Williamson Magor Group in respect of the open offer to acquire up to 2835000 fully paid-up equity shares of WTAL representing 20% of the paid-up capital of WTAL in terms of the relevant provisions of SEBI (Substantial Acquisition and Takeover) Regulations, 1997 at a price of Rs.145/- per share. The Board is of the view that the resulting investment in WTAL will be beneficial for the Company.

DIVIDEND

In view of the need for consolidation of the financial position of the Company your Directors regret their inability to recommend any Dividend for the year under review.

WILLIAMSON MAGOR & CO. LIMITED**SUBSIDIARY COMPANIES**

The Annual Report and Accounts of Woodside Parks Limited and Majerhat Estates & Developers Limited, the subsidiaries of the Company are annexed to this Report in accordance with the provisions of Section 212 of the Companies Act, 1956.

The consolidated financial statements with the subsidiary companies and another Associate Company namely Babcock Borsig Limited in which your Company holds more than 20% of the said company's share capital forms part of this Report & Accounts.

COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988

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

DIRECTORS

In accordance with the Articles of Association Mr. A. Khaitan and Mr. T. R. Swaminathan will retire by rotation at the forthcoming Annual General meeting and being eligible offer themselves for re-appointment.

Dr. R. Srinivasan and Mr. G. Momen were appointed as Additional Directors with effect from March 29, 2005. In terms of Article 103 of the Articles of Association of the Company they hold office until the forthcoming Annual General Meeting. Notices in writing under Section 257(1) of the Companies Act, 1956 have been received from two members separately signifying their intention to propose them for election to the office of Director.

Mr. R. S. Jhavar has been appointed Wholtime Director for a period of 3 years effective 1st April, 2005. The appointment of Mr. R. S. Jhavar and the remuneration payable to him are subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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.

PARTICULARS OF EMPLOYEES

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, since none of the employees qualify for such disclosure.

AUDITORS

Messrs. Lovelock & Lewes, Chartered Accountants, the Auditors of the company retire and are eligible for re-appointment.

Kolkata, 30th June, 2005

For and on behalf of the Board

A. KHAITAN
R. S. JHAWAR } Directors

WILLIAMSON MAGOR & CO. LIMITED**ANNEXURE TO DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT**

The main business of the Company is investing and lending funds. With the improvement of the economy, the Capital Market also showed a good recovery during the year under review. Both agriculture and industrial sector showed smart turn around. The Government has initiated steps to give a boost to the economy and it is perceived that the environment in which your Company operates would change for the better. The Industry has good prospects for investments once all the depressing factors plaguing the economy are mitigated. The market for financial companies did not improve at the desired rate because they were unable to compete with the commercial banks which made available funds at a cheaper rate.

OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

A large amount has been utilised by the Company in its investment and lending activities which are the Company's principal business. The Company is a part of the Williamson Magor Group possessing good corporate business infrastructure. Improvement in general business activities would offer better opportunities to the company to utilise its properties and infrastructure to improve its income level. The Company has increased its income, inter alia, by selling its brands. The Company should do better as companies to which it has lent funds and companies in which it has invested have generally improved its performance.

FINANCIAL PERFORMANCE

There was significant improvement in financial performance during the year under review. Factors that assisted the Company in reducing the losses were reduction of expenditure on various accounts including interest and significant income from sale of Brands.

OUTLOOK

The Indian Capital Market is beginning to pick up. The Industry has good prospects for investments. The Companies in which your Company has invested are doing better. These developments portend well for the Company.

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.

CAUTIONARY STATEMENT

Statement 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.

Kolkata, 30th June, 2005

For and on behalf of the Board

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

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	Nil
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TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION	Nil
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FOREIGN EXCHANGE EARNINGS & OUTGO**Total Foreign Exchange :**

Earned	Nil
Outgo	Rs.8.01 lakh

For and on behalf of the Board

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

Kolkata, 30th June, 2005

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 nine 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, 2005 six Board Meetings were held on 25.05.2004, 30.06.2004, 28.07.2004, 29.10.2004, 31.01.2005 and on 29.03.2005 and the Annual General Meeting was held on 8.9.2004.

(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 8.9.2004	No. of other Directorships (Indian) held	No. of Membership/ Chairmanship in Board Committees		Executive/ Non-Executive/ Independent
				Member	Chairman	
MR. B. M. KHAITAN	6	NO	8	1	1	NON-EXECUTIVE CHAIRMAN
MR. D. KHAITAN	2	YES	11	3	—	NON-EXECUTIVE VICE-CHAIRMAN
MR. A. KHAITAN	3	NO	7	3	—	NON-EXECUTIVE
MR. T. R. SWAMINATHAN	6	YES	4	9	5	NON-EXECUTIVE & INDEPENDENT
MR. R. S. JHAWAR	5	YES	10	5	3	NON-EXECUTIVE
MR. PADAM KUMAR KHAITAN	2	YES	9	7	3	NON-EXECUTIVE & INDEPENDENT
MR. D. K. PAL	5	NO	2	2	—	NON-EXECUTIVE & INDEPENDENT (NOMINEE OF ICICI BANK LTD.)
DR. R. SRINIVASAN (w.e.f. 29.3.05)	1	—	7	10	2	NON-EXECUTIVE & INDEPENDENT
MR. G. MOMEN (w.e.f. 29.3.05)	1	—	12	12	2	NON-EXECUTIVE & INDEPENDENT