

WILLIAMSON MAGOR & CO. LIMITED

Annual Report & Accounts 2016-2017



ESTD. 1868



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WILLIAMSON MAGOR GROUP
WILLIAMSON MAGOR & CO. LTD.

PRINCIPAL ACTIVITIES : NON-BANKING FINANCE & PROPERTY OWNERS

GROUP COMPANIES

EVEREADY INDUSTRIES INDIA LIMITED
McLEOD RUSSEL INDIA LIMITED
WOODSIDE PARKS LIMITED
MAJERHAT ESTATE & DEVELOPERS LIMITED
DI WILLIAMSON MAGOR BIO FUEL LIMITED
KILBURN ENGINEERING LIMITED
McNALLY BHARAT ENGINEERING COMPANY LIMITED
WILLIAMSON FINANCIAL SERVICES LIMITED
BABCOCK BORSIG LIMITED
DUFFLAGHUR INVESTMENTS LIMITED
BISHNAUTH INVESTMENTS LIMITED
(FORMERLY METALS CENTRE LIMITED)
UNITED MACHINE CO. LIMITED
ICHAMATI INVESTMENTS LIMITED
THE STANDARD BATTERIES LIMITED
McNALLY SAYAJI ENGINEERING LIMITED
BORELLI TEA HOLDINGS LIMITED (U.K.)
PHU BEN TEA COMPANY LIMITED (VIETNAM)
McLEOD RUSSEL UGANDA LIMITED
McLEOD RUSSEL MIDDLE EAST DMCC (DUBAI)
McLEOD RUSSEL AFRICA LIMITED
GISOVU TEA COMPANY LIMITED
PFUNDA TEA COMPANY LIMITED

**DIRECTORS**

B. M. KHAITAN - *Chairman*
A. KHAITAN - *Vice Chairman*
AMRITANSHU KHAITAN
T. R. SWAMINATHAN
R. S. JHAWAR
DR. R. SRINIVASAN
G. MOMEN
BHARAT BAJORIA
H. M. PAREKH
SONALI SINGH

SECRETARY

H. U. SANGHAVI

MANAGER & CFO

TULADRI MALLICK

AUDITORS

LOVELOCK & LEWES
Chartered Accountants

BANKERS

HDFC BANK LTD.
ICICI BANK LTD.
UNITED BANK OF INDIA

SHARE TRANSFER AGENTS

MAHESHWARI DATAMATICS PVT. LTD.
6, MANGOE LANE, 2ND FLOOR
KOLKATA-700 001
TEL : 003-2243-5809, 033-2243-5029, 033-2248-2248
FAX : 033-2248-4787
E-mail : mdplc@yahoo.com

REGISTERED OFFICE

FOUR MANGOE LANE
SURENDRA MOHAN GHOSH SARANI
KOLKATA-700001
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



REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

The Directors present the Annual Report with the Audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL RESULTS

(₹ in Thousands)

	2016-17	2015-16
Profit (Loss) before Depreciation and Finance Costs	5,55,090	2,67,981
Less: a) Depreciation	906	1,132
b) Finance Costs	7,03,135	4,40,341
Profit/(Loss) before Exceptional Items and Tax	(1,48,951)	(1,73,492)
Exceptional Item	-	-
Profit/(Loss) before Tax	(1,48,951)	(1,73,492)
Tax Expense :		
Current Tax	-	-
Earlier Period	-	4,291
Provision written back for earlier years(net)	-	(19,260)
Profit/(Loss) for the year	(1,48,951)	(1,58,523)
Loss brought forward previous years	(4,79,705)	(3,21,182)
Balance carried forward to Balance Sheet	(6,28,656)	(4,79,705)

OPERATIONS

The revenue earned by the Company during the year amounted to ₹ 51.87 crores as against ₹ 34.67 crores earned in the previous year, which is primarily due to more interest income earned on loans given as compared to the earlier year. The other income includes ₹ 15.06 crores on account of recovery of certain bad debts written off in earlier years and certain provisions and liabilities no longer required which have also been written back in the accounts. The Company, however, continues to have operations loss which was lower than the previous year.

DIVIDEND

On account of the accumulated loss, your Directors regret their inability to recommend any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis Report is attached as Annexure I and forms part of this Report.

REPORT ON CORPORATE GOVERNANCE

In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance and the Auditors' Certificate regarding Compliance of Conditions of Corporate Governance are attached as Annexure II and Annexure III respectively and form part of this Report.



The disclosure as required pursuant to Section II of Part II of Schedule V to the Companies Act, 2013 regarding element of remuneration package, details of fixed and performance linked incentives along with performance criteria and stock option has been given in MGT-9 attached to this Report. Apart from the said disclosures, Mr. Tuladri Mallick, Manager has a service contract of 3 (three) years and a notice period of 3 (three) months and there is no provision for any severance fees.

ASSOCIATES AND JOINT VENTURES

During the year under review, the Company had four associate companies and one joint venture company as follows :-

- i) Majerhat Estates & Developers Limited – Associate Company
- ii) Kilburn Engineering Limited – Associate Company
- iii) Eveready Industries India Limited – Associate Company
- iv) McNally Bharat Engineering Company Limited – Associate Company
- v) D1 Williamson Magor Bio Fuel Limited – Joint Venture Company

D1 WILLIAMSON MAGOR BIO FUEL LIMITED

D1 Williamson Magor Bio Fuel Limited (D1WML) was incorporated under a 50:50 joint venture agreement between the Company and D1 Oils Trading Ltd. UK to facilitate development of Jatropha Plantation under contract farming arrangements for production of bio diesel from Jatropha oilseeds. Your Company presently holds 15.70% of equity capital of D1WML.

D1WML has concentrated its efforts towards convergence of existing jatropha plantations in the state of Jharkhand having abandoned its plantation in North East of India due to excessive weed growth.

The gestation period of the plantation being longer than estimated time, has been the major deterrent factor towards commercial production. In addition, the unprecedented fall in the price of petroleum crude oil globally has resulted in less potential price of biodiesel, though it may be a temporary phenomena.

The Company has, however, made appropriate provisions in the accounts based on the present situation.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

As required under Section 129(3) of the Companies Act, 2013, Consolidated Financial Statements of the Company, its two Associate Companies and one Joint Venture Company as mentioned above prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the Auditors' Report on the Consolidated Financial Statements are appended in the Annual Report.

A statement containing the salient features of the financial statements of the Company's aforesaid four Associate Companies and one Joint Venture Company pursuant to the first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 prepared in Form AOC-1 is attached to the financial statements of the Company for your information.

MATERIAL CHANGES AND COMMITMENTS BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

There are no material changes or commitments that have occurred between the end of the financial year and the date of this Report.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

The Company has in place a satisfactory internal control system to ensure proper recording of financial and operational information and to exercise proper and timely compliance of all regulatory and statutory compliances as applicable to the Company.



The Internal Audit of the various operations of the Company is periodically conducted by an outside agency which submits its report to the Audit Committee of the Board of Directors of the Company. The Audit Committee takes the same into consideration for the purpose of evaluation of Internal financial controls in the Company.

The existing Risk Management Committee of the Board of Directors of the Company monitors and reviews the risks associated with the Company's business operations and manages them effectively in accordance with the risk management system of the Company.

DIRECTORS

There has been no change in the Directorship of the Company since the last Report of the Board of Directors of the Company.

In accordance with Article 100 of the Articles of Association of the Company read with Section 152 of the Companies Act, 2013 ('the Act'), Mr. Amritanshu Khaitan will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

All the Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Director in terms of section 149 of the Companies Act, 2013 and the Board is also of the opinion that all of them fulfill all the conditions specified in the Act making them eligible to continue to act as Independent Directors of the Company.

All the Directors and both the Key Managerial Personnel of the Company as mentioned hereunder have confirmed compliance with the Code of Conduct as applicable to them and there are no other employees in the senior category.

KEY MANAGERIAL PERSONNEL

Mr. Tuladri Mallick has been re-appointed as the Manager of the Company under the Companies Act, 2013 ('the Act') for a period of three years with effect from 1st May, 2017 and possessing the requisite qualification, has also been designated as Chief Financial Officer of the Company with effect from the said date towards compliance of the relevant provisions of the Act and the erstwhile Listing Agreement with the Stock Exchanges and the relevant regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. H U Sanghavi, Company Secretary and Compliance Officer of the Company also continues as the other Key Managerial Personnel of the Company towards compliance of the relevant provisions of the Act and the erstwhile Listing Agreement with the Stock Exchanges and the relevant regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 134(3) of the Companies Act, 2013 ('the Act') your Directors state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed with along with proper explanation relating to material departures, if any;
- (ii) 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) 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) the Directors had prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively;
- (vi) there is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.



BOARD MEETINGS

During the year ended 31st March, 2017, five Board Meetings were held i.e. on 11th May, 2016, 30th May, 2016, 9th August, 2016, 8th November, 2016 and 3rd February, 2017.

BOARD EVALUATION

The formal evaluation of the performance of the Independent Directors, Non-Independent Directors, Chairperson and the Board of Directors as a whole and all Board Committees was carried out by the Board for the financial year ended 31st March, 2017 in accordance with the relevant provisions of Section 134 of the Act read with the Rule related thereto and Section 178 of the Act and Schedule IV to the Act and the same was found to be satisfactory.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company consists of Mr. T. R. Swaminathan, Dr. R Srinivasan, Mr. H. M. Parekh and Mr. G. Momen as its Members.

Mr. H. U. Sanghavi, Company Secretary acts as the Secretary of the Audit Committee. The Statutory Auditors and the Manager as well as the Chief Financial Officer of the Company are permanent invitees to the Audit Committee Meetings.

During the year ended 31st March, 2017 there were no instances where the Board of Directors of the Company had not accepted the recommendations of the Audit Committee. The Company has in place a vigil mechanism/whistle blower policy the details of which are available on the Company's website www.wmtea.com. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company.

COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS

The particulars required to be furnished in this regard are given in the terms of reference of the Nomination and Remuneration Committee as mentioned in the attached Report on Corporate Governance and also in the Remuneration Policy of the Company attached as Annexure IV to this Report.

AUDITORS AND AUDIT REPORT

Messrs. V Singhi & Associates, Chartered Accountants, are to be appointed as Auditors of the Company in place of the retiring Auditors Messrs. Lovelock & Lewes, Chartered Accountants in terms of Section 139 of the Companies Act, 2013 ("the Section") at the Annual General Meeting of the Company to be held on 22nd September, 2017 to hold office from the conclusion of the said Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the year 2022.

The Company has received their consent towards their appointment as the Auditors of the Company as well as their Certificate in terms of the Section.

There are no qualifications, reservations or adverse remarks made by the Auditors in their Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 are not disclosed in this Report because they form a part of the notes to the financial statements for the year ended 31st March, 2017 and are accordingly disclosed in such notes forming part of the financial statements of the Company for the said financial year.



PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The particulars of contracts with the related parties are given in Form AOC-2 which is attached as Annexure V to this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company has not formed any Corporate Social Responsibility Committee because the provisions of Section 135 of the Companies Act, 2013 relating to formation of such a Committee and the formulation of a Corporate Social Responsibility Policy do not apply to the Company.

SECRETARIAL AUDIT REPORT

A Secretarial Audit was conducted during the year by the Secretarial Auditor, M. K. B & Associates, Company Secretaries in accordance with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is attached herewith as Annexure VI and forms a part of this Report. There are no qualifications or observations or remarks made by the Secretarial Auditor in his Report.

EXTRACT OF ANNUAL RETURN

An extract of the annual return as provided under Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is given in MGT-9 which is attached as Annexure VII to this Report.

PARTICULARS OF EMPLOYEES

The relevant particulars required to be furnished pursuant to Section 197(12) of the Companies Act 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014 in this regard are attached as Annexure VIII to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure IX to this Report.

GOING CONCERN STATUS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern stand company's operations in future.

OTHER DISCLOSURE

In terms of requirements of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Rehabilitation) Act, 2013, the Company has associated itself with the Internal Complaints Committee formed by Mcleod Russel India Limited, one of the Companies forming part of Williamson Magor group with regard to dealing with sexual harassment at workplace.

Kolkata
8th August, 2017

For and on behalf of the Board
A. KHAITAN - Vice Chairman
R. S. JHAWAR - Director



ANNEXURE I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT INDUSTRIAL STRUCTURE AND DEVELOPMENTS

The year 2016-17 witnessed major financial reforms which are likely to have positive impacts on the economy. The growth of Indian economy during the year was projected to be around 7.2%. However, on account of demonetization of Indian currency of higher denominations, there was a temporary slowdown in the economic activities resulting in reduction in the growth rate in the last two quarters of the financial year. Normalcy has since been restored in the monetary system by re-monetization to the extent of 86% of the cancelled notes.

On the monetary policy front, Reserve Bank of India ("RBI") reduced the Repo rate by 50 basis points to 6.25% during the financial year 2016-17. The domestic retail inflation continued to be moderate despite increase in global commodity prices. A favourable monsoon after two consecutive years of deficiency helped to lower food inflation. The country is having a normal monsoon in the current year as well which should help in keeping the food prices under control. A good monsoon will also boost the rural economy which in turn will enhance the demand of various commodities. In view of lower inflation, RBI has recently reduced the Repo rate by a further 25 basis points. The Companies engaged in the financial sector will benefit from the falling rate of interest. Enactment of Insolvency and Bankruptcy Code, 2016 will help such companies in recovery of overdue loans.

The year 2016-17 also witnessed a major policy initiative aimed at transforming the indirect tax structure in the country by introduction of Goods and Services Tax ("GST"). As a step towards this direction, the Constitution of India was amended leading to the implementation of GST from 1st July, 2017. All these reforms are expected to bear fruit in the years to come.

OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

Your Company being a Non-Banking Financial Company is primarily engaged in the business of making investments and giving loans to various bodies corporate. The major part of the loans and investments made by the Company are in the Group Companies. Some of the Companies where the Company holds sizeable shares declared reasonable dividend in the last year and they are expected to declare dividend in the current year too. With the improvement in the business scenario the Company expects timely recovery of loans with interest thereon from its borrowers. Being a part of the Williamson Magor Group, the Company is in a position to derive benefits from the Group infrastructure and the reputation that the Group enjoys in the corporate world. On account of various financial reforms undertaken by the Government, the Stock Market is expected to remain bullish which is likely to enhance the value of listed Shares held by the Company.

The Company has considerable investments in the shares of a few listed Companies. In a volatile market the Company is exposed to the risk of fluctuation in share prices. This however is not likely to affect the working of the Company as a major part of the said investments are held on a long term basis and temporary fluctuations of those shares in the stock market do not have much financial implication to the 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 Members who may be its lenders/borrowers (not being Group Companies). This will eventually minimize the Company's risk of operations.

OUTLOOK

Earnings of the Company depend on the performance of the Companies where the Company has invested funds in equities or given loans. With better growth prospects continuing with a stable Government at the Centre who has been taking measures for several financial reforms, the economy is expected to grow faster offering better environment for the industries to perform better. The Companies where the company has invested funds or to whom it has lent money are expected to improve their performance. As a result the Company hopes to generate higher income in the form of interest, dividend and other income in the current year.