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WILLIAMSON MAGOR & CO. LIMITED

ANNUAL REPORT
AND
ACCOUNTS
2005 - 2006

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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* 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. AMERICAN EXPRESS BANK LTD.
SHARE TRANSFER AGENTS	MAHESHWARI DATAMATICS PVT. LTD. 6, MANGOE LANE, 2ND FLOOR KOLKATA - 700 001 TEL : 033-2243-5809; 033-2243-5029; 033-2248-2248 FAX : 033-2248-4787 E-mail : mdpl@cal.vsnl.net.in
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

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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
DOOM DOOMA TEA COMPANY LIMITED

ENGINEERING :
KILBURN ENGINEERING LIMITED
McNALLY BHARAT ENGINEERING CO. LIMITED

OTHERS :
BABCOCK BORSIG LIMITED
METALS CENTRE LIMITED
BORELLI TEA HOLDINGS LIMITED (U.K.)

McLEOD RUSSEL INDIA LIMITED

48 Tea Estates, 41 in the State of Assam and 7 in the State of West Bengal as under :

ESTATE	LOCATION
Dekorai, Mijicajan, Monabarie, Pertabghur	Bishnauth, Assam
Behora, Bukhial	Dhunseri, Assam
Baghjan, Bordubi, Koomsong, Phillobari	Doom Dooma, Assam
Bargang, Behali, Boroi, Dufflaghur, Halem, Nya Gogra	East Boroi, Assam
Hunwal	Jorhat, Assam
Attareekhat, Bhooteachang, Borengajuli, Corramore, Dimakusi, Paneery	Mangaldai, Assam
Bogapani, Dehing, Dirok, Margherita, Namdang	Margherita, Assam
Dirai, Rajmal	Moran, Assam
Addabarie, Harchurah/Nilpur, Phulbari, Rupajuli, Tarajulie, Tezpore & Gogra	Thakurbari, Assam
Dirial, Itakhooli, Keyhung, Mahakali	Tingri, Assam
Bhatpara, Central Dooars, Chuapara	Dooars, West Bengal
Jainti/Chuniajhora, Mathura/Jaibirpara	Dooars, West Bengal

DOOM DOOMA TEA COMPANY LIMITED

4 Tea Estates in the State of Assam as under :

Beesakopie, Daimukhia, Raidang, Samdang	Doom Dooma, Assam

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FIVE YEAR FINANCIAL SUMMARY

(Rupees in Lakh)

	2005-06	2004-05	2003-04	**2002-03**	**2001-02**
Total Income	**5,545.54**	9,334.04	1,792.03	953.75	2,002.74
Expenses	**1.632.53**	4,469.88	3,759.43	9,409.78	4,123.40
Profit/(Loss) Before Taxation	**3,913.01**	4.864.16	(1,967.40)	(8,456.03)	(2,120.66)
Taxation - Current	**—**	60.00	—	—	—
- Deferred	**(8.39)**	(57.37)	51.50	13.76	(9.47)
- Fringe Benefit Tax	**7.43**	—	—	—	—
Profit/(Loss) after Taxation	**3,913.97**	4,861.53	(2,018.90)	(8,469.77)	(2,111.19)
Exceptional Items					
Provision for Contingencies	**—**	—	—	—	3,250.00
Provision for Contingencies Written back	**—**	—	—	3,250.00	—
Balance	**3,913.97**	4,861.53	(2,018.90)	(5,219.79)	(5,361.19)
Transfer to Statutory Reserve	**782.80**	972.30	—	—	—
Retained Profits/(Loss)	**3,131.17**	3,889.23	(2,018.90)	(5,219.77)	(5,361.19)
Funds Employed	**20,892.58**	18,879.05	21,648.31	2,2817.59	26,817.81
Employment of Funds					
Net Block	**7,400.59**	7,573.37	9,005.72	9,193.49	9,394.80
Investments	**13,139.32**	10,517.83	12,207.82	12,444.47	12,556.00
Net Current Assets	**352.67**	796.24	422.34	1,037.50	4,633.24
Miscellaneous Expenditure (to the extent not written off)	**—**	—	78.19	156.39	234.58
Deferred Tax Liability	**—**	(8.39)	(65.76)	(14.26)	(0.52)

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REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2006

The Directors have pleasure in presenting the Annual Report for the Audited Accounts of your Company for the year ended 31st March, 2006.

FINANCIAL RESULTS

		(Rs. in Thousands)
	2005-2006	**2004-2005**
Profit before Depreciation and Interest	44,66,26	57,14,31
Less : a) Depreciation	12,35	14,02
b) Interest	5,40,90	8,36,13
Profit before Taxation	39,13,01	48,64,16
Provision for Taxation :		
a) Current Tax	—	60,00
b) Deferred Tax	(8,39)	(57,37)
c) Fringe Benefit Tax	7,43	—
Profit after Taxation	39,13,97	48,61,53
Transfer to Statutory Reserve	7,82,80	9,72,30
	31,31,17	38,89,23
Loss brought forward from previous years	(75,94,41)	(1,14,83,64)
Balance carried forward to Balance Sheet	(44,63,24)	(75,94,41)

OPERATIONS

During the year under review the total income of your Company was Rs.55.46 crore compared to Rs.93.34 crore earned in the previous year which included an income of Rs. 66.00 crore earned by way of sale of two brands owned by the Company. Taking advantage of the buoyant capital market conditions the Company during the year under review earned a profit of Rs.10.36 crore on disposal of some of its investments. The Company was also successful in recovering some of the advances, which had earlier been provided as non-performing assets and as a result, an amount of Rs.32.85 crore was written back in the Accounts for the year under review. Profit after tax for the year amounted to Rs. 39.14 crore.

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

McLeod Russel India Limited (MRIL) in which your Company has a large holding had acquired the controlling interest in Williamson Tea Assam Limited (WTA) through the acquisition of Borelli Tea Holdings Limited, UK which held 70% of the paid up Capital of WTA. Your Company together with four other Companies in the Williamson Magor Group had made an Open Offer to acquire 28,35,000 fully paid up equity shares of WTA representing 20% of the paid up capital of WTA in accordance with the provisions of SEBI (Substantial Acquisition and Takeover) Regulations, 1997 at a price of Rs.145 per share. The Shareholders of WTA offered only 22,192 valid shares all of which were acquired by your Company.

DIVIDEND

On account of accumulated losses and for consolidation of the financial position of the Company your Directors regret their inability to recommend any dividend for the year under review.

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 viz. Babcock Borsig Limited in which your Company holds more than 20% of the said Company's share capital forms part of this Report & Accounts.

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COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE 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

Since the last report there was no change in the Board of Directors of your Company.

In accordance with the Articles of Association Mr. B. M. Khaitan and Mr. D. Khaitan will retire by rotation at the forthcoming Annual General Meeting 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.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure forming part of the Report.

AUDITORS

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

For and on behalf of the Board

R. S. JHAWAR – *Wholetime Director*

T. R. SWAMINATHAN – *Director*

Kolkata, 29th June, 2006

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ANNEXURE TO DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

The primary business of the Company is investing and lending funds. With the overall improvement of the economy, the Capital Market also showed good recovery during the year under review. Both agriculture and industrial sector showed very good turn around. The Government had taken steps to give an impetus to the economy and it is understood that the surroundings in which your Company operates would change for the better.

The Industry has good opportunities for investments. As mentioned in the previous year the market for financial companies did not improve at the desired rate because they were unable to compete with the commercial banks which provided 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 business infrastructure. Improvement in general business activities in the country would provide better opportunities to the Company to improve its income level by better utilisation of its properties and infrastructure. With the improvement in performance of the Companies to which it has lent or invested funds the Company is expected to do better with higher rate of recoveries and higher income by way of dividend and sale of shares in the days to come.

In view of the liberalisation of the financial sector the Indian capital market is to a great extent linked with the major capital markets of the world. On account of such inter-connection, despite the uptrends in the Indian economy, the Indian Stock Markets are seen to behave in line with the global trend which sometimes is inconsistent with the Indian economy. Rising interest rates all over the world and a steady increase in the rate of inflation is a cause of concern for finance companies.

To mitigate the various types of risks that the Company has to face the Board of Directors of the Company has recently adopted a Risk Management Policy which is under implementation.

FINANCIAL PERFORMANCE

The operational performance of the Company during the year under review was satisfactory. Taking full advantage of the bullish Stock Market the Company could earn a sizeable income by disposing of some of its investments at the opportune time. The Company also recovered a large amount which was earlier provided for as NPA and the same has improved the bottomline significantly.

OUTLOOK

With the steady improvement in the economy the Indian capital market has grown consistently during last few years offering ample opportunities to the financial companies to perform better under the prevailing conditions. With the improvement in performance of the Companies in which your Company has invested funds, barring unforeseen circumstances, your Company is expected to do well in the current year as well.

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. The Risk Management Policy adopted by the Company is expected to further strengthen the Internal Control System.

CAUTIONARY STATEMENT

Statement in the Management Discussion & Analysis Report in regard to projections, estimates and expectations has been made in good faith. Several 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

R. S. JHAWAR – *Wholetime Director*
T. R. SWAMINATHAN – *Director*

Kolkata, 29th June, 2006

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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 the 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
TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION	Nil

FOREIGN EXCHANGE EARNINGS & OUTGO

Total Foreign Exchange :	
Earned	Nil
Outgo	Rs.7.70 lakh

For and on behalf of the Board

R. S. JHAWAR – *Wholetime Director*
T. R. SWAMINATHAN – *Director*

Kolkata, 29th June, 2006

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISION OF SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Name	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Employment	Age	Previous Employment/ Position held
Jhawar, R.S.	Wholetime Director	40,43,290	B. Com., LLB FCA, ACMA	45	01.04.2005	67	Eveready Industries India Ltd. Wholetime Director
Mukherjee, S	Group Advisor	35,10,757	B. Com (Hons.), FCA	29	01.04.2005	51	Eveready Industries India Ltd. President

Notes : 1. The above employees were wholetime employees during the financial year ended March 31, 2006.
2. The above employees are not related to any Director of the Company within the meaning of Section 6 of the Companies Act, 1956.

For and on behalf of the Board

R. S. JHAWAR – *Wholetime Director*
T. R. SWAMINATHAN – *Director*

Kolkata, 29th June, 2006

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REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company's philosophy on 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. The Company has implemented the mandatory requirements regarding Corporate Governance as mentioned in Clause 49 of the Listing Agreement.

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 except Mr. R.S. Jhawar are non-executive and not less than one third of the Board comprises Independent Directors.

(ii) Board Meetings and Annual General Meeting

During the year ended 31st March, 2006, 5 Board Meetings were held on 06.06.2005, 30.06.2005, 28.07.2005, 31.10.2005, and 31.01.2006 and the Annual General Meeting was held on 31.08.2005.

(iii) Particulars of Directors as on 31st March, 2006 and other Directorships and position held in Board Committees of the Companies :

Director	No. of Board Meetings Attended	Attendance at previous AGM held on 31.08.2005	No. of other Director-ships held *	No. of Membership/ Chairmanship in Board Committees **		Executive/ Non-Executive/ Independent
				Member	Chairman	
MR. B. M. KHAITAN	5	NO	10	NIL	NIL	NON-EXECUTIVE CHAIRMAN
MR. D. KHAITAN	4	NO	13	1	NIL	NON-EXECUTIVE VICE-CHAIRMAN
MR. A. KHAITAN	5	YES	10	1	NIL	NON-EXECUTIVE
MR. T. R. SWAMINATHAN	5	YES	3	1	3	NON-EXECUTIVE & INDEPENDENT
MR. R. S. JHAWAR	4	YES	9	2	2	EXECUTIVE
MR. PADAM KUMAR KHAITAN	2	NO	13	3	2	NON-EXECUTIVE
MR. D. K. PAL	3	NO	1	NIL	NIL	NON-EXECUTIVE & INDEPENDENT (NOMINEE OF ICICI BANK LTD.)
DR. R. SRINIVASAN	5	NO	7	5	3	NON-EXECUTIVE & INDEPENDENT
MR. G. MOMEN	4	YES	10	7	1	NON-EXECUTIVE & INDEPENDENT

* The Directorships do not include Alternate Directorships, Directorships of Foreign Companies, Companies under Section 25 of the Companies Act and Private Limited Companies.

** Membership/Chairmanship in Committees includes only Membership/Chairmanship of Audit Committee and Shareholders'/Investors' Grievance Committee.

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