



Mackinnon Mackenzie & Company Ltd.

**Annual Report
2000 - 2001**

BOARD OF DIRECTORS

Vice Admiral K. R. Menon
Minoo Kaikhushroo Bezonjee Capadia
Rear Adml. P. K. Sinha
Captain N. B. Jamnerkar
Captain O. P. Dogra

AUDITORS

J.D. Mehta & Co., Chartered Accountants, Bombay

**ADVOCATES AND
SOLICITORS**

Maneksha & Sethna, Bombay

**REGISTRAR AND SHARE
TRANSFER AGENTS**

Datacorp Management Services,
202-204, Nariman Ind. Estate,
Link Road, Malad (W),
Mumbai - 400 064

BANKERS

Bank of India
Central Bank of India
Indian Bank
Standard Chartered Bank

REGISTERED OFFICE

4, Shoorji Vallabhdas Marg, Ballard Estate,
Bombay - 400 038.

In view of the high cost of paper and printing, copies of the Annual Report cannot be distributed at the Annual General Meeting. You are, therefore, requested to bring your copy of the Annual Report to the Meeting.

NOTICE

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Shareholders of MACKINNON MACKENZIE & COMPANY LIMITED will be held on Thursday, the 27th September, 2001 at 10:00 a.m. at M.C. GHIA HALL, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001, to transact the following business:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Capt. N. B. Jamnerkar who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 224 of the Companies Act, 1956, Messrs J. D. Mehta & Co., Chartered Accountants, be and hereby re-appointed Auditors of the Company to hold office from the conclusion of the Fiftieth Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

NOTES:

- a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxy forms should be deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
- b) The Register of Members and the Share Transfer Books of the Company will be closed from Thursday, 20th September, 2001 to Thursday, 27th September, 2001 (both days inclusive) in terms of the provisions of Sections 154 of the Companies Act, 1956.

By Order of the Board of Directors
For Mackinnon Mackenzie & Company Limited

M.K.B. CAPADIA
DIRECTOR

CAPT. N.B. JAMNERKAR
DIRECTOR

Mumbai, 24th August, 2001, Mumbai 400 001.
Registered Office: 4, Shoorji Vallabhdas Marg, Ballard Estate.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

To the Members,

MACKINNON MACKENZIE & COMPANY LIMITED

The Directors present their 50th Annual Report together with the Audited Accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS :

During the year the Company had an operating deficit of Rs. 5,12,27,701/- as summarised below :-

	Year ended 30.03.2001 Rs.	Year ended 30.03.2000 Rs.
1. Income from operations	99,16,110	97,00,076
2. Other Income	15,46,316	27,92,832
3. Total Expenditure	6,26,90,136	193,81,353
4. Gross Profit/(Loss) before interest	(5,12,27,701)	(68,88,445)
Depreciation & Tax		
Less : (a) Interest	5,33,207,213	45,40,40,458
(b) Provisions for depreciation	2,11,783	2,40,220
Profit/(Loss) before extraordinary/prior period items & Tax	(58,46,46,697)	(46,11,69,123)
Less : (c) Extraordinary / prior period items	27,31,043	40,24,351
(d) Provision for Wealth Tax	—	8,63,897
5. Net Profit / (Loss) after Tax	(58,19,15,654)	(45,80,08,669)
6. Appropriation of Profit/and Reserves	—	—
(a) Add: Short Provision for Income Tax in respect of earlier year	9,85,592	—
(b) Add: Profit/(Loss) B/F from earlier year	(3,03,46,74,199)	(2,57,66,65,530)
(c) Less : Transferred to General Reserve	—	—
(d) Transferred to Deb. Redemption Reserve	—	—
7. Cumulative Profit/(Loss)	(3,61,75,75,445)	(3,03,46,74,199)

The debit balance in the Profit & Loss Account after considering prior years' adjustments stands at Rs. 3,61,75,75,445/-.

2. DIVIDEND :

In view of the losses suffered by the Company, your Directors do not recommend dividend for the year under review.

3. REPORT ON OPERATIONS :

It is much regretted to advise that all business activities of the Company at Bombay, New Delhi and Kolkata have ceased to exist, as a result of extreme paucity of funds. The situation in Kolkata is causing a great deal of concern, as a result of action taken by some of sub-tenants. Under tremendous pressure, the Company has arrived at a settlement with the 165 members of the staff: but, we have yet to find the resources for effecting payment to them.

4. PROSPECTS :

Any possibilities of any future business activity is totally dependant upon an amicable settlement with the Banks, and your Company is very actively pursuing such negotiations with the Banks.

5. QUALIFICATIONS IN AUDITORS' REPORT :

With reference to the comments contained in their report, the position has been explained in the Notes to the Accounts and are self-explanatory. Information Pursuant to Section 217 of the Company's Act, 1956 is given in Schedule 19 with Balance Sheet and Profit and Loss Account.

6. DIRECTORS :

Capt. N.B. Jamnerkar retires by rotation and being eligible offers himself for re-appointment

7. FIXED DEPOSITS :

The Company has not accepted any fixed deposits from the public during the year under review.

8. AUDITORS :

Members are requested to appoint Auditors and fix their remuneration. M/s. J.D. Mehta & Co., Chartered Accountants the retiring auditors are eligible for re-appointment.

9. DIRECTORS RESPONSIBILITY :

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the period under review. Pursuant to Section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the Directors hereby confirm that :

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) Appropriate accounting policies have been selected and applied consistently and judgement and estimates that are reasonable and prudent have been made 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 loss of the Company for that period.
- (iii) Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities have been taken to the best of their knowledge and ability.
- (iv) The annual accounts have been prepared on a "going concern basis."

10. FAIRLIE INVESTMENT & PROPERTIES LIMITED.

The Board of Directors has already filed an application with ROC to delete the name of the Company from its Register. The reply is awaited.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO:

The Company does not have activities related to conservation of energy and technology absorption. During the year foreign exchange outgo was Rs. 14,851/-. The foreign exchange earned during the year was Rs. 5,01,476/

12. PARTICULARS OF EMPLOYEES :

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

10. ACKNOWLEDGEMENT :

Your Directors take this opportunity of thanking the Shareholders, and the Company's Bankers and Auditors, Business Associates, Mumbai Port Trust and Employees for their co-operation received during the year under review.

On behalf of the Board of Directors
M.K.B. CAPADIA
CAPT. N.B. JAMNERKAR
DIRECTORS

Date : 24th August, 2001
Place : Mumbai

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the attached Balance Sheet of Mackinnon Mackenzie and Company Limited as at March 31, 2001 and the annexed Profit & Loss Account for the year ended on that date which are in agreement with the books of account and report that:

- 1) As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 of India and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations provided to us during the course of audit, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
- 2) We refer to Notes 1, 2, 7, 9, 10, 11, 13 and 17 appearing in Schedule 19 with regard to the following:
 - a) Investments made at Calcutta Rs 76,500 are presently not available physically as building is destroyed by fire. (Refer Note No.1 in Schedule 19).
 - b) Despite continued huge losses resulting in total erosion of the network of the Company, the accounts for the year have been prepared on the assumption of going concern basis. Should the Company be unable to continue as a going concern, the extent of effect the resultant adjustments would have on the net worth at the year end and the loss for the year is not ascertainable. (Refer Note No.2 in Schedule 19).
 - c) Non Provision of Doubtful Loans and Advances.
Loans and Advances shown under "Advances Recoverable in Cash or kind or for value to be received- Unsecured Considered Good" includes certain old balances amounting to Rs.1,12,63,374/- including amount receivable from the Court Receiver amounting to Rs. 73,43,831/- for which no provision for doubtful items if any, has been made in the accounts pending review/ confirmation of the same. As a result, the effect of such non -provision on the loss for the year cannot be ascertained. (Refer Note No. 10 in Schedule 19)
 - d) Sundry Creditors includes an amount of Rs 29,79,993/- which represent old balances for which no write back has been made in the accounts pending the review / confirmation of the same. As a result, the effect of such write back, if any, on the loss for the year cannot be ascertained. (Refer Note No. 11(a) in Schedule 19)
 - e) We refer to Note 11(b) in the Schedule 19 regarding certain old credit balances outstanding in various accounts amounting to Rs.3,65,59,885/- for which no write back has been made in accounts pending the review / confirmation of the same. As a result, the effect of such write back, if any on the loss for the year cannot be ascertained.
 - f) The Company's Bankers have filed suits in the Bombay High Court for recovery of loans outstanding as on March 31, 1991 aggregating to Rs.61,66,06,521. However, these loans along with the interest accrued and due amounting to Rs. 3,47,21,67,240/- is outstanding as on March 31, 2001 and have been included in the Schedule No. 3 of the Accounts. Excess interest provision, if any, pending review / confirmation from the company's Bankers and Court Receiver cannot be ascertained at this stage. As per the directions of the Bombay High Court, a Court Receiver has been appointed for the administration of the building at Bombay and Calcutta in December 1993. An amount of Rs. 3,01,06,239/- representing rent collected by Court Receiver till 31 March 2001 from sundry debtors and an amount of Rs.1,11,64,173/- representing matured fixed deposit with the Company's Bankers have been adjusted with the secured loans amounts. The expenses if any of the Court Receiver have not been provided for in the books. However, no confirmation / certificate is available from the Company's Bankers/ Court Receiver for the same. We are, therefore, unable to comment on the effect of the same, if any, on the sundry debtors and secured loans, as at March 31 2001.(Refer Note No. 9 & 13 in Schedule 19).
 - g) The Company has an investment of Rs.18,000 and an advance of Rs 32,423 in Strand Properties Limited. Further the Company owes Rs. 26,68,871 and Rs.13,30,000 to Strand Properties Limited. The accumulated losses of Strand properties Limited as on March 31, 2001 amounting to Rs.74,40,480 greatly exceeds its net worth. No provision has been made for the possible loss in this regard. We are, therefore, unable to comment on the effect of the same, if any, on the loss for the year and accumulated losses as at March 31,2001 (Refer Note No. 7 in SCHEDULE 19).
 - h) Non- availability of confirmations in respect of balances of secured and unsecured loans, debtors, certain bank balances, deposits, advances and creditors appearing in Schedules 3,4,6,7,8,9 and 10 of the accounts respectively.
Consequential effect of the matters referred to in 2(a) to 2(h) above the loss for the year and accumulated losses as at 31st March 2001 is not ascertainable.
- 3) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards as referred to in sub-section 3(C) of the Section 211 of the Companies Act, 1956 except for long term investment in Strand Properties Limited and Mackinnon Travels (New Delhi) in respect of which, no provision has been made for permanent diminution in value on account of huge losses made by the said Companies.
- 4) On the basis of written representations received from the directors as on 31st March 2001, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2001 from being appointed as directors in terms of clause (g) of sec-section (1) of Section 274 of the Companies Act 1956.
- 5) a) Subject to our comments in Paragraph 2(b) to 2(h) above, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and in our opinion proper books of accounts have been kept by the Company as required by the law so far as it appears from our examination of those books.
b) Subject to the effect of such adjustments, if any, as might have been required, had the outcome of the uncertainties referred to in paragraph 2 above been known and subject to the matters referred to in paragraphs A5, A10 and A12 of the Annexure, in our opinion and to the best of our information and accordingl to the explanations given to us, the said accounts read together with Schedules 1 to 19 attached and in particular with Note No.10 (c) of Schedule 19, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in case of the Balance Sheet of the state of affairs of the Company as at March 31, 2001.
and
 - (ii) in the case of the Profit and Loss Account of the loss for the year ended on that date.

For J. D. Mehta & Company
Chartered Accountants

Mumbai
Dated:24th August, 2001

Proprietor
Membership No. 11472

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF AUDITOR'S REPORT OF EVEN DATE TO THE SHAREHOLDERS OF MACKINNON MACKENZIE & COMPANY LIMITED, ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001.

- (A)
1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. It is the Company's policy to verify all assets once in three years. The physical verification according to policy of the Company has been carried out during the previous year except at Delhi branch, which was carried out during the year. No significant discrepancies were noticed on such verification.
 2. The fixed assets of the Company have not been revalued during the year.
 3. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (60 of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998.
 4. The Company has not granted any loans, secured or unsecured to company. Firms or other parties, listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of Sub-section (6) of Section 370 of the Companies Act, 1956, provision of the Section are not applicable to a Company on or after 31st October 1998.
 5. **The parties including employees to whom loans or advances in nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also generally regular in payment of interest where applicable except in certain cases where repayment are not as per stipulations, no write-off have been made pending the review/reconciliation's of the same. However, certain advances made by the Company where no repayment schedules are fixed, the Company is experiencing difficulties in the recovery of these amounts, some of which have been provided for in these accounts. The Company has written off advances amounting Rs. 53,570/- due from a Subsidiary Company.**
 6. In our opinion, internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of equipment and other assets. The Company being a service company does not sell any goods.
 7. There are no transactions of sale of service made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party.
 8. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.
 9. The Company is not a manufacturing, mining or processing Company and therefore does not have any by-products or scraps.
 10. **No internal audit has been carried out during the year, as the Company does not have internal audit system.**
 11. As informed by the Management, maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
 12. **The Company has not been regular in depositing the Provident Fund and ESIC dues with the appropriate authorities. An amount of Rs. 2,71,787/- and Rs.25,700/- for Provident Fund and ESIC dues respectively is outstanding as of 31st March 2001.**
 13. There were no undisputed amounts payable in respect of Wealth tax, customs duty and excise duty as at 31st March 2001, which were outstanding for a period of more than six months from the date they became payable.
 14. During the course of examination of books of accounts carried out in accordance with the generally accepted accounting practices followed in India, we have not come across any personal expenses of the employees or directors which have been charged to revenue accounts, nor have we been informed of such case by the management, other than those payable under contractual obligations or in accordance with generally accepted business practices.
 15. By virtue of provisions of Section 1(4) of the Sick Industrial Companies (Special provisions) Act, 1985, this Act is not applicable to the Shipping Activities of the Company and thus the Company is not sick industrial company within the meaning of Clause (i) of the sub-section (1) of the Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (B) In respect of service activities:
1. The Company does not carry out any job work and the Company being engaged in Agencies, allocation of materials consumed and man hours to relative jobs is not applicable to the Company.
 2. Being a Company engaged in Agencies, allocation of stores and labour to jobs is not applicable to the Company. The provisions of clause (iii),(iv),(v),(vi) & (xii) of sub paragraphs 4(A) are not applicable to the Company.

For J. D. Mehta & Company
Chartered Accountants

Mumbai
Dated:24th August, 2001

Proprietor
Membership No. 11472

BALANCE SHEET AS AT 31ST MARCH, 2001.

	Schedule No.	Rs.	As at 31.3.2001 Rs.	Rs.	As at 31.3.2000 Rs.
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
CAPITAL	1		2,48,61,125		2,48,61,125
RESERVES AND SURPLUS	2		1,12,46,274		1,12,46,274
LOAN FUNDS					
Secured Loans	3	3,47,21,67,240		2,94,21,45,033	
Unsecured Loans	4	54,25,394	3,47,75,92,634	45,80,020	2,946,725,053
Total			<u>3,51,37,00,033</u>		<u>2,98,28,32,452</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross block		1,44,29,612		1,44,39,211	
Less : Depreciation		<u>1,10,30,003</u>		<u>1,08,30,370</u>	
Net block	5		33,99,609		36,08,841
INVESTMENTS	6		3,75,663		3,75,663
CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors	7	1,06,16,176		1,17,74,500	
Cash and Bank Balances	8	66,92,704		59,49,169	
Other Current Assets -					
Interest accrued on Investment		8,544		9,663	
Loans and Advances	9	<u>1,42,70,722</u>		<u>2,76,96,105</u>	
		<u>3,15,88,146</u>		<u>4,54,29,437</u>	
Less: CURRENT LIABILITIES AND PROVISIONS					
Liabilities	10	12,89,96,959		8,92,87,492	
Provisions	11	<u>19,61,124</u>		<u>36,87,448</u>	
		<u>13,09,58,083</u>		<u>9,29,74,940</u>	
NET CURRENT ASSETS			(9,93,69,937)		(4,75,45,503)
DEBIT BALANCES IN PROFIT & LOSS A/C		3,61,75,75,445		3,03,46,74,199	
LESS: BALANCE IN GENERAL RESERVE		<u>82,80,748</u>	<u>3,60,92,94,697</u>	<u>82,80,748</u>	<u>3,02,63,93,451</u>
TOTAL			<u>3,51,37,00,033</u>		<u>2,98,28,32,452</u>

Schedules referred to above form an integral part of the Balance Sheet and should be read in conjunction therewith.

In terms of our report of even date

For J.D. MEHTA & COMPANY

Chartered Accountants

J.D. MEHTA

Proprietor

Mumbai, Dated : 24th August, 2001

M.K.B. CAPADIA
R. ADMR. P. K. SINHA
CAPT. N. B. JAMNERKAR

Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001.

	Schedule No.	Year ended 31.3.2001 Rs.	Year ended 31.3.2000 Rs.
INCOME			
Revenue	12	99,16,119	97,00,076
Other Income	13	15,46,316	2792832
		<u>1,14,62,435</u>	<u>1,24,92,908</u>
EXPENSES			
Employee Remuneration and benefits	14	5,28,83,305	40,76,008
Other Operating Expenses	15	43,21,651	70,33,826
Depreciation		2,11,783	2,40,220
Provisions	16	54,85,180	82,71,519
Interest and Guarantee Commission	17	53,32,07,213	45,40,40,458
		<u>59,61,09,132</u>	<u>47,36,62,031</u>
Loss before prior years' adjustments		58,46,46,697	46,11,69,123
Prior years' adjustments	18	27,31,043	40,24,351
Loss after prior years' adjustments		58,19,15,654	45,71,44,772
Short Provision for Taxation for Prior Year		9,85,592	8,63,897
Loss After Tax		<u>58,29,01,246</u>	<u>45,80,08,669</u>
Previous year's balance brought forward		3,03,46,74,199	2,57,66,65,530
		<u>3,61,75,75,445</u>	<u>3,03,46,74,199</u>
	Total:		

Schedules referred to above form an integral part of the Profit & Loss Account and should be read in conjunction therewith.

In terms of our report of even date.

For J.D. MEHTA & COMPANY

Chartered Accountants

J.D. MEHTA

Proprietor

Mumbai, Dated : 24th August, 2001

M.K.B. Capadia

Rear Admrl. P.K. Sinha

Capt. N.B. Jamnerkar

Directors

SCHEDULE - 1			
	Rs.	As at 31.03.2001 Rs.	As at 31.03.2000 Rs.
SHARE CAPITAL			
Authorised :			
25,00,000 Equity Shares of Rs. 10/- each		25,000,000	25,000,000
15,00,000 Unclassified Shares of Rs.10/- each		15,000,000	15,000,000
		40,000,000	40,000,000
Issued and Subscribed :			
25,00,000 Equity Shares of Rs. 10/- each	25,000,000		25,000,000
Less : Amount in arrears :			
From other than Directors	138,875	24,861,125	138,875
		24,861,125	24,861,125

Of the above 9,99,930 Equity Shares were allotted as fully paid-up pursuant to a contract without payment being received in cash.

SCHEDULE - 2			
RESERVES AND SURPLUS			
1. Capital Reserve as per last Balance Sheet		11,246,274	11,246,274
2. General Reserve as per last Balance Sheet	8,280,748		8,280,748
Transfer to Debit Balance in Profit & Loss Account	8,280,748	—	8,280,748
		11,246,274	11,246,274

SCHEDULE - 3 *			
SECURED LOANS			
From Banks :			
Secured by pledge of certain investments and mortgages of immovable properties (Includes interest accrued & due Rs. 1,573,696,720/-			
Previous year Rs. 1,295,676,330/-		1,820,977,452	1,545,171,795
Secured by mortgage of building and hypothecation of Book debts. (Includes Interest accrued and due Rs 1,454,560,631/-			
Previous year Rs.1,200,344,081/-)		1,651,189,788	1,396,973,238
		3,472,167,240	2,942,145,033

Of which Rs. Nil repayable within one year and Rs. 3,472,167,240/- overdue for payment (Previous year - repayable within one year Rs. Nil and overdue for payment Rs. 2,942,145,033/-)

* Refer Note No. 9 & 13 in Schedule 19

SCHEDULE - 4			
UNSECURED LOANS			
Bank Overdraft		4,095,394	3,250,020
Others		1,330,000 **	1,330,000
		5,425,394	4,580,020

** From Strand Properties Ltd. a Subsidiary of the Company (Previous Year Rs. 1,330,000/-)

SCHEDULE - 5										
FIXED ASSETS										
	GROSS BLOCK AT BOOK VALUE				DEPRECIATION				NET BLOCK	
	As at 31.03.2000	Additions during the year	Deductions during the year	As at 31.03.2001	As at 31.03.2000	Additions during the year	Deductions during the year	As at 31.03.2001	As at 31.03.2001	As at 31.03.2000
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Land & Buildings										
On Freehold Land	5,85,000	—	—	5,85,000	381,386	4,330	—	385,716	199,284	203,604
On Leasehold Land	11,099,351	—	—	11,099,351	7,881,373	160,899	—	8,042,272	3,057,079	3,217,978
2. Furniture & Fittings	482,277	2,550	8,114	476,713	458,880	6,787	8,114	457,553	19,160	23,397
3. Office & Electrical Equipments	1,528,677	—	4,036	1,524,641	1,430,582	13,644	4,036	1,440,191	84,451	98,095
4. Transport Vehicles	73,801	—	—	73,801	72,451	350	—	72,800	1,000	1,350
5. Plant & Machinery	670,106	—	—	670,106	605,699	25,773	—	631,472	38,634	64,407
Total	14,439,211	2,550	12,150	14,429,611	10,830,370	211,783	12,150	11,030,003	33,99,609	3,608,841
As on 31.03.2000	21,227,555	—	3,529,134	1,44,39,211	1,31,59,279	2,40,220	25,69,129	1,08,30,370	36,08,841	

SCHEDULE - 6

	Year ended 31.3.2001		Year ended 31.3.2000	
	Rs.	Rs.	Rs.	Rs.
INVESTMENTS (At Cost)				
LONG TERM INVESTMENTS (At Cost)				
1. Government Securities (Quoted)				
* 10,000 5.5% Loan 1995	10,120		10,120	
* 43,000 5.5% Loan 2000	43,043	53,163	43,043	53,163
2. Government Securities (Unquoted)				
* 7 Year National Savings Certificates		5,000		5,000
* Lodged with relevant Authorities				
3. Trade Investments (Unquoted)				
Hill Properties Ltd.				
2 "A" Equity shares of Rs.1,20,000 each				
paid-up per share Rs.1,18,000 (Lodged with Bank)		2,36,000		2,36,000
(Refer Note No. 11 in Schedule 19)				
Woodland Hospital and Medical Research				
Centre Limited. East India Clinic Ltd.				
Registered Mortgage Debenture 1952		12,000		12,000
5% Non-redeemable Registered Debenture Stock 1959		35,000		35,000
Bengal Chamber of Commerce & Industry				
6.5% Non redeemable Registered Debenture 1962		9,000		9,000
Atlas Ores & Mineral Pvt. Ltd. (In liquidation)				
200 Ordinary Shares of Rs.100/- each fully				
paid-up	20,000		20,000	
Less : Provision to date	(20,000)	-	(20,000)	-
4. Subsidiary Companies (Unquoted)				
Fairlie Investments & Properties Ltd.				
2 Equity Shares of Rs.100 each fully paid		-		-
(Received by the company as Gift)				
Mackinnons Travel (New Delhi) Ltd.				
750 Equity Shares of Rs.10/- each fully paid		7,500		7,500
Strand Properties Ltd.				
720 Equity Shares of Rs.10 each fully paid		18,000		18,000
		3,75,663		3,75,663
Market value (Quoted) of Government Securities		Not ascertainable		Not ascertainable

SCHEDULE - 7
SUNDRY DEBTORS

i) Unsecured considered good :		
Debts outstanding for a period exceeding six		
months	76,13,035	1,06,08,229
(Refer Note No. 14 in Schedule 19)		
Other debts	30,03,141	11,66,271
ii) Unsecured considered doubtful :		
Debts outstanding for a period exceeding		
six months	6,40,38,192	6,36,18,054
	7,46,54,368	7,53,92,554
Less : Provision for doubtful debts	6,40,38,192	6,36,18,054
	1,06,16,176	1,17,74,500

SCHEDULE - 8

	Rs.	Year ended 31.3.2001 Rs.	Rs.	Year ended 31.3.2000 Rs.
CASH AND BANK BALANCES				
i) Cash and cheques on hand	31,443		34,340	
Less : Provision for Cash loss by fire (See Note 18 in Schedule 19)	(30,371)	1,072	-	34,340
ii) With Schedule Banks :				
On Current Account		4,15,544		3,58,876
On Margin Deposit ** (Refer Note No. 15 in Schedule 19)		62,67,088		55,13,953
On Fixed Deposits		9,000		9,000
Remittance in Transit		-		33,000
		<u>66,92,704</u>		<u>59,49,169</u>
** Includes Interest accrued		8,27,140		4,30,928

SCHEDULE - 9
LOANS AND ADVANCES

i) Advances recoverable in cash or in kind or for value to be received : Unsecured considered good ** Refer Note No. 7 & 10 in Schedule 19)		1,09,07,647		2,20,75,305
ii) Other advances - Unsecured considered good Balance with Customs and Port Trusts Deposit with Customs and Port Trusts Other deposits Tax deducted at source		86,301 6,27,402 27,21,821 24,25,770		86,301 6,27,402 27,26,021 21,81,076
iii) Advances considered doubtful		<u>1,03,86,579</u>		<u>83,05,526</u>
		2,71,55,520		3,60,01,631
Less: Provision for doubtful advances		<u>1,28,84,798</u>		<u>83,05,526</u>
		<u>1,42,70,722</u>		<u>2,76,96,105</u>
** Includes amounts due from Subsidiary Companies				
a) Fairlie Investments and Properties Limited		-		53,270
b) Mackinnons Travel (New Delhi) Ltd.		31,520		30,120
c) Strand Properties Ltd.		<u>32,423</u>		<u>70,66,967</u>
		<u>63,943</u>		<u>71,50,357</u>

SCHEDULE - 10
CURRENT LIABILITIES *

Sundry Creditors	7,79,31,260		3,91,99,391
Advances from Customers	2,12,32,674		2,13,46,573
Amounts held for Principals	72,90,019		61,98,523
Advances from tenants	84,51,449		84,51,449
Other advances	49,00,000		49,00,000
Security deposits	65,22,776		65,22,776
Payable to Subsidiary Co.-Strand Properties Limited	26,68,780		26,68,780
	<u>12,89,96,959</u>		<u>8,92,87,492</u>

* Refer Note No. 11 in Schedule 19

Sundry Creditors includes temporary book overdraft Rs. NIL (Previous year Rs.1,53,000/-).

SCHEDULE - 11
PROVISIONS

Provision for Gratuity	12,97,725		11,45,718
Provision for Leave Encashment	<u>6,63,399</u>		<u>25,41,730</u>
	<u>19,61,124</u>		<u>36,87,448</u>

SCHEDULE - 12

	Year ended 31.3.2001		Year ended 31.3.2000	
	Rs.	Rs.	Rs.	Rs.
REVENUE				
Commission and fees		23,33,861		21,09,519
Income from Property		75,82,258		75,90,557
		<u>99,16,119</u>		<u>97,00,076</u>

SCHEDULE - 13**OTHER INCOME**

Interest (Gross)

Trade Investments :

Governments Securities

64

2,365

Others

12,09,287

12,09,351

5,84,769

5,87,134

Profit on Sale of Fixed Assets

4,154

Miscellaneous

3,36,965

22,01,544

15,46,31627,92,832

Note : Tax, deducted at source on Interest & Commission

Government Securities

284

568

Others

2,33,297

67,064

SCHEDULE - 14**EMPLOYEES REMUNERATION AND BENEFITS**

Salaries, Wages and Bonus

29,48,518

24,84,033

Closure Compensation for Staff
(Refer Note No. 4 in Schedule 19)

4,08,25,742

Staff Provident and Other Funds

2,36,204

2,35,682

Staff Welfare Expenses

2,35,936

2,91,283

Retiral benefit

85,58,805

10,65,010

Leave Encashment Provision

78,100

5,28,83,30540,76,008

SCHEDULE - 15	Year ended 31.3.2001 Rs.	Year ended 31.3.2000 Rs.
OTHER OPERATING EXPENSES		
Rent	2,11,191	6,65,306
Rent Collection Charges	4,01,515	-
Rates and Taxes	7,19,095	7,76,030
Insurance	1,84,879	1,87,031
Repairs - Building	2,33,351	83,306
- Others	23,281	1,70,181
Electricity	1,10,778	1,25,564
Travelling	62,010	59,513
Staff Quarter expenses	58,871	1,54,440
Telegram, Telex, Telephones etc.	2,82,820	3,44,345
Transport expenses	3,31,208	5,68,849
Service Charges	-	7,048
Other purchased services	6,66,668	7,70,963
Auditors' remuneration (Refer Note No. 4 (a) in Schedule 19)	2,36,725	2,00,000
Directors' fees	3,750	2,750
Handling charges	34,575	51,565
Debts, Advances and Claim written off	2,32,355	8,65,520
Business Promotion	5,990	33,151
Printing and Stationery	46,766	90,276
Fixed Assets Written Off (Refer Note No. 5 in Schedule 19)	-	9,54,658
Fines & Penalties	1,15,187	-
Miscellaneous	3,60,636	9,23,330
	<u>43,21,651</u>	<u>70,33,826</u>
SCHEDULE - 16		
PROVISIONS		
For doubtful debts	8,66,114	51,30,529
For Cash Lost in Fire	30,371	-
For doubtful advances	45,88,695	31,40,990
	<u>54,85,180</u>	<u>82,71,519</u>
SCHEDULE - 17		
INTEREST AND GUARANTEE COMMISSION		
Interest - On Term Loans *	27,80,20,390	23,70,99,088
- Others	25,51,67,994	21,69,18,770
Guarantee Commission	18,829	22,600
	<u>53,32,07,213</u>	<u>45,40,40,458</u>
* Interest on Term Loans is net of an Interest Income accrued amounting to Rs. 1,36,99,594/- (Previous Year Rs. 1,16,83,182/-) retained by the towards sale proceeds collected and Company's Bankers for the sale of flat/ship of the Company in earlier years.		
SCHEDULE - 18		
PRIOR YEARS' ADJUSTMENTS		
Liabilities in respect of Previous Years' no Longer Required : Written Back	29,05,429	27,74,551
Prior Years' Income	12,65,991	14,17,198
Prior Years' Expenses	(14,40,377)	(1,67,398)
	<u>27,31,043</u>	<u>40,24,351</u>

SCHEDULE 19

NOTES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

1. Statement of Significant Accounting Policies

a) Basis of Accounting

The financial statements are prepared in accordance with the requirements of the Companies Act, 1956, including the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, under historical cost convention on an accrual basis.

b) Fixed Assets and Depreciation

- Fixed assets are stated at cost, less accumulated depreciation.
- Depreciation on Fixed Assets is provided on the "Written Down Value Method" (WDV) at the rate specified in Schedule XIV to the Companies Act, 1956.
- In case of assets sold/scrapped/disposed off, pro-rata depreciation is provided in the accounts upto the date of sale/scraping/disposal of the assets as the case may be.
- Assets costing less than Rs.5,000/- are fully depreciated in the year of purchase.

c) Investments

Long term investments are valued at cost. Provision has been made for permanent diminution in the value of investments, if any. Investments made at Calcutta are presently not available physically as building is destroyed by fire.

d) Foreign Currency Transactions

- Transactions in Foreign Exchange are recorded at the exchange rates prevailing on the date of transaction.
- Current Assets and Liabilities balances in foreign currency at the Balance Sheet date are translated with reference to year end exchange rates, the loss/gain, on such translations is accounted for in the Profit & Loss Account.

e) Retirement Benefits

- Retirement benefits are accounted on accrual basis with contributions to recognised Funds. Gratuity liabilities of employees are determined on the basis of an actuarial valuation.
- Leave Encashment is based on the certification by the management as regards leave lying to the credit of each employee at the year-end.

2. The accounts of the Company for the year have been prepared on the assumption of a going concern basis.

3. Contingent Liabilities

Year ended 31.03.2001 Year ended 31.03.2000
Rs. Rs.

- Claims not acknowledged as debts (includes Municipal Taxes of Rs.596 lacs approx. (Previous Year Rs.596 lacs.) 6,73,25,910 6,73,25,910
- Uncalled amounts on partly paid shares. 4,000 4,000
- Guarantees issued by the Company's Bankers 4,98,000 34,98,000
- Retrenched Staff
- (a) 60 clerical and 35 subordinate staff were retrenched on 4th August 1992 under Industrial Disputes Act at Mumbai. Each one was paid 15 days wages per completed year of service being compensation and one month's notice pay in addition to other dues. The Industrial Court has given a judgement against the Company on 08.03.96. However the Company has filed an appeal with the High Court against the same Order. (The Company has deposited an amount of Rs. 32,00,000/- with the Registrar, which has been shown under Loans and Advances recoverable in cash or in kind, or for value to be received - Unsecured considered good.) 2,23,49,234 2,23,49,234

4. Company has entered into Agreement with Kolkata Staff Union for Closure Compensation totally amounting to Rs. 5,12,16,751/- including gratuity and ex-gratia. Net Amount after deducting amount already provided in past and paid from Gratuity Fund is provided for in the accounts for the year Rs. 4,02,78,543/- is still due and payable.

5. a) Auditor's remuneration

2000-2001 1999-2000

- Audit Fees 2,00,000 2,00,000
- Tax Audit Fees 35,000 -
- Out of pocket expenses 1,725 -

b) Managerial Remuneration

- Salary 3,60,000 3,60,000
- Perquisites 2,54,064 3,26,372

6. Entry into the Calcutta branch of the Company located at 16, Strand Road, Calcutta has been prohibited by the relevant authorities following a devastating fire in the building on 7th November, 1998. Further, as a result of the fire, entire Calcutta operations of the Company came to a standstill and there were no operations during the year. The Company has closed Calcutta branch w.e.f. May 31, 2000 and all the staff has been terminated.

7. The Company has an investment of Rs.18,000/- in Strand Properties Limited and an advance of Rs. 32,423/- Further the Company owes Rs.13,30,000/- shown in Unsecured loans taken from Strand Properties Limited. The accumulated losses of Strand Properties Limited as on 31st March, 2001 amounting to Rs.74,40,480/- greatly exceeds its net worth. No provision has been made for the possible loss in this regard. Company has also investment of Rs 7500 in Mackinnon Travels (New Delhi) Limited. The accumulated losses of Rs 37366 far exceeds its net worth. No provision has been made for possible loss in this regard.
8. Foreign Exchange Earnings
- | | | |
|--|-----------|-----------|
| a) From Services rendered | 2000-2001 | 1999-2000 |
| Commission | 4,44,612 | 2,47,000 |
| b) Expenditure in Foreign Currency on account of Subscriptions | 56,864 | 2,16,372 |
| | 14,851 | 3,934 |
9. An amount of Rs. 3,01,06,239/- representing rent collected by the Court Receiver till 31st March 2001 from Sundry Debtors and an amount of Rs. 1,11,64,173/- representing matured fixed deposit with the Company's Bankers have been adjusted against the Secured Loans. These amounts have not been considered for calculation of Interest payable as the same is pending review/ confirmations.
10. Loans and advances include certain old balances amounting to Rs. 1,12,63,374/- including Rs. 73,43,831/- due from Court Receiver (Previous year Rs. 49,71,058/-), under "Advances recoverable in cash or in kind or for value to be received – Unsecured Considered Good" for which no provision for doubtful items, has been made in the accounts pending the review/ confirmation of the same. As a result, the effect of such non-provision on the loss for the year cannot be ascertained.
11. a) Sundry Creditors include an amount of Rs.29,79,993/-(previous year Rs.29,79,993/-) which represents old balances for which no write back has been made in the accounts pending the review/ confirmation of the same.
- b) Following amounts represent old balances for which no write back has been made in accounts pending the review / confirmations of the same :
- | | |
|--|--------------------------|
| Advances from Customers | Rs. 1,89,55,091/- |
| Advances and Amounts held for Principals | Rs. 42,53,345/- |
| Advances from Tenants | Rs. 84,51,449/- |
| Other Advances | Rs. 49,00,000/- |
| TOTAL | <u>Rs. 3,65,59,885/-</u> |
- c) In view of the multiplicity and identification of accounts relating to small scale undertakings, information for determining the particulars relating to current indebtedness to such undertakings as required under Schedule VI part I to the Companies Act, 1956 is not readily available.
12. Investments include an amount of Rs.2,36,000/- representing equity shares in a co-operative Society towards purchase of a flat. The possession of the same is pending litigation as an ex-director of the Company has illegally occupied the same.
13. The Company's bankers have filed suits in the Bombay High Court for recovery of loans outstanding as on 31st March, 1991 aggregating to Rs. 61,66,06,521. However, these loans along with interest accrued and due and amounting to Rs.347,21,67,240/- are outstanding as on 31st March, 2001 and have been included in Schedule No.3 of the Accounts.
- As per the directions of the Bombay High Court, a Court Receiver has been appointed for the administration of the buildings at Bombay and Calcutta in December 1993. An amount of Rs. 3,01,06,239/- representing rent collected by Court Receiver till 31st March 2001 from sundry debtors and an amount of Rs 1,11,64,173/- representing matured fixed deposit with the Company's Bankers have been adjusted with the secured loans amounts. The expenses if any of the Court Receiver have not been provided for in the books. No confirmation / certificate is available from the Company's Bankers/Court Receiver for the same.
14. Sundry Debtors include an amount due from the Company's bankers amounting to Rs.31,88,274/- which have not been adjusted against the loans, pending review/ confirmation of the same.
15. Cash and Bank balance includes an amount of Rs. 61,19,481/- deposited as margin money with the Company's Bankers who have filed suits against the Company in the Bombay High Court.
16. The Company has not been able to appoint a Company Secretary as required under Section 383A of the Companies Act, 1956, inspite of its best efforts. The efforts for appointing a Company Secretary are continuing.
17. Confirmations are not available in respect of balances of secured loans and unsecured loans, debtors, certain bank balances, deposits, advances and creditors appearing in Schedule 3,4,7,8,9 and 10 of the Accounts respectively.
18. Provision for loss of Cash on Hand Rs. 30,371/- at Kolkata is made as the building was destroyed in major fire and the management is not sure whether anything can be retrieved.
19. Previous years' figures have been regrouped/restated where considered necessary.

Signatories to Schedules 1 to 19

M.K.B.Capadia	}	Directors
Rear Admrl. P.K.Sinha		
Capt. N.B. Jamnerkar		

Mumbai, Dated: 24th August, 2001

CASHFLOW STATEMENT IN TERMS OF CLAUSE 32 OF LISTING AGREEMENT WITH STOCK EXCHANGE, MUMBAI.

	2000-2001		1999-2000	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) before Tax		(5,819.15)		(4,571.45)
Adjustment for :				
Depreciation	2.12		2.40	
(Profit)/Loss on Sale of Fixed Assets	—		(0.04)	
Fixed Assets written off	—		9.55	
Income from Investments	(12.09)		(5.87)	
Interest (Net)	5,332.07	5,322.10	4,540.40	4,546.44
Operating Loss before working capital changes		(497.05)		(25.01)
Adjustments for :				
Trade and other receivables	145.84		65.73	
Trade Payables	379.83	525.67	(0.07)	65.66
CASH GENERATED FROM OPERATIONS		28.62		40.65
Direct Taxes Paid (Net of refund received)	(9.86)	(9.86)	(8.64)	(8.64)
NET CASH FLOW FROM OPERATING ACTIVITIES		18.76		32.01
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(0.02)		—	
Sale of Fixed Assets	—		0.09	
Interest Received	12.09	12.07	5.87	5.96
NET CASH FLOW FROM INVESTING ACTIVITIES		30.83		37.97
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Long Term Borrowings (Net)		(23.39)		(78.97)
NET CASH FROM FINANCING ACTIVITIES		7.44		(41.00)
NET DECREASE IN CASH AND CASH EQUIVALENTS		7.44		(41.00)
OPENING CASH AND CASH EQUIVALENTS		59.49		100.49
CLOSING CASH AND CASH EQUIVALENTS		66.93		59.49

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2001.

- (1) The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard- 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- (2) Cash and Cash Equivalents include :

	2000-2001 Rs. In Lacs	1999-2000 Rs. In Lacs
Cash and Bank Balances	66.93	59.49

- (3) Previous year's figures have been regrouped, whenever necessary.

On behalf of the Board

Director
M.K.B. KAPADIA

Director
CAPT. N.B. JAMNERKAR

Director
Rear Admrl. P.K. Sinha
Executive Director

Mumbai , 24th August 2001.

AUDITORS CERTIFICATE

The above Cash Flow Statement has been compiled from and is based on the audited accounts of Mackinnon Mackenzie & Company Limited for the year ended 31st March, 2001 reported upon by us on 24th August, 2001. According to the information and explanations given to us and read together with Notes thereon, the aforesaid Cash Flow Statement has been prepared pursuant to Clause 32 of the Listing Agreement with the Stock Exchange, Mumbai and the reallocations required for the purpose are as made by the Company.

For J.D. MEHTA & CO.
Chartered Accountants

J.D. MEHTA
Proprietor

Mumbai, 24th August 2001.

STATEMENT FORMING PART OF THE ACCOUNTS AS ON 31ST MARCH, 2001

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I) REGISTRATION DETAILS

Registration No.	:	13,745
State Code	:	11
Balance-Sheet Date	:	31.03.2001

II) CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	:	1,30,958
Total Assets	:	31,588

SOURCES OF FUND :

Paid up Capital	:	24,861
Reserve & Surplus	:	11,246
Secured Loans	:	34,72,167
Unsecured Loans	:	5,425

APPLICATION OF FUNDS :

Net Fixed Assets	:	3,400
Investments	:	376
Net Current Assets	:	31,588
Miscellaneous Expenses	:	NIL
Accumulated Losses	:	36,09,295

IV) PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover	:	11,462
Total Expenditure	:	5,93,378
Profit/Loss before tax (+ for Profit,- for Loss)	:	-5,81,916
Profit/Loss after tax (+ for Profit,- for Loss)	:	-5,82,901
Earnings per Share in Rs.	:	NIL
Dividend Rate %	:	NIL

V) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per Monetary Terms)
Item Code No. (ITC Code)
Service Description

N.A.
Clearing Forwarding
Ship Manning
Ship Agency
Ship Operation
Travel Tour Services

Notes : The above particulars should be read alongwith the Balance Sheet as 31st March, 2001, the Profit and Loss Account for the year ended on that date and the schedules forming part thereof.

Statement pursuant to Section 212 of The Companies Act, 1956, Relating to Subsidiary Companies.

1. Mackinnon Mackenzie and Company Limited together with its nominee held the entire paid up share capital as at 31st March, 2001 of Fairlie Investments and Properties Limited and Mackinnons Travels (New Delhi) Ltd. As on that date, the Company also held 72% of the paid-up share Capital of Strand Properties Limited.
2. The losses of the Subsidiaries for the respective financial years relevant to the Company's financial year ended 31st March, 2001 so far as they concerned the Company were :

Name of the Subsidiary	Year ended	Profit/(Loss) Rs.
1. Fairlie Investment and Properties Ltd.	31-03-2001	NIL
2. Strand Properties Ltd.	31-03-2001	(358,499)
3. Mackinnons Travels (New Delhi) Ltd.	31-03-2001	(1,716)

These losses have not been dealt with in the accounts of the Company.

3. The Profits / (losses) of the Subsidiaries for previous financial years, since they became the Company's Subsidiaries, so far as they concern the Company.

Name of the Subsidiary :	Profit / (Loss) Rs.
1. Fairlie Investment & Properties Ltd.	(53,770)
2. Strand Properties Ltd.	(7,440,480)
3. Mackinnons Travels (New Delhi) Ltd.	(37,336)

These Profits / (Losses) have not been dealt with in the accounts of the Company.

4. There has been no change in the Company's interest in any of its Subsidiaries, between the end of the respective financial years of the Subsidiaries and that of the Company.
5. There has been no material changes between the end of the respective financial years of the Subsidiaries and that of the Company, in respect of
 - i) The Subsidiaries fixed assets ;
 - ii) Their investment;
 - iii) The moneys lent by them;
 - iv) The moneys borrowed by them for any purpose other than that of meeting current liabilities.

Mumbai, Dated : 24th August, 2001

M.K.B. CAPADIA
R. ADMR. P. K. SINHA
CAPT. N. B. JAMNERKAR

Directors

FAIRLIE INVESTMENTS AND PROPERTIES LIMITED

(Wholly-owned Subsidiary of Mackinnon Mackenzie and Company Limited)

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twentieth Annual Report with audited financial statement for the year ended March 31st 2001.

1. FINANCIAL RESULTS :

The Company has not yet commenced business. The cumulative debit balance in the Profit and Loss Account stands at Rs. 53,770/-.

The Directors are therefore unable to recommend a dividend for the year ended March 31st 2001.

The Company has submitted an application to Registrar of Companies under Section 560 of the Companies Act 1956 for striking off the name of the Company. Confirmation is expected shortly.

2. PARTICULARS OF EMPLOYEES :

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, the Directors declare that there are no employees who fall within the ambit of this Section.

3. DIRECTORS :

There is no change in the Board of Directors.

A. ADAVATKAR
Director

R. KRISHNASWAMY
Director

Date : 24th August, 2001
Place : Mumbai

REPORT OF THE AUDITORS TO THE MEMBERS

TO THE MEMBERS OF
FAIRLIE INVESTMENT AND PROPERTIES LIMITED.

We have examined the attached Balance Sheet of the Fairlie Investments and Properties Limited as at 31st March, 2001 and Profit & Loss Account of the Company annexed thereto for the year ended on that date which are in agreement with the books of account and report that :

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

In our opinion proper Books of Accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

In our opinion, the Profit and Loss Account and Balance comply with the accounting standards as referred to in sub section (3c) of Sec. 211 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st March, 2001 and the Profit and Loss Account gives a true and fair view of the profit for the year ended on that date.

This report does not include a statement of the matters specified in paragraph 4 of the Manufacturing and other Companies (Auditor's Report), Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable in view of the fact that the Company had not commenced activities upto 31st March, 2001.

For M. G. PALKAR & COMPANY
Chartered Accountants

M. G. PALKAR
Proprietor

Date : 20th August, 2001
Place : Mumbai

Fairlie Investments & Properties Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2001

		As at 31.3.2001	As at 31.3.2000
	Rs.	Rs.	Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	200	200
Reserves & Surplus		—	—
LOAN FUNDS			
Secured Loans		—	—
Unsecured Loans		—	—
Total		<u>200</u>	<u>200</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
		—	—
INVESTMENTS			
		—	—
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	—	—	—
Sundry Debtors	—	—	—
Cash and Bank Balances	200	200	—
Loans and Advances	—	—	—
	<u>200</u>	<u>200</u>	—
Less : CURRENT LIABILITIES & PROVISIONS			
Liabilities	2	53,770	53,770
Provisions		—	—
NET CURRENT ASSETS		(53,570)	(53,570)
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		53,770	53,770
Total		<u>200</u>	<u>200</u>

Schedule 1 and 2 and the Notes in Schedule 3 form an integral part of the Account.

In terms of our report of even date
M.G.PALKAR & Company
Chartered Accountants
M.G.PALKAR
Proprietor

R. KRISHNASWAMY }
A. ADAVATKAR } Directors

Mumbai, Dated : 20th August, 2001

Fairlie Investments & Properties Ltd.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Year ended 31.3.2001 Rs.	Year ended 31.3.2000 Rs.
INCOME		
Liability no longer required	—	3,000
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
EXPENSES		
Expenses reimbursed		
Filing fees	—	90
Audit fees	—	500
	<u>—</u>	<u>590</u>
	<u>—</u>	<u>—</u>
PROFIT (LOSS) FOR THE YEAR	—	2,410
Previous year's balance brought forward	(53,770)	(56,180)
Balance of Loss carried to Balance Sheet	<u>53,770</u>	<u>53,770</u>

In terms of our report of even date
M.G.PALKAR & Company
Chartered Accountants
M.G.PALKAR
Proprietor

R. KRISHNASWAMY }
A. ADAVATKAR } Directors

Mumbai, Dated : 20th August, 2001

Fairlie Investments & Properties Ltd.

SCHEDULE 1

Year ended 31.3.2001 Year ended 31.3.2001
Rs. Rs.

SHARE CAPITAL

Authorised		
2 Equity Shares of Rs. 100 each	200	200
498 Unclassified Shares of Rs. 100 each	49,800	49,800
	<u>50,000</u>	<u>50,000</u>
Issued, Subscribed and fully paid up : 2 Equity Shares of Rs. 100 each	200	200

Note : All the above issued and subscribed Share Capital is held by the holding Company Mackinnon Mackenzie and Company and its nominee.

SCHEDULE 2

Year ended 31.3.2001 Year ended 31.3.2000
Rs. Rs.

CURRENT LIABILITIES

Sundry Creditors	—	500
Amount due to Mackinnon Mackenzie & Co. Ltd. (Holding Company)	53,770	53,270
	<u>53,770</u>	<u>53,770</u>

SCHEDULE 3

NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Basis of Accounting

- The accounts have been prepared to comply in all material respects with applicable accounting principles in India, the mandatory Accounting Standards issued by the Institute of chartered Accountants of India and the relevant provisions of the Indian Companies Act, 1956.

As at 31.03.2001 As at 31.03.2000

- Auditors Remuneration : Audit Fees — 500
- As the Company does not have any business activities, the information required under the Government Notification No. GSR 494 (E) dated 30th October, 1973 is not applicable.
- Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I) REGISTRATION DETAILS

Registration No.	11-023956
State Code	11
Balance-Sheet Date	31.03.2001

II) CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III) POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS

Total Liabilities	53770
Total Assets	200
SOURCES OF FUND :	
Paid up Capital	200
Reserve & Surplus	NIL
Secured Loans	NIL
Unsecured Loans	NIL
APPLICATION OF FUNDS :	
Net Fixed Assets	NIL
Investments	NIL
Net Current Assets	(53,570)
Accumulated Losses	53,770

IV) PERFORMANCE OF COMPANY

Turnover	--
Total Expenditure	--
Profit (Loss) before tax	--
Profit (Loss) after tax	--
Earnings per Share in Rs.	--
Dividend Rate %	--

V) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per Monetary Terms)

Item Code	)	
Product Description	)	
Item Code No.	)	N.A.
For and behalf of Board		
Signatures to Schedules 1 to 3		

R. KRISHNASWAMY
A. ADAVATKAR } Directors

Mumbai.
Dated : 20th August, 2001

STRAND PROPERTIES LIMITED

NOTICE

Notice is hereby given that the 76th Annual General Meeting of the Share holders of Strand Properties Limited will be held at the office of M/s Williamson Magor & Co. Ltd., 4 Mangol Lane, Kolkata - 700 001, on Wednesday, the 22nd August, 2001 at 11 a.m. to transact the following business:

1. To receive and adopt the Directors Report and the Audited Balance Sheet as at 31st March 2001 together with the Profit and Loss Account for the year ended 31st March 2001.
2. Mr. S. K. Pal who was appointed as Director, retires at the next Annual General Meeting and being eligible offers himself for re-election.
3. To appoint Auditors and fix their remuneration.

By Order of the Board

Director

Registered Office :
16, Strand Road,
Kolkata - 700 001.
Dated : August 1, 2001.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 31ST 2001.

1. FINANCIAL RESULTS :

The Result for the year shows a loss of Rs. 3,58,499/- and the cumulative balance in the Profit & Loss A/c. stands at Rs. 74,40,480/- The Directors are, therefore, unable to recommend a dividend for the year ended March 31, 2001.

2. PARTICULARS OF EMPLOYEES :

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 the Directors declare that there are no employees who fall within the ambit of this section.

3. DIRECTORS :

Mr. S.K. Pal retires and being eligible offers himself for re-election.

4. AUDITORS :

M/s. A.K. Sarkar & Co., Chartered Accountants retires and are eligible for re-appointment.

M.K.B. CAPADIA
R. ADMRL. P.K. SINHA
P. MISRA
P.K. MOGAL
S.K. PAL

} Director

Date : 10th August, 2001

Place : Calcutta

STRAND PROPERTIES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS TO THE MEMBERS OF STRAND PROPERTIES LIMITED

We audited the attached Balance Sheet of STRAND PROPERTIES LIMITED as at 31st March, 2001 and the annexed Profit & Loss Account for the year ended on that date, which are in agreement with the Books of Account.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit we report that in our opinion.

1. The Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
2. On the basis of written representation received from the Directors as on 31st March 2001, and taken on record by the Board of Directors, we report that none of the the Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of Section 274(1) (g) of the Companies Act, 1956.
3. The Company has maintained proper records to show full particulars of its land and building.
4. The fixed assets of the Company have not been revalued during the period.
5. The Company has obtained loan from its holding Company. However, the rate of interest and other terms and conditions on which the loan had been granted are not prime facie prejudicial to the interest of the Company. Other matters specified in paragraph 4(A) of the Manufacturing and other Companies (Auditor's Report) Order 1988, are not applicable to the Company.
6. According to the information and explanation given to us, no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2001 for a period of more than six months from the date they become payable.
7. In our opinion and according to the information and explanation given to us, no personal expenses have been charged to Revenue Account.
8. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities or otherwise and therefore, maintenance of documents and records for that purpose does not arise.
9. The Company is not engaged in the business of Chit Fund, Nidhi or Mutual Benefit Society and therefore, compliance with the provisions of any special status applicable to transaction of such business does not apply.

We further report that :

- a) On 7-11-98 a devastating fire broke out in the premises of STRAND PROPERTIES LIMITED at 16, Strand Road, Kolkata-700 001, rendering the entire building unusable and totally unsafe.
- b) An advance of Rs. 70,000/- (Rs. 20,000/- in January, 1991 and Rs. 50,000/- in April, 1992) has been paid to Mr. S. Roychowdhury, a lawyer, has not been adjusted till 31-3-2001 subject to the above.
- c) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- d) Proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account together with the Schedules annexed thereto give the information required by the Company Act, 1956. In the manner so required and give a true fair view.
 - I. In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2001 and
 - II. In so far as it relates to the Profit & Loss Account, of the loss of the Company for the year ended on that date.

For A.K. SARKAR & CO.
Chartered Accountants

Kolkata, Dated 9th August, 2001

A.K. SARKAR
Proprietor

Strand Properties Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2001

	Schedule No.	Rs.	As at 31.3.2001 Rs.	Rs.	As at 31.3.2000 Rs.
1. SOURCES OF FUNDS					
i) SHAREHOLDERS FUNDS					
Capital	1	10,000		10,000	
Reserves & Surplus					
Capital Reserves		<u>1,698</u>		<u>1,698</u>	
			11,698		11,698
ii) LOAN FUNDS & FUNDS	2		<u>17,01,375</u>		<u>94,26,859</u>
Total			<u>17,13,073</u>		<u>94,38,557</u>
2. APPLICATION OF FUNDS					
i) FIXED ASSETS	3				
Gross Block		68,40,951		68,40,951	
Less : Depreciation		<u>41,59,381</u>		<u>40,18,246</u>	
			26,81,570		28,22,705
ii) CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors	4	1,28,09,761		1,07,94,556	
Cash and Bank Balances	5	1,61,921		1,88,098	
Loans and Advances	6	<u>20,84,737</u>		<u>20,09,058</u>	
		1,50,56,419		1,29,91,712	
Less : CURRENT LIABILITIES AND PROVISION					
a) Liabilities — Sundry Creditors	11	1,30,00,109		1,34,57,841	
b) Insurance Claim					
Realised		1,06,88,048			
Less : Insurance					
claim Expenses		<u>2,22,761</u>		<u>NIL</u>	
		2,34,65,396	(-) 84,08,977	1,34,57,841	(-) 4,66,129
iii) Debit Balance in					
Profit & Loss Accounts			<u>74,40,480</u>		<u>70,81,981</u>
Total			<u>17,13,073</u>		<u>94,38,557</u>

The Schedules referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our Report of even date.

For A.K. SARKAR & CO.
Chartered Accountants

A.K. SARKAR
Proprietor

Kolkata, Dated: 9th August, 2001

M.K.B. CAPADIA
R. ADMRL. P.K. SINHA
P. MISRA
P.K. MOGAL
S.K. PAL

} Directors

Strand Properties Ltd.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedule No.	Year ended 31.3.2001 Rs.	Year ended 31.3.2000 Rs.
INCOME			
Lease Rent		<u>7,52,613</u>	<u>7,52,613</u>
EXPENDITURE			
Other Expenses	7	7,95,949	3,19,374
Interest on Term Loan	12	1,74,028	4,78,800
Depreciation	3	1,41,135	1,48,563
		<u>11,11,112</u>	<u>9,46,737</u>
Net Loss		3,58,499	1,94,124
Previous year's balance brought forward		70,81,981	68,87,857
		<u>74,40,480</u>	<u>70,81,981</u>

The Schedule referred to above form an integral part of the Profit & Loss Account.

This the Profit & Loss Account referred to in our Report of even date.

For A. K. Sarkar & Co.
Chartered Accountants
A.K. Sarkar
Proprietor

P. MISRA
M.K.B. CAPADIA
R. ADMRL. P.K. SINHA
P.K. MOGAL
S.K.PAL

} Directors

Kolkata, Dated : 9th August, 2001.

Strand Properties Limited

SCHEDULE 1

Year ended 31.3.2001
Rs.

Year ended 31.3.2000
Rs.

CAPITAL

Authorised

1,000 Ordinary Shares of @ Rs. 10/- each

10,000

10,000

10,000

10,000

ISSUED & SUBSCRIBED

1,000 Ordinary Shares of @ Rs. 10/- each
fully paid up in each

10,000

10,000

Note : 720 Ordinary Shares are held by the Holding Company Mackinnon Mackenzie & Co. Ltd.

SCHEDULE 2

LOANS & FUNDS

UNSECURED

Loans & Advances from Holding Company.

Fixed Loan M/s. Mackinnon Mackenzie & Co. Ltd. NIL

Others: Bishnauth Tea Co. Ltd.

10,31,467

49,25,484

Fairly Place Services Ltd.

5,84,000

16,15,467

19,15,467

Bishnauth Tea Co. Ltd.

NIL

25,00,000

Williamson Magor & Co. Ltd.

85,908

85,908

17,01,375

94,26,859

SCHEDULE - 3

	AT COST			DEPRECIATION			NET BLOCK VALUE	
	As at 31.03.2000 Rs.	Additions during the year Rs.	As at 31.03.2001 Rs.	As at 31.03.2000 Rs.	For the year Rs.	As at 31.03.2001 Rs.	As at 31.03.2001 Rs.	As at 31.03.2000 Rs.
FIXED ASSETS :								
1. Land & Buildings 16 Strand Road, Calcutta - 700 001	68,40,951	NIL	68,40,951	40,18,246	1,41,135	41,59,381	26,81,570	28,22,705
	68,40,951	NIL	68,40,951	40,18,246	1,41,135	41,59,381	26,81,570	28,22,705
As at 31.3.2000	68,40,951	NIL	68,40,951	38,69,683	1,48,563	40,18,246	28,22,705	—

Depreciation for the period has been computed on written down value basis at the rate and in the manner specified in schedule XIV of the Companies Act 1956.

SCHEDULE 4

Year ended

31.3.2001

Year ended

31.3.2000

Rs.

Rs.

Sundry Debtors A/c.

Unsecured Considered Good :

Exceeding six months

1,18,02,159

97,86,954

Others

10,07,602

10,07,602

1,28,09,761

1,07,94,555

SCHEDULE 5

Cash & Bank Balance

Cash in Hand

3,460.24

3,450.24

With Standard Chartered Bank on Current Account

1,58,460.27

1,84,637.27

1,61,920.51

1,88,097.51

Strand Properties Limited

SCHEDULE 6		Year ended 31.3.2001		Year ended 31.3.2000	
		Rs.		Rs.	
Loans & Advances					
Unsecured Considered Good :					
Income Tax deducted at sources			1,306		1,306
Prepaid Expenses Multistoreyed Building Tax			45,545		45,545
Advance to S. Roychowdhury					
for Legal Expenses			70,000		70,000
Income Tax Suspense A/c.		13	3,59,166		3,59,166
Amount paid to M/s. Allied Pumps			1,03,041		1,03,041
Amount paid to M/s. Sanon Sen & Associates			1,00,000		1,00,000
Amount paid to M/s. Mackinnon		13,30,000			
Mackenzie & Co. Ltd.		75,679	14,05,679		13,30,000
			20,84,737		20,09,058
SCHEDULE 7					
Other Expenses					
Legal & Professional Expenses			30,000		Nil
Rates & Taxes		8	3,02,985		3,02,985
Insurance Premium			Nil		4,755
Auditor's Remuneration			3,000		1,500
Travelling Expenses			16,064		Nil
Advertisement			24,780		10,134
(Part) Dismantling Charges of Building			3,18,010		Nil
Printing & Stationery			15,000		Nil
Security Service Charges			41,610		Nil
Maintenance of Premises			9,000		Nil
Generator Hire charges			29,000		Nil
Miscellaneous expenses			6,500		Nil
			7,95,949		3,19,374
SCHEDULE 8					
Rates & Taxes					
Trade Licence			10		10
Multistoried Building Tax			45,545		45,545
Urban Land Tax			35,850		35,850
Municipal Tax			2,21,500		2,21,500
Other Taxes			80		80
			3,02,985		3,02,985
SCHEDULE 9					
<i>Sundry Debtors A/c as at 31st March, 2001 Receivable from as follows:-</i>					
1) Mackinnon Mackenzie & Co. Ltd.					
Balance as at 31.3.2000		69,77,720			
Add: for this year					
(Rent (1.4.2000 to 31.3.2001)		5,41,881			
Municipal Tax		8,63,274			
Water Tax		45,792	14,50,947	84,28,667	69,77,720
2) Williamson Magor & Co. Ltd.					
Balance as at 31.3.2000		38,16,386			
Add : for this year					
(Rent (1.4.2000 to 31.3.2001)		2,10,732			
Municipal, Tax		3,35,718			
Water Tax		17,808	5,64,258	43,81,094	38,16,386
Dr. Balance shown in schedule No. 4			1,28,09,761		1,07,94,556

Strand Properties Limited

	Year ended 31.3.2001		Year ended 31.3.2000	
		Rs.		Rs.
SCHEDULE 10				
<i>Interest Payable A/c as at 31st March, 2001</i>				
1) Mackinnon Mackenzie & Co. Ltd.		Nil		16,88,343
2) Bishnauth Tea Co. Ltd.				
Balance as per last A/c		4,22,086		
Add: for this year	74,517			
Less: 1/Tax & S/charges	16,393	58,124	4,80,210	4,22,086
3) Fairlie Place Services Ltd.				
Balance as per last A/c		2,34,493		
Add: for this year	42,047			
Less: 1/Tax & S/charges	9,250	32,797	267,290	2,34,493
			7,47,500	23,44,922
Cr. Balance shown in Sundry Creditors A/c				
SCHEDULE 11				
<i>Sundry Creditors A/c as at 31.03.2001</i>				
1. Multistoried Building Tax		2,72,409		
Balance as per last A/c		45,545	3,17,954	2,72,409
2. Urban Land Tax				
Balance as per last A/c		2,50,950		
Add: for this year		35,850	2,86,800	2,50,950
3. Interest on Loan				
Balance as per last A/c		23,44,922		
Add: for this year		*90,921		
		24,35,843		
Less: paid in this year		16,88,343	7,47,500	23,44,922
4. Telephone Expenses A/c				
Balance as per Cash A/c			3,000	3,000
5. Municipal Tax Payable A/c				
Balance as per last A/c		95,35,053		
Add for this year		14,20,492	1,09,55,545	95,35,053
6. Water Tax				
Balance as per last A/c		4,45,200		
Add: for this year		63,600	5,08,800	4,45,200
7. Trade Licence				
Balance as per last A/c		60		
Add: for this year		10	70	60
8. Other Taxes				
Balance as per last A/c		480		
Add: for this year		80	560	480
9. Income Tax Payable A/c				
Balance as per last A/c		5,37,454		
Add: for this year		25,643		
		5,63,097		
Less: Adjusted		3,86,967	1,76,130	5,37,454
10. Audit Fees for this year			3,000	1,500
11. Professional charges (1994-95)			750	750
12. Mackinnon Mackenzie			Nil	66,063
Cr. Balance Shown in Balance Sheet				
			1,30,00,109	1,34,57,841
SCHEDULE 12				
<i>INTEREST ON TERM LOAN FOR THE YEAR 2000-2001</i>				
i) Mackinnon Mackenzie & Co. Ltd.				
on Rs. 49,25,484/- @ 7% p.a. for two months		57,464		3,44,736

Strand Properties Limited

		Year ended 31.3.2001	Year ended 31.3.2000
		Rs.	Rs.
ii) Bishnauth Tea Co. Ltd.			
on Rs. 12,31,200/- @ 7% p.a. for two months	14,364		86,184
on Rs. 10,31,2001 @ 7% p.a. for ten months	60,153	74,517	
iii) Fairlie Place Services Ltd.			
on Rs. 6,84,000/- @ 7% p.a. for two months	79,800		47,880
on Rs. 5,84,000/- @ 7% p.a. for ten months	34,066	42,047	
Dr. Balance showed in P & L A/c.		1,74,028	4,78,800

SCHEDULE 13

Income Tax Suspense A/c as at 31.3.2001

Demand (1983-84 & 1989-90)	2,723		
Do (1995-96)	7,176	9,899	9,899
Mackinnon Mackenzie & Co. Ltd.			
(1994-95)	90,472		
(1995-96)	1,24,630	2,15,102	2,15,102
Williamson Magor & Co. Ltd.			
(1994-95)	40,390		
(1995-96)	48,468		
(1996-97)	45,307	1,34,165	1,34,165
Dr. Balance shown in Loans & Advances A/c		3,59,166	3,59,166

SCHEDULE 14

Significant Accounting Policies :

The Accounts are prepared in accordance with the Accounting principles generally accepted in India and are in line with the relevant law as well as the guidelines prescribed by the Department of Company Affairs, Ministry of Industry and the Institute of Chartered Accountants of India.

1. System of Accounting :

The Company adopts the accrual basis in the preparation of the Accounts.

2. Income from operations :

Income from operations which comprises only income from rent is accounted for on accrual basis.

3. Expenses :

The Company provides for all expenses on accrual basis.

4. Fixed Assets :

Fixed Assets are capitalised at cost inclusive of expenses and depreciation is provided on the basis of W.D.V. method at the rate and in the manner specified in Schedule XIV of the Companies Act, 1956.

5. Bills for Rs. 6,82,69,457/- have been received from the Calcutta Municipal Corporation in October, 1995 towards payment of enhanced tax for the period from 1st Quarter 1987-88 to 4th Quarter ended 1995-96. Again bills for Rs. 1,15,53,820/- have been received from Calcutta Municipal Corporation in August 1997 towards payment of tax for the period from 1st April 1996 to March 1997. Again during April 1997, 4 (four) Quarterly bills, amounting to a total of Rs. 1,15,53,820/- have been received for the period April 1997 to March 1998. The same is being contested in the Hon'ble Calcutta High Court and is Sub-judice.

It has now been reported to us that Calcutta Municipal Corporation have sent bills covering the period April 1998 to March 1999 (4 quarterly bills @ Rs. 28,88,455/- per quarter) - totalling Rs. 1,15,53,820/-.

No bills have been received for the period April 1999 to March 2000. However, 4 (four) Quarterly Bills @ Rs. 28,88,455/- each for a total amount of Rs. 1,15,53,820/- for the period April 2000 to March 2001, have been received from Calcutta Municipal Corporation.

The matter is being dealt by the Company's Advocates.

6. Statement of Retirement Benefit :

Payment of Gratuity Act is not applicable to the Company and therefore, no provision of Gratuity liability has been made.

Signature to Schedule 1 to 14.

For A.K. SARKAR & CO.
Chartered Accountants

A.K. SARKAR
Proprietor

M.K.B. CAPADIA
R. ADMRL. P.K. SINHA
P. MISRA
P.K. MOGAL
S.K. PAL } Directors

Kolkata, Dated: 9th August, 2001

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1996.

I) GENERAL BUSINESS PROFILES

Registration No.	:	005287
State Code	:	21
Balance-Sheet Date	:	24.08.2001

II) CAPITAL RAISED DURING DURING THE YEAR

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	:	2,51,78,469
Total Assets	:	2,51,78,469

SOURCES OF FUNDS

Paid up Capital	:	10,000
Reserve & Surplus	:	1,698
Secured Loans	:	NIL
Unsecured Loans	:	17,01,375

APPLICATION OF FUNDS :

Net Fixed Assets	:	26,81,570
Investments	:	NIL
Net Current Assets	:	(-) 84,08,977
Miscellaneous Expenses	:	NIL
Accumulated Losses	:	74,40,480

IV) PERFORMANCE OF THE COMPANY

Turnover/Income	:	7,52,613
Total Expenditure	:	11,11,112
Profit before extra Ordinary items & Taxation	:	NIL
Profit/Loss before tax	:	(-) 3,58,499 (Loss)
Profit/Loss after tax	:	(-) 3,58,499 (Loss)
Earnings per Share	:	NIL
Dividend Rate	:	NIL

V) GENERAL NAMES OF THREE PRINCIPAL PRODUCTS/
SERVICES OF THE COMPANY

: Leasing of House Property

MACKINNON'S TRAVELS (NEW DELHI) LTD.

(Wholly-owned Subsidiary of Mackinnon Mackenzie and Company Limited)

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors present the Ninth Annual Report with audited Financial statements for the year ended March 31, 2001.

FINANCIAL RESULTS

The Company has not yet commenced business and the result for the year shows a loss of Rs. 1,716/-. The cumulative debit balance in the Profit and Loss Account stands at Rs. 37,366/-

The Directors are unable to declare any dividend for the year ended 31.3.2001.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, the Directors declare that

there are no employees who fall within the ambit of this section.

DIRECTORS

There is no change in the Board of Directors.

AUDITORS

Ms. M.G. Palkar & Co. Chartered Accountants retire and are eligible for reappointment.

R. ADMR. P.K. SINHA
Director

M.K.B. CAPADIA
Director

Bombay, Dated : 23rd August, 2001.

REPORT OF THE AUDIORS' TO THE MEMBERS

TO THE MEMBERS OF

MACKINNON'S TRAVELS (NEW DELHI) LIMITED

We have audited the attached Balance Sheet of Mackinnons Travels (New Delhi) Limited as at 31st March, 2001 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that :

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

In our opinion proper Books of Accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the books of account.

In our opinion the Profit & Loss Account and Balance Sheet comply with the accounting standards as referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.

On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st March, 2001 and the Profit & Loss Account gives a true and fair view of the loss for the year ended on that date.

This report does not include a statement on the matters specified in paragraph 4 of the Manufacturing and other Companies (Auditor's Report), Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said order is not applicable in view of the fact that the Company had not commenced activities upto 31st March, 2001.

For M.G. PALKAR & COMPANY
Chartered Accountants

M.G. PALKAR
Proprietor

Mumbai

Dated : 23rd August, 2001.

Mackinnons Travels (New Delhi) Ltd.

BALANCE SHEET AS AT 31st MARCH, 2001

		As at 31.3.2001 Rs.		As at 31.3.2000 Rs.
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1.	7,500		7,500
Reserves & Surplus		—		—
LOAN FUNDS				
Secured Loans		—		—
Unsecured Loans		—		—
Total		<u>7,500</u>		<u>7,500</u>
APPLICATION OF FUNDS				
FIXED ASSETS		—		—
INVESTMENTS		—		—
CURRENT ASSETS, LOANS & ADVANCES				
Cash		7,500	7,500	
With Scheduled Bank		—	316	7,816
Less : CURRENT LIABILITIES & PROVISIONS				
Liabilities	2.	37,366		35,966
NET CURRENT ASSETS		<u>-29,866</u>		<u>-28,150</u>
MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF				—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		37,366		35,650
Total		<u>7,500</u>		<u>7,500</u>

Schedules 1 and 2 and the Notes in Schedule 3 form an integral part of the Accounts.

In terms of our report of even date
M.G.PALKAR & Co.
Chartered Accountants
M.G.PALKAR
Partner

MR. M.K.B. KAPADIA }
R.ADMRL P.K. SINHA } Directors

Mumbai, Dated : 23rd August, 2001

Mackinnons Travels (New Delhi) Ltd.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Year ended 31.3.2001 Rs.	Year ended 31.3.2000 Rs.
INCOME	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
EXPENSES		
Filing fees	900	100
Bank Charges	316	1,380
Audit fees	500	500
LOSS FOR THE YEAR	<u>1,716</u>	<u>1,980</u>
Previous year's balance brought forward	35,650	33,670
Balance of Loss carried to Balance Sheet	<u>37,366</u>	<u>35,650</u>

Schedules 1 and 2 and the Notes in Schedule 3 form an integral part of the Accounts.

In terms of our report of even date
M.G.PALKAR & Co.
Chartered Accountants
M.G.PALKAR
Partner

MR. M.K.B. KAPADIA }
R.ADMR P.K. SINHA } Directors

Mumbai, Dated : 23rd August, 2001

Mackinnons Travels (New Delhi) Ltd.

SCHEDULE - 1

	Rs.	As at 31.3.2001 Rs.	Rs.	As at 31.3.2000 Rs.
SHARE CAPITAL				
Authorised: 50,000 Equity Shares of Rs.10/- each		5,00,000		5,00,000
		5,00,000		5,00,000
Issued and Subscribed and fully paid up : 750 Equity Shares of Rs.10/- each		7,500		7,500
TOTAL		7,500		7,500

Note : All the above issued and subscribed Share Capital is held by the holding Company Mackinnon Mackenzie and Company Limited and its nominee.

SCHEDULE - 2

CURRENT LIABILITIES

Sundry Creditors	3,500	3,500
Amount due to Mackinnon Mackenzie & Co. Ltd. (Holding Company)	33,866	32,466
	37,366	35,966

SCHEDULE 3

NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Basis of Accounting

1. The accounts have been prepared to comply in all material respects with applicable accounting principles in India, the mandatory Accounting Standards issued by the Institute of chartered Accountants of India and the relevant provisions of the Indian Companies Act, 1956.

2. Auditors Remuneration : Audit Fees
- | | | |
|--|------------------|------------------|
| | As at 31.03.2001 | As at 31.03.2000 |
| | 500 | 500 |
3. As the Company does not have any business activities, the information required under the Government Notification No. GSR 494 (E) dated 30th October, 1973 is not applicable.
4. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I) REGISTRATION DETAILS

Registration No.	11-66833
State Code	11
Balance-Sheet Date	31.03.2001

II) CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	37,366
Total Assets	7,500

SOURCES OF FUND

Paid up Capital	7,500
Reserve & Surplus	NIL
Secured Loans	NIL
Unsecured Loans	NIL

APPLICATION OF FUNDS

Net Fixed Assets	NIL
Investments	NIL
Net Current Assets	(29,866)
Accumulated Losses	37,366

IV) PERFORMANCE OF COMPANY

Turnover	--
Total Expenditure	1,716
Profit (Loss) before tax	(1,716)
Profit (Loss) after tax	(1,716)
Earnings per Share in Rs.	--
Dividend Rate %	--

V) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per Monetary Terms)

Item Code	)	
Product Description	)	N.A.
Item Code No.	)	

For and behalf of Board
Signatures to Schedules 1 to 3

MR. M.K.B. KAPADIA
R.ADMRL P.K. SINHA

} Directors

Dated : 23rd August, 2001

MACKINNON MACKENZIE & CO. LTD.

Regd. Office : 4, Shoorji Vallabhdas Marg, Ballard Estate, Bombay - 400 001.

PROXY FORM

Proxy No.
Ledger Folio
No. of Shares

I/We.....
of being a member/members of MACKINNON MACKENZIE & CO. LTD. hereby appoint.....
.....of.....
or failing him.....of.....
as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty Ninth Annual General Meeting of the Company to be held on Thursday, 27th September, 2001 at 10.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai - 400 001, and at any adjournment thereof.

Signed this day of 2000

Signature.....

Affix
One Rupee
Revenue Stamp
here

Note : The Proxy Form should be signed across the stamp as per specimen signature (s) registered with the Company.

MACKINNON MACKENZIE & CO. LTD.

Regd. Office : 4, Shoorji Vallabhdas Marg, Ballard Estate, Bombay - 400 001.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I hereby record my presence at the Fiftieth Annual General Meeting of the Company held on Thursday, 27th September, 2001 at 10.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai - 400 001.

NAME OF THE MEMBER(S) IN BLOCK LETTERS

FOLIO NO.

SIGNATURE OF THE MEMBER(S) OR PROXY

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