

# **WILLIAMSON MAGOR & CO. LIMITED**

ANNUAL REPORT  
AND  
ACCOUNTS  
2010 - 2011



ESTD. 1868



## CONTENTS

|  | Page |
|--|------|
| Board of Directors ...   | 3    |
| Details of Williamson Magor Group,<br>Subsidiary and Associate Companies ... | 4    |
| Financial Highlights ...   | 5    |
| Report of the Directors ...  | 6    |
| Corporate Governance ...   | 11   |
| Report of the Auditors ...   | 22   |
| Balance Sheet ...  | 26   |
| Profit & Loss Account ...  | 27   |
| Cash Flow Statement ...  | 28   |
| Schedules ...  | 30   |
| Notes forming part of the Accounts ...                                       | 40   |
| Statement relating to the Subsidiaries ...                                   | 48   |
| Schedule under Reserve Bank of India Directions ...                          | 49   |
| Consolidated Accounts with Schedules ...                                     | 54   |





**DIRECTORS**

B. M. KHAITAN - *Chairman*  
DEEPAK KHAITAN - *Vice Chairman*  
A. KHAITAN  
T. R. SWAMINATHAN  
R. S. JHAWAR  
PADAM KUMAR KHAITAN  
DR. R. SRINIVASAN  
G. MOMEN  
BHARAT BAJORIA  
H. M. PAREKH

**SECRETARY**

H. U. SANGHAVI

**AUDITORS**

LOVELOCK & LEWES  
*Chartered Accountants*

**BANKERS**

HDFC BANK LTD.  
ICICI BANK LTD.  
STANDARD CHARTERED BANK  
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; 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





## **WILLIAMSON MAGOR GROUP**

### **WILLIAMSON MAGOR & CO. LTD. PRINCIPAL ACTIVITIES –**

NON-BANKING FINANCE & PROPERTY OWNERS

#### **SUBSIDIARIES**

WOODSIDE PARKS LIMITED

MAJERHAT ESTATES & DEVELOPERS LIMITED

#### **OTHER GROUP COMPANIES**

EVEREADY INDUSTRIES INDIA LIMITED

McLEOD RUSSEL INDIA LIMITED

D1 WILLIAMSON MAGOR BIO FUEL LIMITED

KILBURN ENGINEERING LIMITED

McNALLY BHARAT ENGINEERING CO. LIMITED

WILLIAMSON FINANCIAL SERVICES LIMITED

BABCOCK BORSIG LIMITED

DUFFLAGHUR INVESTMENTS LIMITED

METALS CENTRE LIMITED

UNITED MACHINE CO. LIMITED

ICHAMATI INVESTMENTS PRIVATE LIMITED

THE STANDARD BATTERIES LIMITED

McNALLY SAYAJI ENGINEERING LIMITED

BORELLI TEA HOLDINGS LIMITED (U.K.)

PHU BEN TEA COMPANY LIMITED (VIETNAM)

RWENZORI TEA INVESTMENTS LIMITED

McLEOD RUSSEL UGANDA LIMITED

OLYANA TEA HOLDINGS LLC (USA)

McLEOD RUSSEL MIDDLE EAST DMCC (DUBAI)





### FIVE YEAR FINANCIAL SUMMARY

|  | 2010-11   | 2009-2010 | 2008-09   | 2007-08   | 2006-07   |
|--|-----------|-----------|-----------|-----------|-----------|
| Total Income                             | 2,542.33  | 2,731.04  | 2,081.80  | 2,210.53  | 4,410.22  |
| Expenses                                 | 2,529.90  | 3,062.78  | 2,558.39  | 2,294.75  | 1,218.02  |
| Profit/(Loss) Before Taxation            | 12.43     | (331.74)  | (476.59)  | (84.22)   | 3,192.20  |
| Taxation - Current                       | —         | —         | —         | —         | 130.00    |
| - Earlier years (net of write back)      | —         | —         | 123.18    | (24.08)   | —         |
| - Deferred                               | —         | —         | —         | —         | —         |
| - Fringe Benefit Tax (net of write back) | (0.25)    | 1.79      | (4.11)    | (8.44)    | 6.50      |
| Profit/(Loss) after Taxation             | 12.18     | (329.95)  | (357.52)  | (116.74)  | 3,055.70  |
| Transfer to Statutory Reserve            | 2.43      | —         | —         | —         | 611.14    |
| Retained Profits/(Loss)                  | 9.75      | (329.95)  | (357.52)  | (116.74)  | 2,444.56  |
| Funds Employed                           | 33,996.14 | 32,162.48 | 35,982.36 | 33,534.95 | 29,444.48 |
| <b>Employment of Funds</b>               |           |           |           |           |           |
| Net Block of Fixed Assets                | 6,753.98  | 6,891.38  | 7,039.36  | 7,142.87  | 7,258.31  |
| Investments                              | 20,590.25 | 20,590.25 | 20,624.93 | 19,277.63 | 15,786.24 |
| Net Current Assets                       | 6,651.91  | 4,680.85  | 8,318.07  | 7,114.45  | 6,399.93  |



## REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2011

The Directors have pleasure in presenting the Annual Report with the Audited Accounts of your Company for the year ended 31st March, 2011.

### FINANCIAL RESULTS

(Rs. in Thousands)

|  | 2010-2011  | 2009-2010  |
|--|------------|------------|
| Profit before Depreciation and Interest  | 20,68,68   | 18,72,46   |
| Less : a) Depreciation                   | 18,52      | 21,59      |
| b) Interest                              | 20,37,73   | 21,82,61   |
| Profit/(Loss) before Taxation            | 12,43      | (3,31,74)  |
| Provision for Taxation :                 |            |            |
| Fringe Benefit Tax (net off write back)  | (25)       | 1,79       |
| Profit/(Loss) after Taxation             | 12,18      | (3,29,95)  |
| Less : Transferred to Statutory Reserve  | 2,43       | —          |
|  | 9,75       | (3,29,95)  |
| Loss brought forward from previous years | (28,22,89) | (24,92,94) |
| Balance carried forward to Balance Sheet | (28,13,14) | (28,22,89) |

### OPERATIONS

The overall performance of the Company during the year under review was satisfactory. Despite the total earnings of the Company being lower at Rs.25.42 crore as compared to Rs.27.31 crore in the earlier year, the Company managed to report a net profit of Rs.12.18 lakhs as against a loss Rs.3.30 crore in the previous year. The improvement was possible primarily on account of higher dividend as also significant cost reduction. During the year under review the Company earned Rs.6.51 crore as dividends on trade investments which was considerably higher as compared to the earlier year.

### DIVIDEND

On account of the small profit earned by the Company and the accumulated loss, your Directors regret their inability to recommend any dividend for the year under review.

### D1 WILLIAMSON MAGOR BIO FUEL LIMITED

D1 Williamson Magor Bio Fuel Ltd.(D1WML) was incorporated under a Joint Venture Agreement between the Company and D1 Oils Trading Ltd., U.K. to facilitate development of Jatropha Plantation under contract farming arrangements for production of bio diesel from Jatropha Oilseeds. Your Company presently holds 16.07% of equity capital in D1WML.

The price of crude petroleum has firmed up during the year and so also the price of bio fuel being the supplement to fossil fuel. The demand for bio fuel is globally quite strong and there is acute shortage of feedstock to meet the demand. D1WML's effort to develop bio diesel feedstock, once established, is likely to fetch market premium. In addition, D1 Oils plc has developed poultry feed from de-oiled bio mass which has been patented in UK.

The plantation developed by the D1WML under contract farming arrangements has been going through initial gestation period at various levels of maturity. The farmers in some areas of the North East have faced difficulties in maintaining the plantation because of excessive weed growth, but have been able to maintain plantation on about 25,000 hectares which is likely to be productive. The company has also been promoting the plantation in more areas where farmers are positive and undertaking due upkeep. The



company has re-engineered the plantation management with focus on productive plantation and sizeable cost reduction. The quantity of oilseed harvest by the farmers during the year had not been adequate to manufacture oil on a commercial basis and therefore stored for use in 2011-12. The initial gestation period is longer than the estimate and this has been experienced across the world. The longer gestation period on contract farming model results in shrinkage of productive area. However, DIWML has re-worked the business plan based on present productive area. It expects sub commercial crop during 2011 and 2012 and final commercial production in 2013.

### **SUBSIDIARY COMPANIES**

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Companies i.e. Woodside Parks Limited and Majerhat Estate & Developers Limited are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the Subsidiary Companies will also be kept for inspection at the Registered Office of the Company and that of the respective Subsidiary Companies. A Statement containing brief financial details of the Subsidiary Companies is included in the Annual Report.

### **CONSOLIDATED FINANCIAL STATEMENTS**

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company, its two subsidiaries, its three Associate Companies namely Eveready Industries Limited, Kilburn Engineering limited and Babcock Borsig Limited and one Joint Venture Company DIWML prepared in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India are attached.

### **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 has been no change in the Board of Directors of the Company.

In accordance with Article 100 of the Articles of Association of the Company Messrs. R. S. Jhavar, Bharat Bajoria and H. M. Parekh will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

### **MANAGER**

The Board of Directors of the Company has reappointed Mr. D. Pal Choudhury as Manager as defined in Section 2(24) of the Companies Act, 1956 for a period of one year with effect from 1st April 2011 subject to the approval of the Members of the Company at its ensuing Annual General Meeting.

### **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 forming part of this Report.

### **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.

### PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, is not being furnished since there was no employee during the year who was in receipt of remuneration exceeding the prescribed limits.

### AUDITORS

Messrs. Lovelock & Lewes, Chartered Accountants, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting of the Company and are eligible for re-appointment.

30th August, 2011  
Kolkata

For and on behalf of the Board  
A. KHAITAN – *Director*  
T.R. SWAMINATHAN – *Director*

## ANNEXURE TO DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The world economy has not yet come out of the impact of the economic recession witnessed in 2008-2009. The impact of the recession was comparatively less on Indian Economy due to better monetary control and efficient handling of credit policy as also for comparatively lower dependence on exports.

On account of these reasons Indian Economy performed reasonably well and achieved a growth of 8.5% in the year 2010-2011. However, high rate of inflation which has been hovering above 9% primarily on account of rising food and commodity prices as also steep rise of the price of Crude Oil in the International Market is a cause of concern for the Indian Economy.

With a view to contain inflation, the Reserve Bank of India has several times in the past raised the key policy interest rates for sucking excess liquidity from the system. The liquidity available in the system however still remains comfortable. In line with the move taken by the Reserve Bank of India the Commercial Banks have also increased interest rates on deposits as well as on lending which are likely to have adverse impact on the environment for the Companies engaged in the Financial Sector.

### OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The principal business of your Company is investing and lending of funds. With the economic revival, most of the investee companies have started doing well and some have recommended higher dividends, which should boost the income of your Company. However, in view of the rising interest scenario, the interest cost of the Company would also be higher.

The Company has become a Member of Credit Information Bureau (India) Limited ('CIBIL'), a credit information company pursuant to the Credit Information Companies (Regulation) Act, 2005. Being a Member of CIBIL, the Company will be in a position to avail







of the financial data of its other Members who may be its lenders / borrowers (not being Group Companies). This will eventually minimise the Company's risk of operations.

The Company is a part of the Williamson Magor Group possessing good infrastructure and carries a good reputation in the Corporate World.

The Company has considerable investments in the shares of a few Companies listed on the Stock Exchanges. The Indian Equity Market was not very stable on account of high rate of inflation forcing the Reserve Bank of India to take measures for squeezing excess liquidity from the system. The Indian Market was further weakened due to reduced inflow of investments from Foreign Financial Institutions, volatility of the global markets and recently declined in greater measure owing to the economic crisis in the European countries coupled with the recent downgrading of the US debt by Standard & Poor's (S&P).

However, as most of the investments held by your Company are on long term basis, any fall in the short term or medium term in the market is unlikely to have impact on your Company's operations.

If high inflation cannot be contained, there is a possibility of interest rates going up further up on account of more fiscal measures being taken by the Reserve Bank of India. Such a scenario might continue to pose further threat to the companies engaged in the Financial Sector.

## OUTLOOK

The earnings of the Company in the current year are expected to improve on account of higher dividend expected to be declared by some of the investee companies. Recovery of loans together with interest is also expected to be better in the current year. However, higher interest cost may have a bearing on the profitability.

## INTERNAL CONTROL SYSTEMS

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

The Risk Management Committee formed by the Company also has a policy by which it periodically reviews the various risks to which the Company is exposed to and ensures proper record maintenance and proper legal compliances for exercising effective Internal Control.

Moreover, the KYC Norms (i.e. Know Your Customers Norms) and the Fair Practices Code as per the RBI directives act as integral parts of the overall Internal Control System.

## HUMAN RESOURCES

There is no material development on the Human Resources front. The Company maintains harmonious relationship with its employees.

## 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 has been based on information gathered from various published and unpublished reports, and their accuracy, reliability and completeness cannot be assured.

30th August, 2011  
Kolkata

For and on behalf of the Board  
A. KHAITAN – Director  
T.R. SWAMINATHAN – Director



**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. 3.82 lakhs |

30th August, 2011  
Kolkata

For and on behalf of the Board  
A. KHAITAN – *Director*  
T.R. SWAMINATHAN – *Director*

