



Mackinnon Mackenzie & Company Ltd.

Annual Report
2008 - 2009

BOARD OF DIRECTORS Minoo Kaikhushroo
Rear Adml. P. K. S.
Captain N. B. Jamr
Abbas Lakadawalla

AUDITORS M/s. Sachin P. Mulg
Chartered Accountants
Mumbai.

**ADVOCATES AND
SOLICITORS** Maneksha & Sethna, Bombay

**REGISTRAR AND SHARE
TRANSFER AGENTS** In House facility
w.e.f. 01-04-2004

BANKERS Central Bank of India
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.

2. To appoint a Director in place of Capt. N.B. Jamnerkar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors on a remuneration to be fixed by the Board of Directors.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Abbas Lakdawalla Independent Director who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 20th September, 2009 and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company liable to retire by rotation."

5. To consider & if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT – pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Rear Admiral P. K. Sinha as Whole-Time Director, designated as Executive Director, for further period of one year with effect from 17th July 2009 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Rear Admiral P.K. Sinha, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers including the powers conferred by this resolution) to alter and vary their terms and conditions of the said

appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Rear Admiral P.K. Sinha."

"RESOLVED FURTHER THAT – where in any financial year closing after 31st March, 2009, the Company has no profits or its profits are inadequate, the Company do pay to Rear Admiral P.K. Sinha, remuneration by way of salary, perquisites and allowances not exceeding the ceiling specified under Section II and Part II of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT – the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

NOTES:

- a) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and a proxy need not be member of the Company. 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 were closed from Tuesday, 15th September 2009 to Thursday, 24th September 2009 (both days inclusive) in terms of the provisions of Sections 154 of the Companies Act, 1956.
- c) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 4 and 5 of Special Business of the Notice set out above are annexed herewith.
- d) In view of the damages to the records due to heavy rains we have now salvaged 4297 addresses of the shareholders. In the meantime requisite Notice of convening AGM we will send to 4297 members & to whatever addresses further Available.

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

CAPT. N. B. JAMNERKAR
DIRECTOR

MUMBAI, 20th November 2009.

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

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

Item No. 4

Mr. Abbas Lakdawalla was appointed as an Independent Director of the Company w.e.f. 20th September, 2009 by the Board of Directors of the Company to fill in the casual vacancy caused on death of Mr. Minoo Capadia. According to the provisions of section 260 of the Companies Act, 1956 he holds office as Additional Director only up to the date of the ensuing Annual General Meeting the Board considers it desirable that the Company should continue to avail itself of his services.

Except for Mr. Abbas Lakdawalla no other Director is interested in the said Resolution.

Your Directors recommend the said resolution to be passed as an Ordinary Resolution

Item No. 5

1. **Remuneration:** The remuneration paid to the Whole-Time Director shall be in accordance with Section I of Part II of Schedule XIII of the Companies Act, 1956. Rear Admiral P.K. Sinha respectively will be remunerated as follows:

(a) **Salary:** Rs. 40,000/- per month including dearness and all other allowances.

(b) **Perquisites:** In addition to the above salary, he will also be entitled to the Perquisites mentioned below, the value of which shall be restricted to an amount equal to the annual salary, with limits, as applicable, given below:

(c) **Housing:** The expenditure by the Company on hiring furnished

(i) accommodation for the Whole-Time Director will be subject to a ceiling of 60% of the salary, over and above 10% payable by him.

Explanation: The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962, Subject to a ceiling of 10% of the salary of Rear Admiral P.K. Sinha.

(ii) **Servants Wages:** Remuneration of servants/sweeper's wages upto a maximum of Rs. 1,500/- per month.

(iii) **Medical Reimbursements:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or of three month's salary over a period of 4 year.

(iv) **Leave Travel Concession:** Leave Travel Concession for self and family, once in a year in accordance with the rules of the Company. **Explanation:** Family means the spouse, the dependent children and dependent parents of the Whole Time Director.

(v) **Club Fees:** Fees of Clubs, subject to a maximum of two clubs will be allowed. This

will not include admission fees and life membership fees.

(d) **Car and Telephone:** Provision for use of Company car for official business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company.

(e) The whole Time Director shall also be eligible for the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified in Schedule XIII:

(i) Encashment of unavailed leave of one month per year at the end of the tenure.

(ii) Company's contribution to the Provident Fund subject to ceiling of 10% of salary.

(iii) Company's contribution to the Superannuation Fund as per Company's Rule but it shall not together with Company's contribution to Provident Fund exceed 25% of salary laid down under the Income Tax Rules 1962.

(iv) Gratuity not exceeding half months salary for each completed year of Service subject to such limit as described by Income Tax Act 1961.

2. The Whole Time Director, so long as he functions as such, shall not be paid any Sitting fees for attending meetings of the Board of Directors or Committees thereof.

3. The Company shall reimburse to the Whole Time Director entertainment, traveling and all other expenses incurred by him for the business of the Company.

4. The aforesaid appointment may be terminated at any time by either party thereto by giving to the other party one month's notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination.

Except for Rear admiral P K Sinha none of the other directors are deemed to be interested in the said resolution.

Your directors recommend the resolution to be passed as a Special Resolution.

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

CAPT. N. B. JAMNERKAR
DIRECTOR

MUMBAI, 20th November 2009.

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

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

To the Members:

The Directors submit the 58th Annual Report of the Company together with the audited statement of accounts for the period ended 31st March 2009.

1. FINANCIAL RESULTS:

Your Directors result the financial results as follow:-

	<u>Year ended</u> <u>31.03.2009</u>	<u>Year ended</u> <u>31.03.2008</u>
	<u>Rs.</u>	<u>Rs.</u>
1. Income from operations	70.55	70.91
2. Other Income	12.30	185.47
3. Total Income	82.85	256.38
4. Total Expenditure	80.40	98.43
5. Gross Profit/(Loss) before interest	2.45	157.9
Less : (a) Interest	5581.54	4725.48
(b) Provisions for depreciation	3.19	3.62
(c) Provision for doubtful Debts	.43	.42
Profit/(Loss) before extraordinary/ prior period Items & Tax	(5582.71)	(4571.57)
Add: (d) Extraordinary/prio period items	—	.85
6. Net Profit / (Loss) before Tax	(5582.71)	(4572.42)
7. (a) Provision for Fringe Benefit Tax	.65	.85
(b) Add: Profit/(Loss) B/F from earlier year	(5583.36)	(4573.27)
	(64336.88)	(59763.60)
8. Cumulative Profit/(Loss)	(69920.24)	(64336.88)

The debit balance in the Profit & Loss Account after considering prior years' adjustments stands at Rs. 69920.24 Lakhs.

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:

a) Negotiation with Bank:

Negotiations are still in progress with Central Bank of India for an out of Court settlement. Your Directors are hopeful of an early settlement.

b) Mumbai office staff:

Company Appealed under special leave petition in the Supreme Court and now admitted & awaiting final hearing.

c) Future Business Prospect:

In view of the very adverse financial constraints the prospects of any growth in future business is highly unlikely.

4. QUALIFICATIONS IN AUDITORS' REPORT:

With reference to the comments contained in Auditors' 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:

- a) Capt. N.B. Jamnerkar retires by rotation and being eligible offers himself for re-appointment.
- b) We regret to convey sad demise of Mr. M.K.B. Capadia who joined the Board in 1991. He was a great assistance to Company throughout.
- c) In the casual vacancy created by death of Mr. M.K.B. Capadia, Mr. Abbas Lakdawalla has been inducted as Independent Director.

6. FIXED DEPOSITS:

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

7. COMPANY RECORDS:

The company is in the process of reconstructing records to the extent possible with respect to the destroyed records as reported in the earlier years.

8. COMPLIANCE CERTIFICATE:

As required under provisions of Section 383A of the Companies Act 1956, Compliance Certificate dated 3rd September, 2009 from Mr. Abbas Lakdawalla, Practicing Company Secretary is annexed.

9. AUDITORS:

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

10. 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 judgment 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."

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

The Company does not have activities related to conservation of energy and technology absorption. During the year foreign exchange out go was Rs. Nil. The foreign exchange earned during the year was Rs. 3,26,400 Lakhs.

12. PARTICULARS OF EMPLOYEES:

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

13. ACKNOWLEDGEMENT :

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

On behalf of the Board of Directors
CAPT. N.B. JAMNERKAR
CHAIRMAN

Date : 20th November 2009.
Place : Mumbai

ANNEXURE TO DIRECTOR REPORT

Ph.: 40167548

Abbas Lakdawalla

Practicing Company Secretary

606-B, Swiss Corner, Shastri Nagar, Off. Lokhandwala Complex, Andheri (West), Mumbai - 400 053

COMPLIANCE CERTIFICATE

(Under sub section (1) of Section 383A of the Companies Act, 1956)

Co Regd No: U63020MH1951PLC13745

Auth Cap : Rs 4 CRORES

The Members,

Mackinnon Mackenzie and Company Limited

4-Shoorji Vallabhdas Marg, P O Box no 122

Ballard Estate,

Mumbai 400 001

I have examined the registers, records, books and papers of **Mackinnon Mackenzie and Company Limited** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made there under and all entries there in have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and the rules made there under.
3. The Company being public limited company has the minimum prescribed paid-up capital
4. The Board of Directors duly met **Five** times on **29/04/2008, 28/07/2008, 28/08/2008, 24/10/2008 and 30/01/2009**, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 15th September 2008 to 24th September 2008 and necessary compliance of the Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March 2008 was held on 24th September 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year
8. The Company has not advanced loans under the provisions of Section 295 of the Act.
9. The Company was not required to comply with the provisions of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act hence no comments.
12. The Company has not issued duplicate share certificates.
13. The Company:
 - i) Has made no allotment however transfer has been made during the year in respect of which share certificates have been delivered.
 - ii) Has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) Company was not required to post warrants to any of its members as no dividend was declared during the financial year.

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- iv) The provisions of the Act relating to transfer of amount remaining in unpaid dividend account accrued there remain unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund are not applicable.
- v) Has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted.
15. The Company has continued to appoint Mr. Prashant Sinha as a Whole Time Director during the Year.
16. The Company has not appointed any sole selling agents during the financial year.
17. No approvals were required to be obtained from Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back shares during the financial year.
21. As the Company has not issued any preference shares or debentures the question of their redemption does not arise.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has no borrowing during the Year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate hence was not required to make any entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to other states during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was / were no prosecutions initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offenses under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company is not regular in depositing employers' and employees Provident Fund contribution in the designated government account under provision of section 418 of the Act.

Place : Mumbai
Dated : 3rd September 2009

ABBAS LAKDAWALLA
Practicing Company Secretary
FCS 2988 CP 4052

ANNEXURE – “A”

Annexure to the Compliance Certificate of Mackinnon Mackenzie & Company Limited

Registers / Reports as maintained by the Company.

Sr. No.	Particulars
1.	Register of members under Section 154
2.	Register of transfer of shares
3.	Copies of annual accounts under Companies Act 1956
4.	Books of accounts under section 209
5.	Register of Directors, Managing Director and Company Secretary u/s.303
6.	Register of Directors' shareholding u/s.307
7.	Records pertaining to members attendance attending their meetings
8.	Minutes Books for minutes of the meeting of the Board of Directors and Members
9.	Register of Fixed Assets
10.	Register of Charges u/s.143
11.	Register of Contracts u/s 301
12.	Register of Proxies

ANNEXURE – “B”

Annexure to the Compliance Certificate of Mackinnon Mackenzie & Company Limited

No.	Form No. / Return	Filed under relevant section of the Act	Particulars	Date of filing	Whether filed within prescribed time	If delay in filing whether requisite additional fees paid
1.	Annual Accounts E Form 23ACA 23AC	220	F.Y. ended 31.03.2008	24.10.2008	Yes	No
2.	Annual Return E Form 20B	159	AGM held on 24.09.2008	27.10.2008	Yes	No
3	Compliance Certificate	383A	As on 31.03.2008	24.10.2008	Yes	No
4	E Form 25C	269	Appointment of Mr. Sinha as a whole time Director	04.11.2008	No	Yes
5	E Form 23	192	Special Resolution for Appointment of Mr. Sinha as Whole time Director	07.11.2008	No	Yes

Place : Mumbai
Dated : 3rd September 2009

ABBAS LAKDAWALLA
Practicing Company Secretary
FCS 2988 CP 4052

AUDITORS' REPORT TO THE MEMBERS OF MACKINNON MACKENZIE & COMPANY LIMITED AS AT 31ST MARCH 2009

1. We have audited the attached Balance Sheet of M/S. MACKINNON MACKENZIE & COMPANY LIMITED as at 31st March 2009 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 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 Companies (Auditors' Report) Order 2003, (the Order) issued by the Central Government of India in terms of sub-section (4-A) of Section 227 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:
 - (a) 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;
 - b) 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;
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - d) 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.
 - e) On the basis of written representations received from the directors as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956,
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Notes 1,2,6,7,8,9, and 10 appearing in Schedule 18 with regard to the following :
 - i) Investments made at Kolkata Rs.56,000/- are presently not available for physical verification as building is destroyed by fire. (Refer Note No. 8 (c) in Schedule 18.
 - ii) 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 as the losses for the year is not ascertainable. (Refer Note No.2 in Schedule 18).
- iii) Non Provision of Doubtful Debts and Advances.

Loans and advances shown under "Advances Recoverable in Cash or in Kind or for value to be received Unsecured Considered Good" includes certain old balances amounting to Rs.8,18,785/- 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. 6 in Schedule 18).
- iv) Sundry Creditors include an amount of Rs.26,51,925/- 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.7(a) in Schedule 18).
- v) We refer to Note 7(b) in the Schedule 18 regarding certain old credit balances outstanding in various accounts amounting to Rs.3,88,30,718 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.

- vi) The Company's bankers had filed suit in Bombay High Court for recovery of loans which were transferred to the Debt Recovery Tribunal. Out of 3 Banks Bank of India and Indian Bank have assigned entire debt due to them to a Company and suit filed by these two Banks have been transferred back to Bombay High Court. Suits are for recovery of Rs.61,66,05,621/- outstanding as on 31st March 1991. However loans along with interest accrued and due to Bank and the Company which has taken over the Debt as per the terms of loans and subsequent understanding with the Company amounting to Rs 6,918,074,451 is outstanding as on 31st March 2009. Interest amounting to Rs 3602.34 lacs has not been provided for the year in respect of loan due to the company. Had the interest been provided, loss for the year, accumulated losses and secured loans balances would have been higher to the extent of Rs 3602.34 lacs. However no confirmations are available from Bank and the Company which has taken over the Debt for the same. We are therefore unable to comment on the effect of the same if any on secured loans due to Bank and the Company which has taken over the Debt and the debit balance of Profit & Loss Account as at 31st March 2009. (Refer No no.9 in Schedule18).
- vii) Non availability of confirmations in respect of balances of secured and unsecured loans, debtors, certain bank balances, deposits, and creditors appearing in Schedule 3,7,8,9 and 10 of the accounts respectively. (Refer Note No. 10 in Schedule 18).
- viii) As stated in Note No. 15 in Schedule 18 provision for accrued liability for the year in respect of gratuity and long term compensated absences has been made on arithmetical basis instead of based on actuarial valuation as required by Accounting Standard -15 "Employee Benefits" (the Standard). The effect on the Profit & Loss Account for the year had the Company determined the accrued liability for gratuity and long term compensated absences based on actuarial valuation has not been ascertained. Accordingly, the disclosure requirement regarding the actuarial assumptions used for actuarial valuation is not complied with. Further, the transitional liability/gain as at April 1, 2007, which is required to be determined in terms of the transitional provisions of the Standard, has not been ascertained and accounted for.
- Consequential effect of the matters referred in f(i) to f (viii) above the loss for the year and accumulated losses as at 31st March 2009 is not ascertainable.
- ix) 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 (ix),(x),(xi) and (xvi) of the Annexure.

And read with other notes to accounts and accounting policies give the 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 2009 and
- (b) In the case of Profit & Loss Account of the Loss for the year ended on that date,
- (c) In case of Cash Flow Statement, of the Cash Loss of the year ended on that date.

For Sachin P Mulgaokar & Co.
Chartered Accountants.

(Sachin P Mulgaokar)
PROPRIETOR
Membership No. 40942

Place : Mumbai
Date: 20th November 2009

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT

- (i) (a) In our opinion, the Company, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) Clause regarding Inventory records and verification is not applicable to the Company as the Company is carrying on agency business.
- (iii) As informed, the Company has not taken or given any loans, secured or unsecured from companies, firms or other parties listed in register maintained under section 301 of the Companies Act 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness have been observed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management. We are of the opinion that all transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered.
- (b) Based on the information and explanations given to us, it is our opinion that these transactions have been made at reasonable prices having regards to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) The requirement of having an internal audit system is not applicable to the Company.
- (viii) As informed to us, the maintenance of cost records has not been prescribed by the Central Government u/s.209 (1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- (ix) (a) According to the information and explanation given to us, there are no undisputed amounts payable in respect of Income tax, (other than Tax Deduced at Source Rs. 2,71,811, paid subsequently after close of financial year), Wealth Tax, Sales Tax, Customs Duty and Excise Duty, and Cess outstanding as at the year end of a period of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, there are no dues of Income tax, Sales tax, Wealth tax, Customs duty, Excise duty or Cess outstanding on account of any dispute, except for the following fine for alleged violation of Foreign Exchange Regulation Act by the Company and its Officer :

S. No.	Name of Stature	Nature of Dues	Amount Rs.	Period to Which it relates	Forum where dispute is pending
1	Foreign Exchange Regulation Act	Fine	10,02,97,000/-	1979	Foreign Exchange Appellate Tribunal has allowed Companies Appeal against which the concerned Govt. Dept. filed an appeal with High Court of Bombay. The Hon. High Court of Bombay has referred the matter back to the Appellate Tribunal.

- x) (a) The Company total accumulated losses far exceed its capital and Reserves.
(b) The Company has suffered cash losses during the year.
- xii) According to the information and explanations given to us and the records examined by us, Company has not been able to repay loan and interest on secured loans and suits filed by Bank with Debt Recovery Tribunal and suit filed by the Company which has taken over debt from Banks are pending with High Court of Bombay. Over Due Secured Loans as due to Bank as at 31st March 2009 is as follows :

S. No.	Name of Party	Amount	Period	Status
1	Central Bank of India	3,639,287,602/-	Overdue	Suit pending before Debt Recovery Tribunal. An Ex-parte order for recovery of Rs 18,28,75,188 plus interest had been issued by the Debt Recovery Tribunal against the company. The Company's appeal against the aforesaid order has been upheld by the Debt Recovery Tribunal and the matter will be heard in due course.

- xii) According to the information and explanations given to us and the records examined by us, the Company has not granted any loan against security of pledge of shares.
- xiii) In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and Nidhi/mutual benefit fund/societies.
- xiv) As per information given to us the Company is not dealing in shares and securities.
- xv) According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the Company.

- xvi) As informed to us, Secured loans were taken in past for purchase of ships which have already been sold off but the Company is not in a position to repay the balance loan. Company's fixed assets like Building are mortgaged to the Company which has taken over debt due to Banks. Outstanding secured loans including interest as on 31st March 2009 is Rs.6, 918,074,451.
- xvii) On the basis of an overall examinations of the balance sheet and cash flow of the Company and the information and explanations given to us, we report that the Company has not utilised any funds raised on short term basis of long term investments and vice- versa.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.
- xix) Company has not issued any debentures.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) Based upon the audit procedures performed and the information and explanation given by the management, we report that, no fraud on or by the Company has been noticed or reported during the year.

For Sachin P Mulgaokar & Co.
Chartered Accountants.

Sachin P Mulgaokar
PROPRIETOR
Membership No. 40942

Mumbai:
Dated: 20th November 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rs.	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
CAPITAL	1		2,472,225	2,472,225
RESERVES AND SURPLUS	2		11,260,162	11,260,162
LOAN FUNDS				
Secured Loans	3		6,918,074,451	6,359,932,598
			<u>6,931,806,838</u>	<u>6,373,664,985</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross block		12,260,101	12,260,101	
Less : Depreciation		9,049,824	8,731,061	
Net block	4		3,210,277	3,529,040
INVESTMENTS	5		356,120	356,120
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors	6	41,409,919	37,239,891	
Cash and Bank Balances	7	5,122,237	5,074,187	
Other Current Assets -				
Interest accrued on Investment		8,545	8,545	
Loans and Advances	8	6,088,249	5,663,723	
		<u>52,628,950</u>	<u>47,986,346</u>	
Less: CURRENT LIABILITIES AND PROVISIONS				
Liabilities	9	107,083,458	102,640,116	
Provisions	10	1,048,823	973,623	
		<u>108,132,281</u>	<u>103,613,739</u>	
NET CURRENT ASSETS			(55,503,331)	(55,627,393)
DEBIT BALANCES IN PROFIT & LOSS ACCOUNT		6,992,024,520	6,433,687,966	
LESS:				
BALANCE IN GENERAL RESERVE		8,280,748	6,983,743,772	6,425,407,218
TOTAL			<u>6,931,806,838</u>	<u>6,373,664,985</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 Sachin P. Mulgaokar & Co.

Chartered Accountants

Sachin P. Mulgaokar

Proprietor - Membership No. 40942

Mumbai, Dated : 20th November, 2009

REAR ADMRL. P. K. SINHA

CAPT. N. B. JAMNERKAR

Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	Year ended 31.3.2009 Rs.	Year ended 31.3.2008 Rs.
INCOME			
Revenue	11	7,055,263	7,091,261
Other Income	12	1,230,032	18,547,481
		<u>8,285,295</u>	<u>25,638,742</u>
EXPENSES			
Employees remuneration and benefits	13	2,053,006	4,000,298
Other operating expenses	14	5,986,597	5,842,462
Depreciation		318,764	362,575
Provisions	15	43,517	42,852
Interest & Guarantee commission	16	558,154,966	472,548,324
		<u>566,566,850</u>	<u>482,796,511</u>
Loss before tax and prior period adjustment		558,271,555	457,157,769
Provision for Taxation (Fringe Benefit Tax)		65,000	85,000
		<u>558,336,555</u>	<u>457,242,769</u>
Prior years' adjustments	17	—	84,327
Loss after tax and prior years' adjustments		<u>558,336,555</u>	<u>457,327,096</u>
Loss After Tax		558,336,555	457,327,096
Previous years' balance brought forward		<u>6,433,687,966</u>	<u>5,976,360,870</u>
Total :		<u>6,992,024,520</u>	<u>6,433,687,966</u>
Earning Per Share (Basic & Diluted) Rs.		Nil	Nil
Face Value Rs.		1/-	1/-

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 Sachin P. Mulgaokar & Co.

Chartered Accountants

Sachin P. Mulgaokar

Proprietor - Membership No: 40942

Mumbai, Dated : 20th November, 2009

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

Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 1

	Rs.	As at 31.03.2009 Rs.	Rs.	As at 31.03.2008 Rs.
SHARE CAPITAL *				
Authorised :				
250,00,000 Equity Shares of Rs. 1/- each		25,000,000		25,000,000
150,00,000 Unclassified Shares of Rs.1/- each		15,000,000		15,000,000
		<u>40,000,000</u>		<u>40,000,000</u>
Issued and Subscribed :				
24,72,225(24,72,225) Equity Shares of Rs.1/- each		2,472,225		2,472,225
		<u>2,472,225</u>		<u>2,472,225</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.

* Refer Note No. 11 in Schedule 18

SCHEDULE - 2
RESERVES AND SURPLUS

1. Capital Reserve as per last Balance Sheet		11,246,274		11,246,274
2. General Reserve as per last Balance Sheet	8,280,748		8,280,748	
Transfer to Debit Balance in Profit & Loss Account	8,280,748		8,280,748	
3. Amount paid on Forfeited Shares		13,888		13,888
		<u>11,260,162</u>		<u>11,260,162</u>

SCHEDULE - 3
SECURED LOANS

From Banks :

Secured by hypothecation of Book debts

(Includes Interest accrued and due Rs. 3,529,289,899/-

*Previous year Rs. 2,971,148,045/-

(See Note 9 in Schedule 18)

3,643,212,356 3,085,070,593

From Others :

Secured by pledge of certain investments and mortgages of all immovable properties

3,274,862,095 3,274,862,095

(See Note 9 in Schedule 18)

6,918,074,451 6,359,932,598

Of which Rs. Nil repayable within one year and Rs. 6,918,074,451/- overdue for payment
(Previous year - repayable within one year Rs. Nil and overdue for payment Rs. 6,359,932,598/-)

SCHEDULE - 4
FIXED ASSETS

	GROSS BLOCK AT BOOK VALUE				DEPRECIATION				NET-BLOCK	
	As at 01.04.2008	Additions during the year	Deductions during the year	As at 31.03.2009	As at 01.04.2008	For the year	Deductions during the year	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Land & Buildings On Leasehold Land	9,821,508	-	-	9,821,508	7,870,709	97,540	-	7,968,249	1,853,259	1,950,799
2. Furniture & Fittings	313,118	-	-	313,118	310,504	472	-	310,976	2,142	2,614
3. Office & Electrical Equipments	205,245	-	-	205,245	187,844	2,419	-	190,263	14,982	17,401
4. Plant & Machinery	1,920,230	-	-	1,920,230	362,003	218,333	-	580,336	1,339,894	1,558,227
Total	12,260,101	-	-	12,260,101	8,731,060	318,764	-	9,049,824	3,210,277	3,529,040
Previous Year	12,873,975	-	-	12,260,101	8,750,033	362,575	-	8,731,060	3,529,040	-

Mackinnon Mackenzie & Co. Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 5

	Rs.	As at 31.3.2009 Rs.	Rs.	As at 31.3.2008 Rs.
INVESTMENTS (At Cost)				
LONG TERM INVESTMENTS (At Cost)				
1. Government Securities * 10,000 (10000) 5.5% Loan 1995		10,120		10,120
2. Government Securities (Unquoted) * 7 Year National Savings Certificates * Lodged with relevant Authorities		5,000		5,000
3. Mackinnons Travel (New Delhi) Ltd. 4900 Equity Shares of Rs.10/- each fully paid		49,000		49,000
4. Trade Investments (Unquoted) Hill Properties Ltd. 2 "A" (2 "A") Equity shares of Rs.1,20,000 each paid-up per share Rs.1,18,000 (Refer Note No. 8(a) in Schedule 19)		236,000		236,000
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
3 Atlas Ores & Mineral Pvt. Ltd. (In liquidation) 200 (200) Ordinary Shares of Rs.100/- each fully paid-up Less : Provision to date	20,000 (20,000)		20,000 (20,000)	
		356,120		356,120

Previous Year figures are given in brackets

SCHEDULE - 6

SUNDRY DEBTORS

i) Unsecured considered good :				
Debts outstanding for a period exceeding six months		38,799,799		34,117,768
Other debts		2,610,140		3,122,123
ii) Unsecured considered doubtful :				
Debts outstanding for a period exceeding six months		19,589,349		19,545,832
		60,999,268		56,785,723
Less : Provision for doubtful debts		19,589,349		19,545,832
		41,409,919		37,239,891

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 7

	Rs.	As at 31.3.2009 Rs.	Year ended 31.3.2008 Rs.
CASH AND BANK BALANCES			
i) Cash on hand		6,462	5,892
ii) With Schedule Banks :			
On Current Account		219,358	485,040
On Margin Deposit **		4,887,417	4,574,255
On Fixed Deposits		9,000	9,000
		<u>5,122,237</u>	<u>5,074,187</u>
** Includes interest accrued		394,412	300,068

SCHEDULE - 8

LOANS AND ADVANCES

i) Advances recoverable in cash or in kind or for value to be received : Unsecured considered good ** Refer Note No. 6 in Schedule 18)		3,354,596	3,418,786
ii) Other advances - (Considered Good unless stated otherwise) <u>Balance with Customs and Port Trusts</u>			
Considered Good	3,309		
Considered Doubtful	82,992	86,301	86,301
<u>Deposit with Customs and Port Trusts</u>			
Considered Good	545,846		
Considered Doubtful	81,556	627,402	627,402
<u>Other deposits</u>			
Considered Good	309,030		
Considered Doubtful	2,333,671	2,604,588	2,584,988
Tax deducted at source		1,580,915	1,217,760
Fringe Benefit Tax		332,667	226,706
iii) Advances considered doubtful		<u>9,342,832</u>	<u>9,927,739</u>
		17,929,301	18,089,681
Less: Provision for doubtful advances		<u>11,841,052</u>	<u>12,425,958</u>
		<u>6,088,249</u>	<u>5,663,723</u>

SCHEDULE - 9

CURRENT LIABILITIES *

Sundry Creditors		61,729,964	56,676,406
Advances from Customers		20,980,091	20,980,091
Amounts held for Principals		4,499,178	5,109,394
Advances from tenants		4,499,178	8,451,449
Other advances		8,451,449	4,900,000
Security deposits		4,900,000	6,522,776
		<u>6,522,776</u>	
		<u>107,083,458</u>	<u>102,640,116</u>

* Refer Note No. 7 in Schedule 18

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rs.	As at 31.3.2009 Rs.	Rs.	As at 31.3.2008 Rs.
SCHEDULE - 10				
PROVISIONS				
Provision for Gratuity		276,923		276,923
Provision for Leave Encashment		421,900		411,700
Provision for Taxation (Fringe Benefit Tax)		350,000		285,000
		<u>1,048,823</u>		<u>973,623</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE - 11

REVENUE

Commission and Service Charges		330,373		389,871
Income from Property		6,724,890		6,701,390
		<u>7,055,263</u>		<u>7,091,261</u>

SCHEDULE - 12

OTHER INCOME

Interest (Gross)

Others	394,412	394,412	300,068	300,068
Refund of Municipal Taxes		-		
Sundry Credit Balance Written Back		-		507,497
Profit on Sale of Fixed Assets				4,691
Miscellaneous (See Note 14 in Sch 18)		835,620		17,735,225
		<u>1,230,032</u>		<u>18,547,481</u>
		81,250		61,810

Note : Tax deducted at source on Interest

SCHEDULE - 13

EMPLOYEES REMUNERATION AND BENEFITS

Salaries, Wages and Bonus		1,678,000		2,049,399
Staff Provident and Other Funds		184,800		249,542
Staff Welfare Expenses		156,152		284,180
Retiral benefit		23,854		1,246,977
Leave Encashment Provision		10,200		170,200
		<u>2,053,006</u>		<u>4,000,298</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE - 14	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
OTHER OPERATING EXPENSES		
Rent	49,395	117,369
Rates and Taxes	180,233	180,233
Insurance	162,319	298,481
Repairs - Others	317,488	44,060
Electricity	-	98,504
Travelling	321,312	195,274
Staff Quarter expenses	61,987	74,593
Telegram, Telex, Telephones etc.	98,956	172,284
Transport expenses	498,801	653,409
Other purchased services	3,085,503	3,030,742
Auditors' remuneration (Refer Note No. 4 (a) in Schedule 18)	235,000	235,000
Directors' fees	4,750	1,250
Business Promotion	-	2,918
Printing and Stationery	64,919	71,560
Water Charge	222,367	278,649
Miscellaneous	683,567	388,137
	<u>5,986,597</u>	<u>5,842,462</u>
SCHEDULE - 15		
PROVISIONS		
For doubtful debts	43,517	42,852
	<u>43,517</u>	<u>42,852</u>
SCHEDULE - 16		
INTEREST AND GUARANTEE COMMISSION		
Interest	558,154,966	472,546,482
Guarantee Commission	-	1,842
	<u>558,154,966</u>	<u>472,548,324</u>
SCHEDULE - 17		
PRIOR YEARS' ADJUSTMENTS		
Prior Years' Expenses	-	84,327
	<u>-</u>	<u>84,327</u>

SCHEDULE 18

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 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.

v) Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

c) Investments

Long term investments are valued at cost. Provision has been made for permanent diminution in the value of investments, if any, except where data is not available.

d) Foreign Currency Transactions

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

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) Defined Contribution Plans: The company's contribution in respect of Provident fund and Superannuation fund is charged to Profit & Loss Account each year.

ii) Defined Benefit Plan/Long Term Compensated Absences: Provision for gratuity has been made on arithmetical basis in respect of employees on the assumption that all employees retire on 31st March 2009. Provision for compensated absences has been made on arithmetical basis in respect of all employees.

f) Taxation

i) Current Tax : No provision is made in view of loss and carried forward loss

ii) Fringe Benefit Tax: Provision has been made in the accounts for Fringe Benefit Tax

iii) Deferred Tax : Net 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
31.03.2009**

**Year ended
31.03.2008**

i) Claims not acknowledged as debts

77,25,910

77,25,910

ii) Uncalled amounts on partly paid shares.

4,000

4,000

iii) Guarantees issued by the Company's Bankers

3,60,000

3,60,000

iv) Retrenched Staff

(a) 60 clerical and 35 subordinate staff were retrenched on 4th August 1992 under Industrial Disputes Act at Mumbai. Each one was paid 15 days wages per completed year of service being compensation and one month's notice pay in addition to other dues. The Industrial Court has given a judgement against the Company on 08.03.96. However the Company had filed an appeal with the High Court against the same order, which has been decided against the company. Special Leave Petition has been admitted for hearing before the Hon. Supreme Court against the order of the Hon. Bombay High Court (The Company has deposited an amount of Rs. 32,00,000/- with the Registrar, which has been shown under Loans and Advances recoverable in cash or in kind, or for value to be received - Unsecured considered good.)

2,23,49,234

2,23,49,234

v)	Fine of Rs. 10,02,97,000/- is levied on Company and its Officers for alleged violation of Foreign Exchange Regulation Act in respect of transactions relating to purchase of ships in foreign currency in the year 1978. The company had filed an appeal against the said order with Appellate Tribunal for Foreign Exchange. The Tribunal has allowed the company's appeal against which the concerned department had filed an appeal with the Hon. High Court of Bombay. The Hon High Court of Bombay has referred the matter back to the Appellate Tribunal. An amount of Rs. 25,400/- paid as deposit against the penalty is reflected in Loans & Advances.	10,02,97,000	10,02,97,000
4			
a)	Auditor's Remuneration	<u>2008-09</u>	<u>2007-08</u>
i)	Audit Fees	2,00,000	2,00,000
ii)	Tax Audit Fees	35,000	35,000
b)	Managerial Remuneration		
i)	Salary	4,49,200	4,49,200
ii)	Perquisites	90,398	90,398
5.	Foreign Exchange Earnings From Services rendered	<u>2008-09</u> 3,26,400	<u>2007-08</u> 3,26,400
6.	Loans and advances include certain old balances amounting to Rs.8,18,785/- (Previous Year Rs. 8,18,785/-) 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.		
7.	a) Sundry Creditors include an amount of Rs.26,51,925/- (Previous year Rs.26,51,925/-) 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. 2,09,80,091/-	
	Advances and Amounts held for Principals	Rs. 44,99,178/-	
	Advances from Tenants	Rs. 84,51,449/-	
	Other Advances	<u>Rs. 49,00,000/-</u>	
	TOTAL	<u>Rs. 3,88,30,718/-</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.		
8.	a) Investments include an amount of Rs.2,36,000/- representing equity shares in a co-operative Society towards purchase of flat.		
	b) Investments Rs. 15,120/- 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. 15,120/- 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. In the absence of adequate data, no provision is made for loss in value of investments if any.		
9.	As per the order of the Debt Recovery Tribunal, Indian Bank has transferred the debt owed to them to M/s. Ardeshr B. Cursetjee & Sons Ltd. (hereinafter referred to as A.B.C. & Sons Ltd.), all securities given to Indian Bank stands transferred to M/s. A.B.C. & Sons Ltd. Pursuant to the order of the Debt Recovery Tribunal, the Company has transferred the entire debt due to Indian Bank to M/s. A.B.C. & Sons Ltd. Consequently the suit filed by Indian Bank and pending before Debt Recovery Tribunal is transferred to High Court of Mumbai. Further as per the order of the Debt Recovery Tribunal the Court Receiver shall stand discharged; an application for discharge of the Court Receiver is pending before High Court of Mumbai. Total amount due to M/s A.B.C. & Sons Ltd against loans taken over by them as on 31 st March 2009 is Rs 3,27,48,62,095. (Previous Year Rs 3,27,48,62,095) and no interest has been provided thereon.		

10. 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, 7, 8, 9 and 10 of the Accounts respectively.
11. In order to bring in line the paid up capital which was not represented by the assets due to huge carried forward losses the company had made a petition to the Hon. Bombay High Court under section 100 and other applicable provisions of the Companies Act, 1956 for reduction of capital from 2.50 crores to Rs 25 lakhs by reducing the paid up value of the share from Rs 10/- to Re 1/-. The Hon. Bombay High Court has confirmed the reduction of capital vide their order dated 15th April 2004. Consequently Rs 2,23,75,012 (after adjusting forfeiture of 27775 shares and Rs 13,888 amount paid on the forfeited shares), has been reduced from the accumulated losses of the company during the year ended 31st March 2005.
12. The company's old records were destroyed owing to heavy rains which took place in Mumbai on 26th July 2005, resulting in heavy seepage in the premises where the records were kept. The company is in the process of reconstructing the records to the extent possible.
13. The Suppliers/Service Providers covered under Micro, Small and Medium Enterprises Development Act, 2006 have not furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information to be disclosed under Section 22 of the said Act is not given.
14. **Related party disclosure**
Key Management Personnel
 Key management personnel comprise of a whole-time director who has the authority and responsibility for planning, directing and controlling the activities of the company. The remuneration paid to such directors is disclosed in Note – 4(b)
15. Details of Employees Benefits as required by the Accounting Standard-15 "Employees Benefits" are as follows:

Defined Contribution Plan	Year ended 31.3.2009 (Rs)	Year ended 31.3.2008 (Rs)
Contribution to Provident Fund	1,12,800	1,05,720
Contribution to Superannuation Fund	72,000	61,380

Defined Benefit Plan/Long Term Compensated Absences: In terms of the provisions of the Standard applicable to the Company, the Company is required to provide for the accrued liability for the year in respect of gratuity and long term compensated absences based on actuarial valuation as at the year end. However, the company has made provision for the year for gratuity and long term compensated absences on arithmetical basis as stated in note 1 (e) (ii) above. The effect on the Profit & Loss Account for the year had the Company determined the accrued liability for gratuity and long term compensated absences based on actuarial valuation has not been ascertained. Further, the transitional liability/gain as at April 1, 2007, which is required to be accounted in terms of the transitional provisions of the Standard, has not been ascertained and accounted for.

17. **Segmental Information**
Description

	Property Owing & Leasing	Shipping & Shipping Agency Activities	Rs. In Lakhs
Revenue			
Internal	67.24 (67.01)	3.31 (3.90)	70.55 (70.91)
Results	56.28 (58.21)	(0.80) (-12.38)	55.48 (45.83)
Unallocated Corporate expenses			(-56.65)
net of unallocated income			(-107.23)
Interest & Finance Cost			5581.54 (4725.48)
Taxation			
Current	(Nil)	(Nil)	(Nil)
Deferred	(Nil)	(Nil)	(Nil)
Fringe Benefits	(.16) (.21)	(.49) (.64)	(.65) (0.85)
Net Profit			(5583.36) (4573.27)

Other Information

Segment Assets	392.65	0	392.65
	(352.04)	(0)	(352.04)
Unallocated Corporate Assets			169.30
			(166.67)
Total Assets			561.95
			(518.71)
Segment Liabilities	62.06	6.56	68.62
	(62.46)	(4.66)	(67.13)
Unallocated Corporate Liabilities			70193.44
			(64568.33)
Total Liabilities			70262.06
			(64635.46)
Depreciation	3.13	0.05	3.18
	(3.52)	(0.10)	(3.62)
Unallocated Corporate Depreciation			(-)
Total Depreciation			3.18
			(3.62)

Previous Years Figures are given in brackets

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

Signatories to Schedules 1 to 18

For Sachin P Mulgaokar & Co.
Chartered Accountants

Rear Admrl. P.K.Sinha

)

Directors

Capt. N.B. Jamnerkar

)

Proprietor
Membership No. 404942

Mumbai
Dated: 20th November 2009

Mumbai
Dated : 20th November 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rs. In lacs 2008-2009	Rs. In lacs 2007-2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before Tax	(5,582.72)	(4,572.39)
Adjustment for :		
Depreciation	3.19	3.63
Sundry Credit Balance written back	—	(5.07)
Profit on Sale of Fixed Assets	—	(0.05)
Income from Investments	(3.94)	(3.00)
Interest (Net)	<u>5,581.55</u>	<u>4,725.48</u>
		4,720.99
Operating Profit(Loss) before working capital changes	(1.92)	148.60
Adjustment for :		
Trade and Other Receivables	(45.95)	(19.91)
Trade Payables	<u>44.54</u>	<u>(126.19)</u>
	(1.41)	(146.11)
CASH GENERATED FROM OPERATIONS	(3.33)	2.49
NET CASH FLOW FROM OPERATING ACTIVITIES	(3.33)	2.49
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	—	0.24
Sale of Fixed Assets (Net)	<u>—</u>	<u>3.00</u>
Interest received	3.94	3.24
	3.94	
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term Borrowings (net)	(0.13)	(0.06)
NET INCREASE IN CASH & CASH EQUIVALENTS	0.48	5.67
OPENING CASH AND CASH EQUIVALENTS	50.74	45.07
CLOSING CASH AND CASH EQUIVALENTS	51.22	50.74

Note : Cash and Cash Equivalents include :

	2008-2009 Rs. In Lacs	2007-2008 Rs. In Lacs
Cash and Bank Balances	51.22	50.74

On behalf of the Board

MR. P.K. SINHA
Director

CAPT. N.B. JAMNERKAR
Director

Mumbai, 20th November, 2009

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, 2009 reported upon by us on 20th November 2009. 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 SACHIN P. MULGAOKAR & CO.
Chartered Accountants

For SACHIN P. MULGAOKAR & CO.
Proprietor
Membership No. 40942

Mumbai, 20th November 2009.

STATEMENT FORMING PART OF THE ACCOUNTS AS ON 31ST MARCH, 2009

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	:	3/31/2009

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	:	6931807
Total Assets	:	6931807

SOURCE OF FUND:

Paid Up Capital	:	2472
Reserves & Surplus	:	11260
Secured Loans	:	6918074
Unsecured Loans	:	0

APPLICATION OF FUNDS

Net Fixed Assets	:	3210
Investments	:	356
Net Current Assets	:	-55503
Miscellaneous Expenses	:	NIL
Accumulated Losses	:	6983744

IV) PERFORMANCE OF COMPANY (Amount in Rs Thousands)

Turnover	:	8285
Total Expenditure	:	566557
Profit/(loss) before Tax (+ for Profit - for Loss)	:	-558272
Profit/(loss) after Tax (+ for Profit - for Loss)	:	-558337
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 2009 the Profit & Loss Account for the year ended as on that date and the Schedules forming part thereof

DIRECTORS
Rear Admrl. P.K. Sinha
Capt. N.B. Jamnerkar

Place : Mumbai
Dated : 20th November, 2009

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 Eighth Annual General Meeting
of the Company to be held on Monday, 21st December, 2009 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 2009

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.



BY COURIER SERVICE

If Undelivered please return to:
MACKINNON MACKENZIE & CO. LTD.
4, Shoorji Vallabhdas Marg,
Ballard Estate, Bombay - 400 001.