

WILLIAMSON MAGOR & CO. LIMITED

ANNUAL REPORT
AND
ACCOUNTS
2011 - 2012



ESTD. 1868



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(ii)



**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 LIMITED

THE STANDARD BATTERIES LIMITED

BORELLI TEA HOLDINGS LIMITED (U.K.)

PHU BEN TEA COMPANY LIMITED (VIETNAM)

RWENZORI TEA INVESTMENTS LIMITED

McLEOD RUSSEL UGANDA LIMITED

McLEOD RUSSEL MIDDLE EAST DMCC (DUBAI)



FIVE YEAR FINANCIAL SUMMARY

	2011-12	2010-11	2009-2010	2008-09	2007-08
Total Income	5,731.35	2,542.33	2,731.04	2,081.80	2,210.53
Expenses	4,830.59	2,529.90	3,062.78	2,558.39	2,294.75
Profit/(Loss) Before Taxation	900.76	12.43	(331.74)	(476.59)	(84.22)
Taxation - Current	350.00	—	—	—	—
- Earlier years (net of write back)	(34.14)	—	—	123.18	(24.08)
- Deferred	—	—	—	—	—
- Fringe Benefit Tax (net of write back)	—	(0.25)	1.79	(4.11)	(8.44)
Profit/(Loss) after Taxation	584.90	12.18	(329.95)	(357.52)	(116.74)
Transfer to Statutory Reserve	116.98	2.43	—	—	—
Retained Profits/(Loss)	467.92	9.75	(329.95)	(357.52)	(116.74)
Funds Employed	35,199.94	33,996.14	32,162.48	35,982.36	33,534.95
Employment of Funds					
Net Block of Fixed Assets	5,480.30	6,753.98	6,891.38	7,039.36	7,142.87
Investments	22,423.65	20,590.25	20,590.25	20,624.93	19,277.63
Net Current Assets	7,295.99	6,651.91	4,680.85	8,318.07	7,114.45

(Rupees in Lakh)



REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

The Directors have pleasure in presenting the Annual Report with the Audited Accounts of your Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

(Rs. in Thousands)

	2011-2012	2010-2011
Profit before Depreciation and Interest	7,85,12	20,68,68
Less : a) Depreciation	16,00	18,52
b) Interest	28,42,35	20,37,73
Profit/(Loss) before Taxation	(20,57,39)	12,43
Exceptional item	29,58,15	—
Profit/(Loss) before Taxation	9,00,76	12,43
Tax Expense :		
Current Tax	3,50,00	—
Provision written back for earlier years (net)	(34,14)	—
Fringe Benefit Tax for earlier years (net of write back)	—	(25)
Profit/(Loss) after Taxation	5,84,90	12,18
Less : Transferred to Statutory Reserve	1,16,98	2,43
	4,67,92	9,75
Add : Transfer from Pension Reserve	45,00	—
Loss brought forward from previous years	(28,13,14)	(28,22,89)
Balance carried forward to Balance Sheet	(23,00,22)	(28,13,14)

OPERATIONS

The overall performance of the Company during the year under review was better than in the previous year. The total revenue from operations generated by the Company was Rs.27.58 crore as compared to Rs.19.41 crore in the previous year. The Company posted a net profit of Rs.5.85 crore as against Rs.12.18 lakhs earned in the previous year which can be attributed to the profit on sale of a portion of its immovable property, higher dividends on long term investments and higher interest income as compared to the previous year.

DIVIDEND

On account of 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 50:50 Joint Venture Agreement between the Company and D1 Oils Trading Ltd., U.K. to facilitate development of Jatropa Plantation under contract farming arrangements for production of bio diesel from Jatropa Oilseeds. Your Company presently holds 15.70% of equity capital in D1WML.

The plantation developed by the company under contract farming arrangements has been undergoing through initial gestation period at various levels of maturity. The farmers in North East are finding it difficult to maintain the plantation with excessive weed growth. In view of this the company has scaled down the level of activities in North East and abandoned the plantation in Tripura. The plantation in Jharkhand, though has delayed growth, is gradually becoming productive and there has been notable increase in



oilseed harvest. The company has focused its operation in Jharkhand.

In view of this the company has decided to process Jatropha Oilseed on third party installation and defer the investment in manufacturing facilities until the volume increased for commercial processing. Accordingly, the company has surrendered the land taken on lease from Assam Industrial Development Corporation, for factory in Industrial Growth Centre, Balipara, Assam.

The company has reduced its overhead cost to the present scale of operation to manage the plantation and the working capital with the fund available in the Company.

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. 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, three Associate Companies namely Eveready Industries Limited, Kilburn Engineering limited and Babcock Borsig Limited and one Joint Venture Company DIWilliamson Magor Bio Fuel Limited 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. D. Khaitan, T. R. Swaminathan and G. Momem 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 2012 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 with no material departures ;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates





that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period ;

- (iii) that the directors had 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 fraud and other irregularities ;
- (iv) that the directors had prepared the annual accounts 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.

27th July, 2012
Kolkata

For and on behalf of the Board

A. KHAITAN – Director
R.S. JHAWAR – Director

ANNEXURE TO DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2011-12 was a year of unfulfilled expectations for the Indian Economy. The economy had witnessed slowdown in many sectors primarily on account of falling exports owing to the European economic crisis coupled with high rate of interest caused by steep inflationary trend and also unprecedented high price of crude oil in the Global Market. The Finance and Investment sectors like many other sectors have been adversely affected by both domestic and external factors. The companies operating in the investment and financial sector as also in the manufacturing sector had a difficult year on account of cost of funds being very high. The Stock Market remained weak for the major part of the year because of unfavourable investment climate along with significantly low inflow of foreign investment in the country. It is felt that the recent reduction of CRR and cutting of Repo Rate by 50 basis points by RBI to increase the liquidity was far below the requirement.

In an effort to maintain a balance between growth and inflation, RBI is seemingly more concerned about high inflation than slow rate of growth. The financial sector is eagerly waiting for the fall in inflation followed by the rate cut which is likely to help the sector regain its lost ground.

OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The principal business of your Company is investing and lending of funds. Some of the investee companies are doing well and few have recommended higher dividends which should increase the income of your Company.

The Company being a Member of Credit Information Bureau (India) Limited ('CIBIL'), a credit information company pursuant to the Credit Information Companies (Regulation) Act, 2005 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 outlook for the Indian Equity Market is cloudy with the renewed Euro Zone debt crisis, policy inaction, high inflation, widening current account deficit and slow growth which continue to bother the stock market investors whose confidence is unlikely to improve in the immediate future.

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.

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 and due to income from sale of a certain portion of its immovable property. Recovery of loans and 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 AND THEIR ADEQUACY

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 Revised 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.

27th July, 2012
Kolkata

For and on behalf of the Board

A. KHAITAN – Director
R.S. JHAWAR – Director