



**Mackinnon Mackenzie
& Company Ltd.**

Annual Report
2001 - 2002

BOARD OF DIRECTORS

Vice Admiral K. R. Menon
Minoo Kaikhushroo Bezorjee 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
Vijaya 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 51st Annual General Meeting of the Shareholders of MACKINNON MACKENZIE & COMPANY LIMITED will be held on Monday, the 30th September, 2002 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:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2002 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. O. P. Dogra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors on a remuneration to be fixed by the Board of Directors.

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 Friday, 20th September, 2002 to Saturday, 28th September, 2002 (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

REAR ADMIRAL P. K. SINHA
DIRECTOR

Mumbai, 12th August, 2002.

Registered Office: 4, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai-400 001.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

To the Members,

MACKINNON MACKENZIE & COMPANY LIMITED

The Directors present their 51st Annual Report together with the Audited Accounts for the year ended 31st March, 2002.

1. FINANCIAL RESULTS :

During the year the Company had an operating profit of Rs. 73,88,320/- as summarised below :-

	Year ended 31.03.2002 Rs.	Year ended 31.03.2001 Rs.
1. Income from operations	97,94,763	99,16,119
2. Other Income	63,70,294	15,46,316
3. Total Expenditure	87,76,737	6,26,90,136
4. Gross Profit/(Loss) before interest	73,88,320	(5,12,27,701)
Depreciation & Tax		
Less : (a) Interest	62,79,09,424	53,32,07,213
(b) Provisions for depreciation	1,87,902	2,11,783
Profit/(Loss) before extraordinary/prior period	(62,07,09,006)	(58,46,46,697)
Items & Tax		
Add : (c) Extraordinary / prior period items	(51,97,371)	27,31,043
5. Net Profit / (Loss) after Tax	(62,59,06,377)	(58,19,15,654)
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	(3,61,75,75,445)	(3,03,46,74,199)
7. Cumulative Profit/(Loss)	(4,24,34,81,822)	(3,61,75,75,445)

The debit balance in the Profit & Loss Account after considering prior years' adjustments stands at Rs. 4,24,34,81,822/-.

2. DIVIDEND :

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

3. SETTLEMENT WITH BANKS :

As reported earlier, our proposal to arrive at the settlement with Banks has not yet yielded desired results. Possibility of any future business, as informed earlier, is totally dependant on an amicable settlement.

4. 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.

5. DIRECTORS :

Capt. O. P. Dogra retires by rotation and being eligible offers himself for re-appointment.

6. FIXED DEPOSITS :

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

7. AUDITORS :

The Auditors M/s. J. D. Mehta & Co., Chartered Accountants retiring at the ensuing Annual General Meeting and are eligible for re-appointment.

8. SUBSIDIARY COMPANIES :

As required under the provisions of the Companies Act 1956 the Annual Accounts of Strand Properties Ltd. and Mackinnons Travels (New Delhi) Ltd. are attached herewith.

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. 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. 12,243/-. The foreign exchange earned during the year was Rs. 19,26,618/-.

11. PARTICULARS OF EMPLOYEES :

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

12. ACKNOWLEDGEMENT :

Your Directors take this opportunity of thanking the Shareholders, the Company's Bankers, 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
Director

Date : 12th August, 2002
Place : Mumbai

**AUDITORS' REPORT TO THE MEMBERS OF MACKINNON MACKENZIE & COMPANY LIMITED
AS AT 31ST MARCH 2002**

1. We have audited the attached Balance Sheet of M/S. MACKINNON MACKENZIE & COMPANY LIMITED as at 31st March 2002 and also the attached Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, We report that :
 - (i) 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;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - (iv) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except for long term investment in Strand Properties Limited and Mackinnon Travels (New Delhi) Limited in respect of which, no provision has been made for permanent diminution in value on account of huge losses made by the said Company.**
 - (v) On the basis of written representations received from the directors as on 31st March 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2002 from being appointed as directors 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 account subject to :

- 1) We refer to Notes 1,2,7,9,10,11,13 and 17 appearing in Schedule 19 with regard to the following:
 - a) Investment made at Calcutta Rs. 56,000/- are presently not available physically as building is destroyed by fire. (Refer Note No. 12 (c) in Schedule 19.)
 - b) Despite continued huge losses resulting in total erosion of the net worth 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.64,84,811/- including amount receivable from the Court Receiver amounting to Rs.54,72,141/- 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.4,11,73,592/- 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.4,098,462,476/- is outstanding as on March 31, 2002 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.3,11,06,239/- representing rent collected by Court Receiver till 31 March 2002 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 other than rent collection charges 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 2002. (Refer Note No. 9 & 13 in Schedule 19).
- g) The Company has an investment of Rs. 18,000/- in Strand Properties Limited. Further the Company owes Rs. 99,55,293/- and Rs. 13,30,000/- to Strand Properties Limited. The accumulated losses of Strand Properties Limited as on March 31, 2002 amounting to Rs. 74,29,294/- 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, 2002 (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 and creditors appearing in Schedules 3,4,6,7,8,9 and 10 of the accounts respectively. (Refer Note No. 14 in SCHEDULE 19).
- Consequential effect of the matters referred to in 1(a) to 1(h) above the loss for the year and accumulated losses as at 31st March 2002 is not ascertainable.
- i) Subject to the effect of such adjustments. If any, as might have been required, had the outcome of the uncertainties referred to in paragraph 1 above been known and subject to the matters referred to in paragraphs A6, A10 and A12 of the Annexure.
- j) In the absence of information about status of fixed assets in Kolkata branch no provision is made for loss at Kolkata for Plant & Machinery Rs. 5690/- and Office & Electrical Equipments Rs. 28,779/-.

And read with other notes to accounts and accounting policies give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
- (b) In the case of Profit and Loss Account of the Loss for the year ended on that date.

For J. D. MEHTA & COMPANY
Chartered Accountants.

Place : Mumbai
Dated : 12TH August, 2002

J.D.MEHTA
PROPRIETOR

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 2002.

- (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 1999-2000 except at Kolkata branch, which was destroyed by fire. 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 (6) 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.**
 6. In our opinion, internal control procedures are not 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.4,13,510/- and Rs.3,982/- for Provident Fund and ESIC dues respectively is outstanding as of 31st March 2002.**
 13. There were no undisputed amounts payable in respect of Wealth tax, customs duty and excise duty as at 31st March 2002, 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: 12th August, 2002

Proprietor
Membership No. 11472

BALANCE SHEET AS AT 31ST MARCH, 2002.

	Schedule No.	Rs.	As at 31.3.2002 Rs.	Rs.	As at 31.3.2001 Rs.
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
CAPITAL	1		24,861,125		24,861,125
RESERVES AND SURPLUS	2		11,246,274		11,246,274
LOAN FUNDS					
Secured Loans	3	4,098,462,476		3,47,21,67,240	
Unsecured Loans	4	1,330,000	4,099,792,476	5,425,394	3,477,592,634
			<u>4,135,899,875</u>		<u>3,513,700,033</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross block		14,429,611		14,429,612	
Less : Depreciation		<u>11,217,904</u>		<u>11,030,003</u>	
Net block	5		3,211,707		3,399,609
INVESTMENTS	6		375,663		375,663
CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors	7	15,576,089		10,616,176	
Cash and Bank Balances	8	8,226,283		6,692,704	
Other Current Assets -					
Interest accrued on Investment		8,545		8,544	
Loans and Advances	9	13,514,044		14,270,722	
		<u>37,324,961</u>		<u>31,588,146</u>	
Less: CURRENT LIABILITIES AND PROVISIONS					
Liabilities	10	138,679,783		128,996,958	
Provisions	11	1,533,747		1,961,124	
		<u>140,213,530</u>		<u>130,958,082</u>	
NET CURRENT ASSETS			(102,888,569)		(99,369,936)
DEBIT BALANCES IN PROFIT & LOSS ACCOUNT		4,243,481,822		3,617,575,445	
LESS:					
BALANCE IN GENERAL RESERVE		8,280,748	4,235,201,074	8,280,748	3,609,294,697
TOTAL			<u>4,135,899,875</u>		<u>3,513,700,033</u>

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

The accompanying notes form an integral part of the Balance Sheet

In terms of our report of even date

For J.D. MEHTA & COMPANY

Chartered Accountants

J.D. MEHTA

Proprietor

Mumbai, Dated : 12th August, 2002

M.K.B. CAPADIA
 REAR ADMRL. P. K. SINHA
 CAPT. N. B. JAMNERKAR

Directors

Mackinnon Mackenzie & Co. Ltd.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002.

	Schedule No.	Year ended 31.3.2002 Rs.	Year ended 31.3.2001 Rs.
INCOME			
Revenue	12	9,794,763	9,916,119
Other Income	13	6,370,294	1,546,316
		<u>16,165,057</u>	<u>11,462,435</u>
EXPENSES			
Employees remuneration and benefits	14	3,302,580	52,883,305
Other operating expenses	15	5,474,157	4,321,651
Depreciation		187,902	211,783
Provisions	16	-	5,485,180
Interest & Guarantee commission	17	627,909,424	533,207,213
		<u>636,874,063</u>	<u>596,109,132</u>
Loss before prior years' adjustments		620,709,006	584,646,697
Prior years' adjustments	18	5,197,371	2,731,043
Loss after prior years' adjustments		625,906,377	581,915,654
Short Provision for Taxation for Prior Years		-	985,592
Loss After Tax		<u>625,906,377</u>	<u>582,901,246</u>
Previous years' balance brought forward		3,617,575,445	3,034,674,199
Total :		<u>4,243,481,822</u>	<u>3,617,575,445</u>
Earning Per Share (Basic & Diluted) Rs.			Nil
Face Value Rs.			10/-

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

In terms of our report of even date
For J.D. MEHTA & COMPANY
Chartered Accountants
J.D. MEHTA
Proprietor
Mumbai, Dated : 12th August, 2002

M.K.B. CAPADIA
REAR ADMRL. P. K. SINHA
CAPT. N. B. JAMNERKAR

Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1

	Rs.	As at 31.03.2002 Rs.	Rs.	As at 31.03.2001 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
		<u>40,000,000</u>		<u>40,000,000</u>
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	<u>138,875</u>	<u>24,861,125</u>	<u>138,875</u>	<u>24,861,125</u>
		<u>24,861,125</u>		<u>24,861,125</u>

Of the above 9,99,930 (Previous Year 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	<u>8,280,748</u>	<u>—</u>	<u>8,280,748</u>	<u>—</u>
		<u>11,246,274</u>		<u>11,246,274</u>

SCHEDULE - 3 *

SECURED LOANS

From Banks :

Secured by pledge of certain investments and mortgages of immovable properties (Includes interest accrued & due Rs. 1,859,562,315/-)

Previous year Rs. 1,573,696,720/-

2,146,788,402 1,820,977,452

Secured by mortgage of building and hypothecation of

Book debts. (Includes interest accrued and due Rs. 1,755,044,917/-)

Previous year Rs. 1,454,560,631/-)

1,951,674,074 1,651,189,788

4,098,462,476 3,472,167,240

Of which Rs. Nil repayable within one year and Rs. 4,098,462,476/- overdue for payment

(Previous year - repayable within one year Rs. Nil and overdue for payment Rs. 3,472,167,240/-)

* Refer Note No. 9 & 13 in Schedule 19

SCHEDULE - 4

UNSECURED LOANS

Bank Overdraft

Others

1,330,000 ** 4,095,394

1,330,000 1,330,000

1,330,000 5,425,394

** 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 01.04.2001	Additions during the year	Deductions during the year	As at 31.03.2002	As at 1.04.2001	Additions during the year	Deductions during the year	As at 31.03.2002	As at 31.03.2002	As at 31.03.2001
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Land & Buildings										
On Freehold Land	5,85,000	—	—	5,85,000	385,716	4,114	—	389,830	195,170	199,284
On Leasehold Land	11,099,351	—	—	11,099,351	8,042,272	152,854	—	8,195,126	2,904,225	3,057,079
2. Furniture & Fittings	476,713	—	—	476,713	457,553	3,467	—	461,020	15,693	19,160
3. Office & Electrical Equipments	1,524,641	—	—	1,524,641	1,440,199	11,750	—	1,451,949	72,692	84,442
4. Transport Vehicles	73,801	—	—	73,801	72,800	259	—	73,059	742	1,001
5. Plant & Machinery	670,106	—	—	670,106	631,462	15,458	—	646,920	23,186	38,644
Total	14,429,611	—	—	14,429,611	11,030,002	187,902	—	11,217,904	3,211,707	3,399,609
Previous Year	14,439,211	2,550	12,150	14,429,611	10,830,370	211,783	12,150	11,030,003	3,399,609	

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 6

	Year ended 31.3.2002		Year ended 31.3.2001	
	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)				
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 (Refer Note No.14 in Schedule 19)	11,435,847	7,613,035
Other debts	4,140,242	3,003,141
ii) Unsecured considered doubtful :		
Debts outstanding for a period exceeding		
six months	64,345,907	64,038,192
	79,921,996	74,654,368
Less : Provision for doubtful debts	64,345,907	64,038,192
	15,576,089	10,616,176

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 8

	Year ended 31.3.2002		Year ended 31.3.2001	
	Rs.	Rs.	Rs.	Rs.
CASH AND BANK BALANCES				
i) Cash on hand	36,418		31,443	
Less : Provision for Cash loss by fire (See Note 18 in Schedule 19)	<u>(30,371)</u>	6,047	<u>(30,371)</u>	1,072
ii) With Schedule Banks :				
On Current Account		1,381,362		415,544
On Margin Deposit ** (Refer Note No. 15 in Schedule 19)		6,829,874		6,267,088
On Fixed Deposits		9,000		9,000
		<u>8,226,283</u>		<u>6,692,704</u>
** Includes Interest accrued		1,389,926		827,140

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)		9,015,763	10,907,647
ii) Other advances -(Considered Good unless stated otherwise)			
<u>Balance with Customs and Port Trusts</u>			
Considered Good	3,309		
Considered Doubtful	<u>82,992</u>	86,301	86,301
<u>Deposit with Customs and Port Trusts</u>			
Considered Good	545,846		
Considered Doubtful	<u>81,556</u>	627,402	627,402
<u>Other deposits</u>			
Considered Good	376,700		
Considered Doubtful	<u>2,333,671</u>	2,723,821	2,721,821
Tax deducted at source		3,558,976	2,425,770
iii) Advances considered doubtful		10,386,579	10,386,579
		<u>26,398,842</u>	<u>27,155,520</u>
Less: Provision for doubtful advances		12,884,798	12,884,798
		<u>13,514,044</u>	<u>14,270,722</u>

SCHEDULE - 10**CURRENT LIABILITIES ***

Sundry Creditors	77,928,524	77,931,260
Advances from Customers	23,266,420	21,232,674
Amounts held for Principals	7,655,321	7,290,019
Advances from tenants	8,451,449	8,451,449
Other advances	4,900,000	4,900,000
Security deposits	6,522,776	6,522,776
Payable to Subsidiary Co.-Strand Properties Limited	9,955,293	2,668,780
	<u>138,679,783</u>	<u>128,996,958</u>

* Refer Note No. 11 in Schedule 19

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Year ended 31.3.2002	Year ended 31.3.2001
	Rs.	Rs.
SCHEDULE - 11		
PROVISIONS		
Provision for Gratuity	902,881	1,297,725
Provision for Leave Encashment	630,866	663,399
	<u>1,533,747</u>	<u>1,961,124</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE - 12
REVENUE

Commission and Service Charges	2,189,997	2,333,861
Income from Property	7,604,766	7,582,258
	<u>9,794,763</u>	<u>9,916,119</u>

SCHEDULE - 13**OTHER INCOME**

Interest (Gross)		
Trade Investments :		
Governments Securities	-	64
Others	<u>996,785</u>	<u>1,209,287</u>
Bank Overdraft written Back (Refer Note No. 20 in Schedule 19)	2,295,395	-
Excess Contribution to Staff Funds Refunded (Refer Note No. 19 in Schedule 19)	2,411,366	-
Miscellaneous	666,748	336,965
	<u>6,370,294</u>	<u>1,546,316</u>
Note : Tax deducted at source on Interest		
Government Securities	-	284
Others	142,499	233,297

SCHEDULE - 14**EMPLOYEES REMUNERATION AND BENEFITS**

Salaries, Wages and Bonus	2,238,189	2,948,518
Closure Compensation for Staff (Refer Note No. 4 in Schedule 19)	-	40,825,742
Staff Provident and Other Funds	220,777	236,204
Staff Welfare Expenses	345,000	235,836
Retiral benefit	471,265	8,558,805
Leave Encashment Provision	27,349	78,100
	<u>3,302,580</u>	<u>52,883,305</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE - 15	Year ended 31.3.2002 Rs.	Year ended 31.3.2001 Rs.
OTHER OPERATING EXPENSES		
Rent	681,110	211,191
Rent Collection Charges	349,679	401,515
Rates and Taxes	2,133,112	719,095
Insurance	150,485	184,879
Repairs - Building	204,050	233,351
- Others	31,049	23,281
Electricity	151,593	110,778
Travelling	65,353	62,010
Staff Quarter expenses	129,007	58,871
Telegram, Telex, Telephones etc.	200,891	282,820
Transport expenses	327,726	331,208
Other purchased services	442,263	688,688
Auditors' remuneration (Refer Note No. 5 (a) in Schedule 19)	235,000	236,725
Directors' fees	3,000	3,750
Handling charges	-	34,575
Debts, Advances and Claim written off	-	232,355
Business Promotion	432	5,990
Printing and Stationery	36,988	46,766
Fines & Penalties	9,613	145,187
Miscellaneous	322,806	360,638
	<u>5,474,157</u>	<u>4,321,651</u>
SCHEDULE - 16		
PROVISIONS		
For doubtful debts	-	886,114
For Cash Lost in Fire	-	30,371
For doubtful advances	-	45,88,695
	<u>-</u>	<u>5,485,180</u>
SCHEDULE - 17		
INTEREST AND GUARANTEE COMMISSION		
Interest - On Term Loans *	328,810,950	278,020,390
- Others	301,096,224	255,167,994
Guarantee Commission	2,250	18,829
	<u>627,909,424</u>	<u>533,207,213</u>
* Interest on Term Loans is net of an Interest Income accrued amounting to Rs. 1,61,03,773/- (Previous Year Rs. 1,36,99,594/-) on amounts retained by the Company's Bankers from the sale proceeds of 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	-	2,905,429
Prior Years' Income	(46,468)	1,265,991
Prior Years' Expenses	6,013,629	(1,440,377)
Short Provision for Taxation booked in excess during the previous year, rectified	(769,790)	-
	<u>5,197,371</u>	<u>2,731,043</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

- i) Fixed assets are stated at cost, less accumulated depreciation.
- ii) 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.
- iii) 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.
- iv) 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.

d) Foreign Currency Transactions

- i) Transactions in Foreign Exchange are recorded at the exchange rates prevailing on the date of transaction.
- ii) 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

- i) 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.
- ii) Leave Encashment is based on the certification by the management as regards leave lying to the credit of each employee at the year-end.

f) Taxation

- i) Current Tax : No provision is made in view of loss and carried forward loss
- ii) Deferred Tax : Deferred tax asset has not been recognised by the company in view of uncertainty of future taxable income.

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 31.03.2002	Year ended 31.03.2001
i) 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
ii) Uncalled amounts on partly paid shares.	4,000	4,000
iii) Guarantees issued by the Company's Bankers	3,60,000	4,98,000
iv) Retrenched Staff	2,23,49,234	2,23,49,234
(a) 60 clerical and 35 subordinate staff were retrenched on 4 th 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.)		

4. Company has entered into Agreement with Calcutta Staff Union for Closure Compensation-totally amounting to Rs. 5,12,16,751/- including gratuity and ex-gratia. Net Amount Rs. 4,08,25,742/- after deducting amount already provided in past and paid from Gratuity Fund was provided for in the accounts for the previous year. Rs. 4,02,78,543/- is still due and payable.

5. a) Auditor's remuneration

	2001-2002	2000-2001
i) Audit Fees	2,00,000	2,00,000
ii) Tax Audit Fees	35,000	35,000
iii) Out of pocket expenses	0	1,725
b) Managerial Remuneration		
i) Salary	3,60,000	3,60,000
ii) Perquisites	1,00,010	2,54,064

6. Entry into the Calcutta branch of the Company located at 18, 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 service of all the staff has been terminated.

7. The Company has an investment of Rs.18,000/- (Previous Year Rs. 18,000/-) in Strand Properties Limited and an advance of Rs. NIL (Previous Year Rs. 32,423/-). Further the Company owes Rs. 99,55,293/- (Previous Year Rs. 26,68,781/-) and Rs.13,30,000/- (Previous Year Rs. 13,30,000/-) shown in Unsecured loans taken from Strand Properties Limited. The accumulated losses of Strand Properties Limited as on 31st March, 2002 amounting to Rs.74,29,294/- 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 38,466/- far exceeds its net worth. No provision has been made for possible loss in this regard

8. Foreign Exchange Earnings	<u>2001-2002</u>	<u>2000-2001</u>
a) From Services rendered	18,80,832	4,44,612
Commission & Other Misc. Receipts	45,786	56,864
b) Expenditure in Foreign Currency on account of Subscriptions	12,243	14,851

9. An amount of Rs. 3,11,06,239/- (Previous Year Rs. 3,01,06,239/-) representing rent collected by the Court Receiver till 31st March 2002 from Sundry Debtors and an amount of Rs. 1,11,64,173/- (Previous Year 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. 64,84,811/- (Previous Year Rs. 1,12,63,374/-) including Rs. 54,72,141/- due from Court Receiver (Previous year Rs. 73,43,831/-), 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. 2,32,66,460/-
Advances and Amounts held for Principals	Rs. 45,55,683/-
Advances from Tenants	Rs. 84,51,449/-
Other Advances	Rs. 49,00,000/-
TOTAL	<u>Rs. 4,11,73,592/-</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. a) 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.

b) Investments Rs. 58,163/- are kept as security with Authorities. These investments have matured. The Company is not in a position to get the same from Authorities as the same are lost or misplaced. No Provision is made for loss of investment Rs. 58,163/- and accrued interest Rs. 8,545/- as company is still following up with authorities.

c) Investments made at Calcutta Rs. 56,000/- are presently not available physically as building is destroyed by fire.

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.4,098,462,476/- (Previous Year 347,21,67,240/-) are outstanding as on 31st March, 2002 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. 3,11,06,236/- (Previous Year Rs. 3,11,06,236/-) representing rent collected by Court Receiver till 31st March 2002 from sundry debtors and an amount of Rs 1,11,64,173/- (Previous Year 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 other than the rent collection charges 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. 55,05,608/- (Previous Year 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. 66,85,064/- (Previous Year 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 was made in previous year as the building was destroyed in major fire and the management is not sure whether anything can be retrieved.
19. Excess Contribution to Staff Funds Refunded Rs. 24,11,366/- represents amount received from statutory funds towards refund of excess contribution made by company in past.
20. Bank Overdraft written back Rs. 22,95,395/- represents amount due to Bank of Baroda New Delhi towards overdraft which also included interest provided in past not payable to Bank in terms of settlement with Bank in the Recovery Petition filed by Bank of Baroda in the Debt Recovery Tribunal New Delhi.
21. Related party disclosure
The names of the related parties are as under
 - (a) Subsidiaries
 - (1) Mackinnon Travels (New Delhi) Limited
 - (2) Strand Properties Limited
 - (b) Key Management Personnel
Key management personnel comprise of whole-time directors who have the authority and responsibility for planning, directing and controlling the activities of the company. The remuneration paid to such directors are disclosed in Note – 5(b)

The details of transaction with related parties (Subsidiaries) are as follows :-

Sr. No.	Description	Company	Rs.
1.	Unsecured Loan as at 31 st March, 2002	Strand Properties Ltd.	13,30,000
2.	Amount Due as at 31 st March, 2002	Strand Properties Ltd.	99,55,293
3.	Amount Due as at 31 st March, 2002	Mackinnon Travels (New Delhi) Ltd.	34,466
4.	Rent for the year	Strand Properties Ltd.	5,41,881

22. Segmental Information

Description	Property Owing & Leasing	Shipping & Shipping Agency Activities	Rs. in Lakhs
Revenue			
Internal	76.05	21.90	97.95
Results	56.33	5.61	61.94
Unallocated Corporate expenses net of unallocated income			(10.06)
Interest & Finance Cost			6279.09
Taxation			
Current	-	-	
Deferred	-	-	
Net Profit			(6207.09)
Other Information			
Segment Assets	197.20	8.93	206.13
Unallocated Corporate Assets			202.99
Total Assets			409.12
Segment Liabilities	13.09	68.30	81.39
Unallocated Corporate Liabilities			42318.66
Total Liabilities			42400.05
Depreciation	1.57	0	1.57
Unallocated Corporate Depreciation			0.30
Total Depreciation			1.87

As this is the first year of application of Accounting Standard 17 (AS-17) Segment reporting, disclosure of corresponding previous year's segment figures have been omitted in line with a clarification issued by the Institute of Chartered Accountants of India on the standard

23. Previous years' figures have been regrouped/restated where considered necessary.

Signatories to Schedules 1 to 19

For J.D. Mehta & Company
Chartered Accountants

M.K.B. Capadia

)

Rear Admrl. P.K. Sinha

)

Directors

Capt. N.B. Jamnerkar

)

Proprietor
Membership No. 11472

Mumbai
Dated: 12th August, 2002

Mumbai
Dated : 12th August, 2002

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2002

	Rs. In lacs 2001-2002		Rs. In lacs 2000-2001	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) before Tax		(6,259.06)		(5,819.15)
Adjustment for :				
Depreciation	1.88		2.12	
Income from Investments	(9.97)		(12.09)	
Interest (Net)	6,279.09		5,332.07	
Bank Overdraft written Back	(22.95)	6,248.05	-	5,322.10
Operating Loss before working capital changes		(11.01)		(497.05)
Adjustment for :				
Trade and Other Receivables	(42.04)		145.84	
Trade Payables	92.56	50.52	379.83	525.67
CASH GENERATED FROM OPERATIONS		39.51		28.62
Direct Taxes Paid (Net of refund received)	-	-	(9.86)	(9.86)
NET CASH FLOW FROM OPERATING ACTIVITIES		39.51		18.76
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	-		(0.02)	
Interest received	9.97	9.97	12.09	12.07
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Long Term Borrowings (net)	(57.10)			
Bank Overdraft written Back	22.95	(34.15)		(23.39)
NET INCREASE IN CASH & CASH EQUIVALENTS		15.33		7.44
OPENING CASH AND CASH EQUIVALENTS		66.93		59.49
CLOSING CASH AND CASH EQUIVALENTS		82.26		66.93

Note : Cash and Cash Equivalents include :

	2001-2002 Rs. In Lacs	2000-2001 Rs. In Lacs
Cash and Bank Balances	82.26	66.93

On behalf of the Board

M.K.B CAPADIA
Director

R.ADMR.P.K. SINHA
Director

CAPT. N.B. JAMNERKAR
Director

Mumbai, 12th August, 2002

AUDITOR'S 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, 2002 reported upon by us on 12th August, 2002. 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

Mumbai, 12th August 2002.

J.D. MEHTA
Proprietor

STATEMENT FORMING PART OF THE ACCOUNTS AS ON 31ST MARCH, 2002

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 Number	:	13745
State Code	:	11
Balance Sheet Date	:	31/03/2002

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	:	4135900
Total Assets	:	4135900

SOURCE OF FUND:

Paid Up Capital	:	24861
Reserves & Surplus	:	11246
Secured Loans	:	4098462
Unsecured Loans	:	1330

APPLICATION OF FUNDS

Net Fixed Assets	:	3212
Investments	:	376
Net Current Assets	:	-102889
Miscellaneous Expenses	:	NIL
Accumulated Losses	:	4235201

IV) PERFORMANCE OF COMPANY (Amount in Rs Thousands)

Turnover	:	16165
Total Expenditure	:	642071
Profit/(loss) before Tax (+ for Profit - for Loss)	:	-625906
Profit/(loss) after Tax (+ for Profit - for Loss)	:	-625906
Earning 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)	:	N.A.
--------------------------	---	------

Service Description

Clearing Forwarding
Ship Manning
Ship Agency
Ship Operation
Travel Tour Services

Note: The above particulars should be read along with the Balance Sheet as at 31st March 2002, the Profit & Loss Account for the year ended as on that date and the Schedules forming part thereof

DIRECTORS

M.K.B. Capadia.

Rear Admrl. P.K. Sinha

Capt. N.B.Jamnerkar

Place : Mumbai

Dated : 12th August, 2002

Mackinnon Mackenzie & Co. Ltd.

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

1. Name of the Subsidiary	: Strand Properties Ltd.	Mackinnons Travels (New Delhi) Ltd.
2. Financial year of the Subsidiary	: 31st March 2002	31st March 2002
3. Shares of the subsidiaries held by Mackinnon Mackenzie & Co. Ltd. on the above date.		
a) Number & face value of Paid-up equity	: 720 fully paid-up equity Shares of Rs. 10/- each	750 fully paid up equity shares of Rs. 10/- each.
b) Extent of holding	: 72%	100%
4. Net aggregate amount of profit/ (Losses) of the subsidiaries of the above financial year of the subsidiaries so far as these concerned members of Mackinnon Mackenzie & Co. Ltd.		
a) Dealt within the accounts of Mackinnon Mackenzie & Co. Ltd. for the year ended 31st March 2002.	: NIL	NIL
b) Not dealt within the accounts of Mackinnon Mackenzie & Co. Ltd. for the year ended 31st March 2002.	: Rs. 11,186/-	(Rs. 1,100/-)
5. Net aggregate amount of profit/ (Losses) of the previous financial years of the subsidiaries since they became subsidiaries so far as these concerned members of Mackinnon Mackenzie & Co. Ltd.		
a) Dealt within the accounts of Mackinnon Mackenzie & Co. Ltd. for the year ended 31st March 2002.	: NIL	NIL
b) Not dealt within the accounts of Mackinnon Mackenzie & Co. Ltd. for the year ended 31st March 2002.	: (Rs. 7,440,480/-)	(Rs. 37,366/-)
6. Change of interest of Mackinnon Mackenzie & Co. Ltd. in the subsidiaries between the end of financial year of subsidiaries and that of Mackinnon Mackenzie & Co. Ltd.	: Not Applicable	Not Applicable
7. Material changes between the end of the financial year of the subsidiaries and the end of the financial year of Mackinnon Mackenzie & Co. Ltd. in respect of Subsidiaries fixed assets, Investments, lending and borrowing for the purposes other than meeting their current liabilities.	: Not Applicable	Not Applicable

Place : Mumbai
Dated : 12th August, 2002

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

Directors

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MACKINNON MACKENZIE & COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MACKINNON MACKENZIE & COMPANY LIMITED AND ITS SUBSIDIARIES.

1. We have examined the attached Consolidated Balance Sheet of Mackinnon Mackenzie & Company Limited ("the Company") and its subsidiaries as at 31st March, 2002 and the Consolidated Profit and Loss Account for the year ended on that date and annexed thereto both of which we have signed under reference to this report.
2. These financial statements are the responsibility of the Mackinnon Mackenzie & Company Limited management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as, evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Strand Properties Limited and Mackinnon Travels (New Delhi) Limited, subsidiaries companies whose financial statements reflect total assets of Rs. 17,54,743 as at 31st March, 2002, and total revenues of Rs 7,52,613 for the year ended then. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. In our opinion and to the best of our information and according to the explanations given to us, and on consideration of separate audit reports on individual audited financial statements of the Company and its subsidiaries, the aforesaid consolidated financial statements together with the notes thereon and the Statement on Significant Accounting Policies, subject to qualifications in respective Auditors' Report give a true and fair view :
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2002 ;
 - (b) in the case of the Consolidated Profit & Loss Account, of the consolidated Loss of the Company and its subsidiaries for the year ended on that date.

For J.D. MEHTA & COMPANY
CHARTERED ACCOUNTANTS

Place : Mumbai
Date : 12th August 2002

J.D. MEHTA
PROPRIETOR

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule No.		As at 31.3.2002 Rs.	Rs.
1. SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1			24,861,125
Reserves & Surplus	2			11,246,274
LOAN FUNDS				
Secured Loans	3	4,098,462,476		
Unsecured Loans	4	1,735,545	4,100,198,021	
			<u>4,136,305,420</u>	
APPLICATION OF FUNDS				
Goodwill on Consolidation				9,578
FIXED ASSETS				
Gross Block		21,270,562		
Less : Depreciation		<u>15,511,364</u>		
				5,759,198
INVESTMENTS	6			350,163
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors	7	20,521,441		
Cash and Bank Balances	8	8,238,244		
Other Current Assets -				
Interest accrued on Investment		8,545		
Loans and Advances	9	<u>14,158,636</u>		
		<u>42,926,866</u>		
Less : CURRENT LIABILITIES AND PROVISION				
Liabilities	10	143,406,909		
Provisions	11	1,533,747		
Insurance Claim Realised		<u>10,465,287</u>		
		<u>155,405,943</u>		
NET CURRENT ASSETS				(112,479,077)
DEBIT BALANCES IN PROFIT & LOSS ACCOUNT		4,248,869,379		
Less: BALANCE IN GENERAL RESERVE		<u>8,280,748</u>	4,240,588,631	
Minority Share in Loss			<u>2,076,927</u>	
TOTAL			<u>4,136,305,420</u>	

Schedules referred to above form an integral part of the Consolidated Balance Sheet & should be read in conjunction therewith. The accompanying notes form an integral part of the Consolidated Balance Sheet.

For J. D. MEHTA & COMPANY
Chartered Accountants

J. D. MEHTA
Proprietor

Mumbai, Dated: 12th August, 2002

M.K.B. CAPADIA
REARADMRL. P.K. SINHA
CAPT. N. B. JAMNERKAR } Directors

Place : Mumbai
Dated: 12th August, 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule	Year ended 31.03.2002 Rs.
INCOME		
Revenue	12	10,005,495
Other Income	13	6,370,294
		<u>16,375,789</u>
EXPENSES		
Employees remuneration and benefits	14	3,302,580
Other operating expenses	15	5,427,640
Depreciation		321,981
Interest & Guarantee commission	16	628,022,507
		<u>637,074,708</u>
Loss before prior years' adjustments		620,698,919
Prior years' adjustments	17	5,197,371
Loss after prior years' adjustments		625,896,290
Previous years' balance brought forward		3,622,973,089
		<u>4,248,869,379</u>
	Total :	
Earning Per Share (Basic & Diluted) Rs.		-
Face Value Rs.		₹10/-

Schedules referred to above form an integral part of the Consolidated Profit & Loss A/c & should be read in conjunction therewith. The accompanying notes form an integral part of the Consolidated Profit & Loss Account.

In terms of our report of even date.

For J. D. MEHTA & COMPANY
Chartered Accountants

J. D. MEHTA
Proprietor

Place : Mumbai
Dated: 12th August, 2002

M.K.B. CAPADIA
REAR ADMRL. P.K. SINHA
CAPT. N. B. JAMNERKAR } Directors

Place : Mumbai
Dated: 12th August, 2002

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - 1

	Rs.	As at 31.03.2002 Rs.
SHARE CAPITAL		
Authorised :		
25,00,000 Equity Shares of Rs. 10/- each		25,000,000
15,00,000 Unclassified Shares of Rs.10/- each		15,000,000
		<u>40,000,000</u>
Issued and Subscribed :		
25,00,000 Equity Shares of Rs. 10/- each	25,000,000	
Less : Amount in arrears : From other than Directors	<u>138,875</u>	24,861,125
		<u>24,861,125</u>

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
2. General Reserve as per last Balance Sheet	8,280,748	
Transfer to Debit Balance in Profit & Loss Account	<u>8,280,748</u>	
		<u>11,246,274</u>

SCHEDULE - 3 *

SECURED LOANS

From Banks :		
Secured by pledge of certain investments and mortgages of immovable properties (Includes interest accrued & due Rs. 1,859,562,315/-		2,146,788,402
Secured by mortgage of building and hypothecation of Book debts. (Includes Interest accrued and due Rs 1,755,044,917/-		1,951,674,074
		<u>4,098,462,476</u>

Of which Rs. Nil repayable within one year and Rs. 4,098,462,476/- overdue for payment

* Refer Note No. 8 & 12 in Schedule 18

SCHEDULE - 4

UNSECURED LOANS

Others		1,735,545
		<u>1,735,545</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

**SCHEDULE - 5
FIXED ASSETS**

	GROSS BLOCK AT BOOK VALUE				DEPRECIATION				NET BLOCK
	As at 01.04.2001	Additions during the year	Deductions during the year	As at 31.03.2002	As at 01.04.2001	Additions during the year	Deductions during the year	As at 31.03.2002	As at 31.03.2002
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Land & Buildings									
On Freehold Land	7,425,951	—	—	7,425,951	4,545,097	138,193	—	4,683,290	2,742,661
On Leasehold Land	11,099,351	—	—	11,099,351	8,042,272	152,854	—	8,195,126	2,904,225
2. Furniture & Fittings	476,713	—	—	476,713	457,553	3,467	—	461,020	15,693
3. Office & Electrical Equipments	1,524,641	—	—	1,524,641	1,440,199	11,750	—	1,451,949	72,692
4. Transport Vehicles	73,801	—	—	73,801	72,800	259	—	73,059	742
5. Plant & Machinery	670,106	—	—	670,106	631,462	15,458	—	646,920	23,186
Total	21,270,562	—	—	21,270,562	15,189,383	321,981	—	15,511,364	5,759,198

SCHEDULE - 6

	Rs.	As at 31.03.2002 Rs.
INVESTMENTS (At Cost)		
LONG TERM INVESTMENTS (At Cost)		
1. Government Securities (Quoted)		
* 10,000 5.5% Loan 1995	10,120	
* 43,000 5.5% Loan 2000	43,043	53,163
2. Government Securities (Unquoted)		
* 7 Year National Savings Certificates		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)		236,000
(Refer Note No. 11 in Schedule 19)		
Woodland Hospital and Medical Research		
Centre Limited. East India Clinic Ltd.		
Registered Mortgage Debenture 1952		12,000
5% Non-redeemable Registered Debenture		
Stock 1959		35,000
Bengal Chamber of Commerce & Industry		
6.5% Non redeemable Registered Debenture		9,000
1962		
Atlas Ores & Mineral Pvt. Ltd. (In liquidation)		
200 Ordinary Shares of Rs.100/- each fully paid-up	20,000	
Less : Provision to date	(20,000)	
		350,163
Market value (Quoted)		
of Government Securities		Not ascertainable

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - 7
SUNDRY DEBTORSAs at 31.03.2002
Rs.

i) Unsecured considered good :		
Debts outstanding for a period exceeding six months (Refer Note No. 13 in Schedule 18)		16,099,071
Other debts		4,422,370
ii) Unsecured considered doubtful :		
Debts outstanding for a period exceeding six months		64,345,907
		<u>84,867,348</u>
Less : Provision for doubtful debts		<u>64,345,907</u>
		<u>20,521,441</u>

SCHEDULE - 8

CASH AND BANK BALANCES

i) Cash on hand	46,879	
Less : Provision for Cash loss by fire (See Note 17 in Schedule 18)	<u>(30,371)</u>	16,508
ii) With Schedule Banks :		
On Current Account		1,381,362
On Margin Deposit ** (Refer Note No. 14 in Schedule 18)		6,831,374
On Fixed Deposits		9,000
		<u>8,238,244</u>
** Includes Interest accrued		<u>1,389,926</u>

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. 9 in Schedule 18)		9,660,355
ii) Other advances -(Considered Good unless stated otherwise)		
<u>Balance with Customs and Port Trusts</u>		
Considered Good	3,309	
Considered Doubtful	<u>82,992</u>	86,301
<u>Deposit with Customs and Port Trusts</u>		
Considered Good	545,846	
Considered Doubtful	<u>81,556</u>	627,402
<u>Other deposits</u>		
Considered Good	376,700	
Considered Doubtful	<u>2,333,671</u>	2,723,821
Tax deducted at source		3,558,976
iii) Advances considered doubtful		<u>10,386,579</u>
Less: Provision for doubtful advances		<u>27,043,434</u>
		<u>12,884,798</u>
		<u>14,158,636</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - 10

Rs. As at 31.03.2002

CURRENT LIABILITIES *

Sundry Creditors	92,610,943
Advances from Customers	23,266,420
Amounts held for Principals	7,655,321
Advances from tenants	8,451,449
Other advances	4,900,000
Security deposits	6,522,776
	<u>143,406,909</u>

* Refer Note No. 10 in Schedule 18

SCHEDULE - 11

PROVISIONS

Provision for Gratuity	902,881
Provision for Leave Encashment	630,866
	<u>1,533,747</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS A/C

SCHEDULE - 12

REVENUE

Commission & Service Charges	2,189,997
Income from Property	7,815,498
	<u>10,005,495</u>

SCHEDULE - 13

OTHER INCOME

Interest (Gross)	
Others (T.D.S. Rs. 1,42,499)	996,785
Bank Overdraft written Back (Refer Note No. 19 in Schedule 18)	2,295,395
Excess Contribution to Staff Funds Refunded (Refer Note No. 18 in Schedule 18)	2,411,366
Miscellaneous	666,748
	<u>6,370,294</u>

SCHEDULE - 14

EMPLOYEES REMUNERATION AND BENEFITS

Salaries, Wages and Bonus	2,238,189
Staff Provident and Other Funds	220,777
Staff Welfare Expenses	345,000
Retiral benefit	471,265
Leave Encashment Provision	27,349
	<u>3,302,580</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS A/C

SCHEDULE - 15

Year ended 31.03.2002

Rs.

OTHER OPERATING EXPENSES

Rent	139,229
Rent Collection Charges	349,679
Rates and Taxes	2,436,097
Insurance	150,485
Repairs - Building	222,650
- Others	31,049
Electricity	151,593
Travelling	98,861
Staff Quarter expenses	129,007
Telegram, Telex, Telephones etc.	200,891
Transport expenses	327,726
Other purchased services	479,583
Security Service Charges	83,160
Auditors' remuneration (Refer Note No. 5 (a) in Schedule 18)	238,650
Directors' fees	3,000
Business Promotion	432
Printing and Stationery	41,988
Fines & Penalties	9,613
Miscellaneous	335,947
	<u>5,427,640</u>

SCHEDULE - 16

INTEREST AND GUARANTEE COMMISSION

Interest - On Term Loans *	326,810,950
- Others	301,208,307
Guarantee Commission	2,250
	<u>628,022,507</u>

* Interest on Term Loans is net of an Interest Income accrued amounting to Rs. 1,61,03,773/- on amounts retained by the Company's Bankers' from the sale proceeds of sale of flat/ ship of the Company in earlier years.

SCHEDULE - 17

PRIOR YEARS' ADJUSTMENTS

Prior Years' Income	(46,468)
Prior Years' Expenses	6,013,629
Short Provision for Taxation booked in excess during the previous year, rectified	(769,790)
	<u>5,197,371</u>

SCHEDULE 18

NOTES TO THE CONSOLIDATED 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) Principles of Consolidation

(i) The consolidated financial statements relate to Mackinnon Mackenzie & Co. Limited ('the Company') and its majority owned Subsidiary Companies. The consolidated financial statements have been prepared on the following basis :

- The financial statements of the Company and its Subsidiary Companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction.
- Investments in Associate Companies have been accounted as per Accounting Standard 13-Accounting of Investments issued by the Institute of Chartered Accountants of India.
- The excess of cost of the Company of its investment in the Subsidiary company over the Company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill.
- Goodwill arising out of consolidation is not being amortized.
- Minority share of loss consist of :
 - a) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and
 - b) the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- In terms of Articles of Association of Strand Properties Limited (a subsidiary of the Company), all shareholders have agreed to bear losses in proportion of capital paid up and so minority has share in accumulated loss which far exceeds capital and therefore losses attributable to minority are not adjusted against the majority interest.
- Intra group balances and intra group transactions and unrealised profits have been eliminated in full.

(ii) The subsidiary companies considered in the consolidated financial statements are :

- (a) Mackinnon Travels (New Delhi) Limited
- (b) Strand Properties Limited

c) Fixed Assets and Depreciation

- i) Fixed assets are stated at cost, less accumulated depreciation.
- ii) 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.
- iii) 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.
- iv) Assets costing less than Rs.5,000/- are fully depreciated in the year of purchase.

d) Investments

Long term investments are valued at cost. Provision has been made for permanent diminution in the value of investments, if any.

e) Foreign Currency Transactions

- i) Transactions in Foreign Exchange are recorded at the exchange rates prevailing on the date of transaction.
- ii) 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.

f) Retirement Benefits

- i) 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.
- ii) Leave Encashment is based on the certification by the management as regards leave lying to the credit of each employee at the year-end.

g) Taxation

- i) Current Tax : No provision is made in view of loss and carried forward loss
- ii) Deferred Tax : Deferred tax asset has not been recognised by the company in view of uncertainty of future taxable income.

h) Other Significant Accounting Policies

These are set out in the Notes to Accounts under Significant Accounting Policies for financial statements of the respective companies which are enclosed.

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
31.03.2002

i) Claims not acknowledged as debts (includes Municipal Taxes of Rs.1145 lacs approx.	12,22,10,647
ii) Uncalled amounts on partly paid shares.	4,000
iii) Guarantees issued by the Company's Bankers	3,60,000
iv) Retrenched Staff	2,23,49,234

(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.)

4. Company has entered into Agreement with Calcutta Staff Union for Closure Compensation totally amounting to Rs. 5,12,16,751/- including gratuity and ex-gratia. Net Amount Rs. 4,08,25,742/- after deducting amount already provided in past and paid from Gratuity Fund was provided for in the accounts for the previous year. Rs. 4,02,78,543/- is still due and payable.

5. a) Auditor's remuneration	Rs.
i) Audit Fees	2,03,650
ii) Tax Audit Fees	35,000
b) Managerial Remuneration (Only of parent Company)	
i) Salary	3,60,000
ii) Perquisites	1,00,010

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 services of all the staff has been terminated.

7. Foreign Exchange Earnings	2001-2002
a) From Services rendered	18,80,832
Commission & Other Misc. Receipts	45,786
b) Expenditure in Foreign Currency on account of Subscriptions	12,243

8. An amount of Rs. 3,11,06,239/- representing rent collected by the Court Receiver till 31st March 2002 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.

9. Loans and advances include certain old balances amounting to Rs. 64,84,811/- including Rs. 54,72,141/- due from Court Receiver, 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.

10. a) Sundry Creditors include an amount of 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. 2,32,66,460/-
Advances and Amounts held for Principals	Rs. 45,55,883/-
Advances from Tenants	Rs. 84,51,449/-
Other Advances	Rs. 49,00,000/-
TOTAL	Rs. 4,11,73,592/-

- 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.
11. a) 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.
- b) Investments Rs. 58,163/- are kept as security with Authorities. These investments have matured. The Company is not in a position to get the same from Authorities as the same are lost or misplaced. No Provision is made for loss of investment Rs. 58,163/- and accrued interest Rs. 8,545/- as company is still following up with authorities.
- c) Investments made at Calcutta Rs. 56,000/- are presently not available physically as building is destroyed by fire.
12. 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. 61,86,06,521. However, these loans along with interest accrued and due and amounting to Rs.4,098,462,476/- are outstanding as on 31st March, 2002 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. 3,11,06,236/- representing rent collected by Court Receiver till 31st March 2002 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 other than the rent collection charges 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.
13. Sundry Debtors include an amount due from the Company's bankers amounting to Rs. 55,05,608/- which have not been adjusted against the loans, pending review/ confirmation of the same.
14. Cash and Bank balance includes an amount of Rs. 66,85,064 deposited as margin money with the Company's Bankers who have filed suits against the Company in the Bombay High Court.
15. 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.
16. 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.
17. Provision for loss of Cash on Hand Rs. 30,371/- at Kolkata was made in previous year as the building was destroyed in major fire and the management is not sure whether anything can be retrieved.
18. Excess Contribution to Staff Funds Refunded Rs. 24,11,366/- represents amount received from statutory funds towards refund of excess contribution made by company in past.
19. Bank Overdraft written back Rs. 22,95,395/- represents amount due to Bank of Baroda New Delhi towards overdraft which also included interest provided in past not payable to Bank in terms of settlement with Bank in the Recovery Petition filed by Bank of Baroda in the Debt Recovery Tribunal New Delhi.
20. Related party disclosure
The names of the related parties are as under
- (a) Subsidiaries
- (1) Mackinnon Travels (New Delhi) Limited
- (2) Strand Properties Limited
- (b) Key Management Personnel
Key management personnel comprise of whole-time directors who have the authority and responsibility for planning, directing and controlling the activities of the company. The remuneration paid to such directors are disclosed in Note – 5(b)

21. Segmental Information

Description	Property Owing & Leasing	Shipping & Shipping Agency Activities	Rs. in Lakhs
Revenue			
Internal	78.15	21.90	100.05
Results	40.91	5.81	46.52
Unallocated Corporate expenses net of unallocated income			(26.72)
Interest & Finance Cost			6280.22
Taxation			
Current	-	-	
Deferred	-	-	
Net Profit			(6206.98)
Other Information			
Segment Assets	272.13	8.93	281.06
Unallocated Corporate Assets			209.30
Total Assets			490.36
Segment Liabilities	149.43	68.30	217.73
Unallocated Corporate Liabilities			42338.34
Total Liabilities			42556.07
Depreciation	2.90	0	2.09
Unallocated Corporate Depreciation			0.31
Total Depreciation			3.21

As this is the first year of application of Accounting Standard 17 (AS-17) Segment reporting, disclosure of corresponding previous year's segment figures have been omitted in line with a clarification issued by the Institute of Chartered Accountants of India on the standard

22. Adoption of Accounting Standard 21 have been made mandatory for accounting periods commencing on or after 1st April, 2001. The financial year 2001-2002, being the first year of transition, it is not practical to present the consolidated cash flow statement since the adjusted opening balances, which are relevant for the year's cash flow, are not available.
23. The year under review being the first year of adoption of Accounting Standard 21, figures for previous year have not been presented.

Signatories to Schedules 1 to 18

For J.D. Mehta & Company	M.K.B.Capadia	)	
Chartered Accountants	Rear Admrl. P.K.Sinha	)	Directors
	Capt. N.B. Jamnerkar	)	
Proprietor			
Membership No. 11472			

Mumbai
Dated: 12th August, 2002

Mumbai
Dated : 12th August, 2002

STRAND PROPERTIES LIMITED

NOTICE

Notice is hereby given that the 77th Annual General Meeting of the Shareholders 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 18th September, 2002 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 2002 together with the Profit and Loss Account for the year ended 31st March 2002.
2. Vice - Admiral K. R. Menon 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 10, 2002.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 31ST 2002.

1. FINANCIAL RESULTS :

The Result for the year shows a Profit of Rs. 11,186/- and the cumulative balance in the Profit & Loss A/c. stands at Rs. 74,29,294/- The Directors are, therefore, unable to recommend a dividend for the year ended March 31, 2002.

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 : 28th June, 2002
Place : Calcutta

STRAND PROPERTIES LIMITED

AUDITORS REPORT TO THE MEMBERS OF STRAND PROPERTIES LIMITED

We have audited the attached Balance Sheet of STRAND PROPERTIES LIMITED as at 31st MARCH 2002 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 2002, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 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 prima 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, Sales Tax, Custom Duty and Excise duty were outstanding as at 31st March 2002 for a period of more than six Months from the date they became 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 :-

- a) On 7th November 1988 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 31st March, 2002 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 Companies 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, 2002.
 - ii) In so far as it relates to the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For A.K. SARKAR & CO.
Chartered Accountants

KOLKATA, DATED : 28th June, 2002

Proprietor

Strand Properties Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule No.	Rs.	As at 31.3.2002 Rs.	Rs.	As at 31.3.2001 Rs.
1. SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
a) Share Capital	1	10,000		10,000	
b) Reserve & Surplus Capital Reserve		<u>1,698</u>	11,698	<u>1,698</u>	11,698
ii) LOANS & FUNDS	2		<u>17,35,545</u>		<u>17,01,375</u>
Total			<u>17,47,243</u>		<u>17,13,073</u>
2. APPLICATION OF FUNDS					
i) FIXED ASSETS	3				
a) Gross Block		68,40,951		68,40,951	
Less : Depreciation		<u>42,93,460</u>	25,47,491	<u>41,59,381</u>	26,81,570
ii) CURRENT ASSETS, LOANS AND ADVANCES					
a) Sundry Debtors	4	1,48,24,966		1,28,09,761	
b) Cash and Bank Balance	5	4,961		1,61,921	
c) Loans and Advances	6	<u>20,84,737</u>		<u>20,84,737</u>	
		1,69,14,664		1,50,56,419	
Less : CURRENT LIABILITIES AND PROVISIONS					
a) Liabilities — Sundry Creditors	11	1,46,78,919		1,30,00,109	
b) Insurance Claim Realised		<u>1,04,65,287</u>		<u>1,04,65,287</u>	
		<u>2,51,44,206</u>	(-) 82,29,542		(-) 84,08,977
iii) Debit Balance in Profit & Loss Account			<u>74,29,294</u>		<u>74,40,480</u>
			<u>17,47,243</u>		<u>17,13,073</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

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

} Directors

Kolkata, Dated : 28th June, 2002

Strand Properties Ltd.**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002**

	Schedule No.	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
INCOME			
Lease Rent		<u>7,52,613</u>	<u>7,52,613</u>
EXPENDITURE			
Other Expenses	7	4,94,265	7,95,949
Interest on Term Loan	12	1,13,083	1,74,028
Depreciation	3	1,34,079	1,41,135
		<u>7,41,427</u>	<u>11,11,112</u>
Net Profit / Loss		11,186	(-) 3,58,499
Previous year's balance brought forward		74,40,480	74,40,480
		<u>74,29,294</u>	<u>74,40,480</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 : 28th August, 2002

Strand Properties Limited

SCHEDULE 1

As at 31.3.2002
Rs.

As at 31.3.2001
Rs.

CAPITAL

Authorised

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

10,000

10,000

ISSUED & SUBSCRIBED

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

fully paid up in cash

10,000

10,000

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

SCHEDULE 2

LOANS & FUNDS

(UNSECURED)

1. Bishnauth Tea Co. Ltd.

10,31,467

10,31,467

2. Fairly Place Services Ltd.

5,84,000

5,84,000

3. Williamson Magor & Co. Ltd.

20,078

85,908

17,35,545

17,01,375

SCHEDULE - 3

	AT COST			DEPRECIATION			NET BLOCK VALUE	
	As at 01.04.2001 Rs.	Additions during the year Rs.	As at 31.03.2002 Rs.	As at 01.04.2001 Rs.	For the year Rs.	As at 31.03.2002 Rs.	As at 31.03.2002 Rs.	As at 31.03.2001 Rs.
FIXED ASSETS :								
1. Land & Building 16 Strand Road, Kolkata - 700 001	68,40,951	NIL	68,40,951	41,59,381	1,34,079	42,93,460	25,47,491	26,81,570
	68,40,951	NIL	68,40,951	41,59,381	1,34,079	42,93,460	25,47,491	26,81,570

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

As at 31.3.2002
Rs.

As at 31.3.2001
Rs.

Sundry Debtors A/c.

Unsecured Considered Good :

Exceeding six months

Others

1,38,17,364

1,18,02,159

10,07,602

10,07,602

1,48,24,966

1,28,09,761

SCHEDULE 5

Cash & Bank Balance

Cash in Hand

With Standard Chartered Bank on Current Account

3,460.24

3,460.24

1,500.27

1,58,460.27

4,960.51

1,61,920.51

Strand Properties Limited

SCHEDULE 6

	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
Loans & Advances		
Unsecured but Considered Good :		
Income Tax deducted at source	1,306	1,306
Prepaid-Multistoried Bldg. Tax	45,545	45,545
Advance to S. Roychowdhury for Legal Exp.	70,000	70,000
Income Tax Suspense	3,59,166	3,59,166
Paid to M/s. Allied Pump	1,03,041	1,03,041
Paid to Sanon Sen & Associates	1,00,000	1,00,000
Paid to Mackinnon Mackenzie & Co. Ltd.	14,05,679	14,05,679
	<u>20,84,737</u>	<u>20,84,737</u>

SCHEDULE 7

Other Expenses		
Legal & Professional Charges	34,170	30,000
Rates & Taxes	3,02,985	3,02,985
Auditor's Remuneration	3,150	3,000
Travelling Expenses	31,508	16,064
Advertisement	Nil	24,780
(Part) Dismantling Charges of Building	Nil	3,18,010
Printing & Stationery	5,000	15,000
Security Service Charges	83,160	41,610
Maintenance of Premises	18,600	9,000
Generator Hire charges	Nil	29,000
Accounting Charges	3,150	Nil
Miscellaneous expenses	12,542	6,500
	<u>4,94,265</u>	<u>7,95,949</u>

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
	<u>3,02,985</u>	<u>3,02,985</u>

SCHEDULE 9

Sundry Debtors A/c as at 31st March, 2002 Receivable as follows:-

1) Mackinnon Mackenzie & Co. Ltd.				
Balance as at 31.3.2001		84,28,667		
Add: for this year				
(Rent (1.4.2002 to 31.3.2002)	5,41,881			
Municipal Tax	8,63,274			
Water Tax	45,792	14,50,947	98,79,614	84,28,667
2) Williamson Magor Ltd.				
Balance as at 31.3.2001		43,81,094		
Add : for this year				
(Rent (1.4.2001 to 31.3.2002)	2,10,732			
Municipal Tax	3,35,718			
Water Tax	17,808	5,64,258	49,45,352	43,81,094
Dr. Balance shown in schedule No. 1			<u>1,48,24,966</u>	<u>1,28,09,761</u>

Strand Properties Limited

		As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
SCHEDULE 10			
Interest Payable A/c as at 31st March, 2002			
1) Bishnauth Tea Co. Ltd.			
Balance as per last A/c	4,80,210		
Add: for this year	72,203	5,52,413	4,80,210
3) Fairlie Place Services Ltd.			
Balance as per last A/c	2,67,290		
Add: for this year	40,880	3,08,170	2,67,290
Cr. Balance shown in Sundry Creditors A/c		<u>8,60,583</u>	<u>7,47,500</u>
SCHEDULE 11			
Sundry Creditors A/c as at 31.03.2002			
1. Multistoried Building Tax			
Balance as per last A/c	3,17,954		
Add: for this year	45,545	3,63,499	3,17,954
2. Urban Land Tax			
Balance as per last A/c	2,86,800		
Add: for this year	35,850	3,22,650	2,86,800
3. Interest on Loan			
Balance as per last A/c	7,47,500		
Add: for this year	1,13,083	8,60,583	7,47,500
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	1,09,55,545		
Add for this year	14,20,492	1,23,76,037	1,09,55,545
6. Water Tax			
Balance as per last A/c	5,08,800		
Add: for this year	63,800	5,72,400	5,08,800
7. Trade Licence			
Balance as per last A/c	70		
Add: for this year	10	80	70
8. Other Taxes			
Balance as per last A/c	560		
Add: for this year	80	640	560
9. Income Tax Payable A/c			
Balance as per last A/c		1,76,130	1,76,130
10. Audit Fees		3,150	3,000
11. Professional charges (1994-95)			
Balance as per last A/c		750	750
Cr. Balance Shown in the Balance Sheet		<u>1,46,78,919</u>	<u>1,30,00,109</u>
SCHEDULE 12			
INTEREST ON LOAN FOR THE YEAR 2001-2002			
1) Bishnauth Tea Co. Ltd.			
On Rs. 10,31,470, @ 7% P.A. for one year		72,203	74,517
2) Fairlie Place Services Ltd.			
On Rs. 5,84,000 @ 7% P.A. for one year		40,880	42,047
Dr. Balance Shown in P & L A/c		<u>1,13,083</u>	<u>1,16,564</u>

Strand Properties Limited

		As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
SCHEDULE 13			
Income Tax Suspense A/c as at 31.3.2002			
(1983-84 & 1989-90)	2,723		
(1995-96)	<u>7,176</u>	9,899	9,899
Mackinnon Mackenzie & Co. Ltd.			
(1994-95)	90,472		
(1995-96)	<u>1,24,630</u>	2,15,102	2,15,102
Williamson Magor & Co. Ltd.			
(1994-95)	40,390		
(1995-96)	48,468		
(1996-97)	<u>45,307</u>	1,34,165	1,34,165
Dr. Balance shown in Loans & Advances A/c		<u>3,59,166</u>	<u>3,59,166</u>

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: 28th August, 2002

Strand Properties Limited

ADDITIONAL INFORMATION REQUIRED UNDER PART OF SCHEDULE VI TO THE COMPANY ACT, 1996.

1) GENERAL BUSINESS PROFILE

i) Registration No.	:	005287
ii) State Code	:	21
iii) Balance-Sheet Date	:	31.3.2002

2) CAPITAL RAISED DURING THE YEAR

i) Public Issue	:	NIL
ii) Rights Issue	:	NIL
iii) Bonus Issue	:	NIL
iv) Private Placement	:	NIL

3) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

i) Total Liabilities	:	2,68,91,449
ii) Total Assets	:	2,68,91,449

SOURCES OF FUNDS

i) Paid up Capital	:	10,000
ii) Reserve & Surplus	:	1,698
iii) Secured Loan	:	NIL
iv) Unsecured Loan	:	17,35,545

APPLICATION OF FUNDS :

i) Net Fixed Assets	:	25,47,491
ii) Investments	:	NIL
iii) Net Current Assets	(-)	82,29,542
iv) Misc. Expenses	:	NIL
v) Accumulated Loss	:	74,29,294

4) PERFORMANCE OF THE COMPANY :

i) Turnover/Income	:	7,52,613
ii) Total Expenditure	:	7,41,427
iii) Profit before extra Ordinary items & Taxation	:	NIL
iv) Profit/Loss before tax	:	11,186
v) Profit/Loss after tax	:	11,186
vi) Earnings per Share	:	NIL
vii) Dividend Rate	:	NIL

5) GENERAL NAMES OF THE PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY

: Leasing House Property

MACKINNON'S TRAVELS (NEW DELHI) 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, 2002.

FINANCIAL RESULTS

The Company has not yet commenced business and the result for the year shows a loss of Rs. 1,100/-. The cumulative debit balance in the Profit and Loss Account stands at Rs. 38,466/-

The Directors are unable to declare any dividend for the year ended 31.3.2002.

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.

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".

AUDITORS

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

R. ADMR. P.K. SINHA

M.K.B. CAPADIA

Director

Director

Mumbai, Dated : 12 th August, 2002

AUDITORS' REPORT

TO
THE MEMBERS
MACKINNON'S TRAVELS (NEW DELHI) LIMITED

We have audited the attached Balance Sheet of Mackinnons Travels (New Delhi) Limited as at 31st March, 2002 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2002 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, 2002 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, 2002.

For M.G. PALKAR & COMPANY
Chartered Accountants

M.G. PALKAR
Proprietor

Place : Mumbai
Dated : 12th August, 2002

Mackinnons Travels (New Delhi) Ltd.

BALANCE SHEET AS AT 31st MARCH, 2002

		As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
	Rs.		Rs.
I. SOURCES OF FUNDS :			
SHAREHOLDERS' FUND :			
Capital	1	7,500	7,500
Reserves & Surplus		—	—
LOAN FUNDS			
Secured Loans		—	—
Unsecured Loans		—	—
Total		<u>7,500</u>	<u>7,500</u>
II. APPLICATION OF FUNDS			
FIXED ASSETS		—	—
INVESTMENTS		—	—
CURRENT ASSETS, LOANS & ADVANCES			
Cash		7,000	7,500
Less : CURRENT LIABILITIES & PROVISIONS			
Liabilities	2	<u>37,966</u>	<u>37,366</u>
NET CURRENT ASSETS		<u>-30,966</u>	<u>-29,866</u>
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		<u>38,466</u>	<u>37,366</u>
Total		<u>7,500</u>	<u>7,500</u>

Schedule 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
Proprietor

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

Mumbai, Dated :

Mackinnons Travels (New Delhi) Ltd.**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002**

	Year ended 31.3.2002 Rs.	Year ended 31.3.2001 Rs.
INCOME	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
EXPENSES		
Filing Fees	600	900
Bank Charges	—	316
Audit Fees	500	500
	<u>1,100</u>	<u>1,716</u>
LOSS FOR THE YEAR	1,100	1,716
Previous Year's Balance brought forward	<u>37,366</u>	<u>35,650</u>
Balance carried to Balance Sheet	<u>38,466</u>	<u>37,366</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
Proprietor

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

Mumbai, Dated :

Mackinnons Travels (New Delhi) Ltd.

SCHEDULE - 1	As at 31.3.2002	As at 31.3.2001
	Rs.	Rs.
SHARE CAPITAL		
Authorised: 50,000 Equity Shares of Rs.10/- each	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)	34,466	33,866
TOTAL	37,966	37,366

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.
- Auditors Remuneration : Audit Fees
- 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.

	As at 31.03.2002	As at 31.03.2001
	500	500

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I) REGISTRATION DETAILS

Registration No.	:	11-66833
State Code	:	11
Balance-Sheet Date	:	31.03.2002

II) CAPITAL RAISED DURING THE YEAR

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

III) POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS

Total Liabilities	:	7,500
Total Assets	:	7,500

SOURCES OF FUND

Paid up Capital	:	7,500
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Mackinnons Travels (New Delhi) Ltd.

Reserve & Surplus	:	NIL
Secured Loans	:	NIL
Unsecured Loans	:	NIL
APPLICATION OF FUNDS		
Net Fixed Assets	:	NIL
Investments	:	NIL
Net Current Assets	:	(30,966)
Accumulated Losses	:	38,466
IV) PERFORMANCE OF COMPANY		
Turnover	:	NIL
Total Expenditure	:	1,100
Profit (Loss) before tax	:	(1,100)
Profit (Loss) after tax	:	(1,100)
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	)	
Product Description	)	N.A.
Item Code No.	)	
Signatures to Schedules 1 to 3		

In terms of our report of even date

For and behalf of Board

M.G.PALKAR & Co.
Chartered Accountants

M.G.PALKAR
Proprietor

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

Mumbai, Dated :

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 Fifty First Annual General Meeting of the Company
to be held on Monday, 30th September, 2002 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 Fifty First Annual General Meeting of the Company held on Monday,
30th September, 2002 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

BOOK POST

(Under Certificate of Posting)

If Undelivered please return to:

Datacorp Management Services

202-204, Nirman Industrial Estate,

Link Road, Malad West,

Bombay-400 064.