



**Mackinnon Mackenzie  
& Company Ltd.**

**Annual Report**  
**2010 - 2011**

**Mackinnon Mackenzie & Co. Ltd.**

<b>BOARD OF DIRECTORS</b>	Rear Adml. P. K. Sinha Captain N. B. Jamnerkar Abbas Lakadawalla
<b>AUDITORS</b>	M/s. Sachin P. Mulgaokar & Co. Chartered Accountants Mumbai
<b>ADVOCATES AND SOLICITORS</b>	Maneksha & Sethna, Bombay
<b>REGISTRAR AND SHARE TRANSFER AGENTS</b>	In House facility w.e.f. 01-04-2004
<b>BANKERS</b>	Central Bank of India Vijaya Bank
<b>REGISTERED OFFICE</b>	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.

## Mackinnon Mackenzie & Co. Ltd.

### NOTICE

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Notice is hereby given that the 60<sup>th</sup> Annual General Meeting of the Shareholders of MACKINNON MACKENZIE & COMPANY LIMITED will be held on Thursday, the 29<sup>th</sup> September, 2011 at 10:00 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400001, to transact the following business:

#### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011 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 Director Capt. N. B. Jamberkar who retires 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 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 will be closed from Monday, 20<sup>th</sup> September 2011 to Wednesday, 29<sup>th</sup> September 2011 (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 all the addresses of the shareholders. In the meantime requisite Notice of convening AGM we will send to all members & to whatever addresses further available.
- e) As per Listing Agreement Clause No. 54II(h)i — there are no shares in unclaimed suspense account with the Company.

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

CAPT. N. B. JAMNERKAR  
DIRECTOR

MUMBAI, 30<sup>th</sup> August 2011.

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

## Mackinnon Mackenzie & Co. Ltd.

### REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

To the Members:

The Directors submit the 60<sup>th</sup> Annual Report of the Company together with the audited statement of accounts for the period ended 31<sup>st</sup> March 2011.

#### 1. FINANCIAL RESULTS:

Your Directors result the financial results as follow:-

	<u>Year ended</u> <u>31.03.2011</u> <u>Rs. (Lakhs)</u>	<u>Year ended</u> <u>31.03.2010</u> <u>Rs. (Lakhs)</u>
1. Income from operations	68.08	68.08
2. Other Income	8.30	9.18
3. Total Income	76.38	77.26
4. Total Expenditure	89.93	59.49
5. Gross Profit/(Loss) before interest	(13.55)	17.77
Less : (a) Interest	6788.20	6592.60
(b) Provisions for depreciation	2.57	2.86
(c) Provision for Doubtful Debts	0.46	.38
Profit/(Loss) before extraordinary/ prior period Items & Tax	(6804.78)	(6578.07)
Add: (d) Extraordinary/prior period items	(2.67)	—
6. Net Profit / (Loss) before Tax	(6807.45)	(6578.07 )
7. (a) Provision for Fringe Benefit Tax	—	—
(b) Add: Profit/(Loss) B/F from earlier year	(76498.31)	(69920.24)
8. Cumulative Profit/(Loss)	(83305.76)	(76498.31)

The debit balance in the Profit & Loss Account after considering prior years' adjustments stands at Rs. 83305.76 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) The Honourable Bombay High Court has approved the application of the Central Bank of India for transfer of debts owed by your Company to the Bank to a third party alongwith the securities and mortgage charges.

b) Mumbai office staff:

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

c) Future Business Prospect:

The Board of Directors are now exploring the possibilities of any fresh / new business.

#### 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.

## Mackinnon Mackenzie & Co. Ltd.

### 5. DIRECTORS:

Capt. N. B. Jamnerkar who was appointed as Director whose terms expires at this AGM 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. 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 30<sup>th</sup> August 2011 from Ms. Divya Momaya, 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  
REAR ADMIRAL P.K. SINHA  
EXECUTIVE DIRECTOR

Date : 30<sup>th</sup> August 2011.  
Place : Mumbai

**ANNEXURE TO DIRECTOR REPORT**

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A/602, Shree Durga Apt.,  
Plot no. 186, Sector-10, Sanpada,  
Navi Mumbai - 400 705.

**Divya Momoya**  
**Practicing Company Secretary**  
Phone No.: 9619745928 / 27756137

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**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

We, 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, 2011. 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 paidup capital.
4. The Board of Directors duly met Six times on 30/04/2010, 29/07/2010,30/08/2010, 23/09/2010, 29/10/2010, and 28/01/2011 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 20th September 2010 to 29th September 2010 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 2010 was held on 29th September 2010 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.

**Mackinnon Mackenzie & Co. Ltd.**

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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 continues 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 : 30<sup>th</sup> August 2011

Divya Momaya  
Practicing Company Secretary  
ACS:- 17325  
CP:- 7885

**Mackinnon Mackenzie & Co. Ltd.**

**ANNEXURE – “A”**

**Annexure to the Compliance Certificate of Mackinnon Mackenzie and 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 and 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 31.03.2010	19.11.2010	No	Yes
2.	Annual Return E Form 20B	159	AGM held on 29.09.2010	19.11.2010	Yes	No
3.	Compliance Certificate E Form 66	383A	As on 31.03.2010	19.11.2010	No	Yes
4.	E Form 32	303(2)	Appointment of R. Adm.Sinha (Retr) as Whole time Director	19.11.2010	No	Yes
5.	E Form 25C	269	Appointment of R. Adm.Sinha (Retr) as Whole time Director	19.11.2010	Yes	No
6.	E Form 23	192	Board Resolution for Appointment of Mr. Sinha as Whole time Director	19.11.2010	No	Yes
7.	E form 32	303(2)	Appointment of Mr. Abbas Lakdawalla as Independent Director	19.11.2010	No	Yes

Place : Mumbai  
Dated : 30<sup>th</sup> August 2011

**Divya Momaya**  
**Practicing Company Secretary**  
ACS:- 17325  
CP:- 7885



**Mackinnon Mackenzie & Co. Ltd.**

**AUDITORS' REPORT TO THE MEMBERS OF MACKINNON MACKENZIE & COMPANY LIMITED AS AT 31ST MARCH 2011**

1. We have audited the attached Balance Sheet of M/S. MACKINNON MACKENZIE & COMPANY LIMITED as at 31st March 2011 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 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as directors in terms of clause (g) of 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 (d) 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 No 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).

**Mackinnon Mackenzie & Co. Ltd.**

- 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.1,48,54,774 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. The bankers have assigned entire debt due to them to a Company and suit filed by these 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 the Company which has taken over the Debt as per the terms of loans and subsequent understanding with the Company amounting to Rs 8,256,129,338 are outstanding as on 31st March 2011. 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 Company which has taken over the Debt and the debit balance of Profit & Loss Account as at 31st March 2011. (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 2011 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 2011 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  
Firm Registration No: 108945W

Place : Mumbai  
Date: 30<sup>th</sup> August 2011

**Mackinnon Mackenzie & Co. Ltd.**

**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. 142909 (Rs 116989 paid subsequently after close of financial year), Service Tax Rs 938013), 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.
- xi) 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. The Hon'ble Bombay High Court has approved the application of the Central Bank of India for transfer of debts owed by the company to the bank to a company which has taken over the debt along with securities and mortgage charges. Consequently the suit filed by Central Bank of India and pending before Debt Recovery Tribunal has transposed the company in the place of Central Bank of India.
- 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 2011 is Rs.8,256,129,338.**
- 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  
Firm Registration No: 108945W

Mumbai:  
Dated: 30<sup>th</sup> August 2011

**Mackinnon Mackenzie & Co. Ltd.**

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule No.	Rs.	As at 31.3.2011 Rs.	Rs.	As at 31.3.2010 Rs.
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
CAPITAL	1		2,472,225		2,472,225
RESERVES AND SURPLUS	2		11,260,162		11,260,162
<b>LOAN FUNDS</b>					
Secured Loans	3		8,256,129,338		7,577,322,305
			<u>8,269,861,725</u>		<u>7,591,054,692</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross block		12,277,301		12,277,301	
Less : Depreciation		<u>9,592,316</u>		<u>9,335,812</u>	
Net block	4		2,684,985		2,941,489
<b>INVESTMENTS</b>	5		307,120		356,120
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Sundry Debtors	6	51,614,273		46,168,982	
Cash and Bank Balances	7	5,976,311		5,545,897	
Other Current Assets -					
Interest accrued on Investment		8,545		8,545	
Loans and Advances	8	<u>5,339,506</u>		<u>5,831,883</u>	
		<u>62,938,635</u>		<u>57,555,307</u>	
Less: <b>CURRENT LIABILITIES AND PROVISIONS</b>					
Liabilities	9	116,427,584		109,918,567	
Provisions	10	<u>1,938,219</u>		<u>1,430,563</u>	
		<u>118,365,803</u>		<u>111,349,130</u>	
<b>NET CURRENT ASSETS</b>			(55,427,168)		(53,793,823)
DEBIT BALANCES IN PROFIT & LOSS ACCOUNT		8,330,577,536		7,649,831,654	
<b>LESS:</b>					
BALANCE IN GENERAL RESERVE		8,280,748	8,322,296,788	8,280,748	7,641,550,906
			<u>8,269,861,725</u>		<u>7,591,054,692</u>
	<b>TOTAL</b>				

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

Firm Registration No. 108945W

Mumbai, Dated : 30th August, 2011

REAR ADMRL. P. K. SINHA

CAPT. N. B. JAMNERKAR

Directors

**Mackinnon Mackenzie & Co. Ltd.**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule No.	Year ended 31.3.2011 Rs.	Year ended 31.3.2010 Rs.
<b>INCOME</b>			
Revenue	11	6,808,092	6,808,845
Other Income	12	829,602	917,665
		<u>7,637,694</u>	<u>7,726,510</u>
<b>EXPENSES</b>			
Employees remuneration and benefits	13	2,435,306	2,067,465
Other operating expenses	14	6,557,725	3,880,907
Depreciation		256,504	285,988
Provisions	15	46,852	38,850
Interest & Guarantee commission	16	678,820,143	659,260,433
		<u>688,116,530</u>	<u>665,533,643</u>
Loss before tax and prior period adjustment		<u>680,478,836</u>	<u>657,807,134</u>
Provision for Taxation ( Fringe Benefit Tax)		—	—
		<u>680,478,836</u>	<u>657,807,134</u>
Prior years' adjustments	17	267,046	—
Loss after tax and prior years' adjustments		<u>680,745,882</u>	<u>657,807,134</u>
Loss After Tax		<u>680,745,882</u>	<u>657,807,134</u>
Previous years' balance brought forward		7,649,831,654	6,992,024,520
		<u>8,330,577,536</u>	<u>7,649,831,654</u>
	Total :	<u>8,330,577,536</u>	<u>7,649,831,654</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  
Firm Registration No. 108945W  
Mumbai, Dated : 30th August, 2011

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

Directors

## Mackinnon Mackenzie & Co. Ltd.

### SCHEDULES FORMING PART OF THE BALANCE SHEET

#### SCHEDULE - 1

	Rs.	As at 31.03.2011 Rs.	Rs.	As at 31.03.2010 Rs.
<b>SHARE CAPITAL *</b>				
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
		40,000,000		40,000,000
Issued and Subscribed :				
24,72,225 (24,72,225) Equity Shares of Rs.1/- each		2,472,225		2,472,225
		2,472,225		2,472,225

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
		11,260,162		11,260,162

#### SCHEDULE - 3 SECURED LOANS

From Banks :				
Secured by hypothecation of Book debts				
(Includes Interest accrued and due Rs. Nil/-				
Previous year Rs. 4,188,537,753/-				
(See Note 9 in Schedule 18)				
—				
4,302,460,210				
From Others :				
Secured by pledge of certain investments and				
mortgages of all immovable properties				
8,256,129,338				
3,274,862,095				
(See Note 9 in Schedule 18)				
8,256,129,338				
7,577,322,305				

Of which Rs. Nil repayable within one year and Rs. 8,256,129,338/- overdue for payment  
(Previous year - repayable within one year Rs. Nil and overdue for payment Rs. 7,577,322,305/-)

#### SCHEDULE - 4 FIXED ASSETS

	GROSS BLOCK AT BOOK VALUE				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Deductions during the year	As at 31.03.2011	As at 01.04.2010	For the year	Deductions during the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Land & Buildings										
On Leasehold Land	9,821,508	—	—	9,821,508	8,060,912	88,030	—	8,148,942	1,672,566	1,760,596
2. Furniture & Fittings	313,118	—	—	313,118	311,363	318	—	311,681	1,437	1,755
3. Office & Electrical Equipments	205,245	—	—	205,245	192,346	1,795	—	194,141	11,104	12,899
4. Plant & Machinery	1,937,430	—	—	1,937,430	771,191	166,361	—	937,552	999,878	1,166,239
<b>Total</b>	12,277,301	—	—	12,277,301	9,335,812	256,504	—	9,592,316	2,684,985	2,941,489
Previous Year	12,260,101	17,200	—	12,277,301	9,049,824	285,988	—	9,335,812	2,941,489	—

**Mackinnon Mackenzie & Co. Ltd.**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**SCHEDULE - 5**

	Rs.	As at 31.3.2011 Rs.	Rs.	As at 31.3.2010 Rs.
<b>INVESTMENTS (At Cost)</b>				
<b>LONG TERM INVESTMENTS (At Cost)</b>				
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 ( Refer Note No. 8(a) in Schedule 19)		—		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(b) 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
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)	
		<u>307,120</u>		<u>356,120</u>

Previous Year figures are given in brackets

**SCHEDULE - 6**

**SUNDRY DEBTORS**

i) Unsecured considered good :				
Debts outstanding for a period exceeding six months		49,015,122		43,561,272
Other debts		2,599,151		2,601,430
ii) Unsecured considered doubtful :				
Debts outstanding for a period exceeding six months		19,610,051		19,599,479
		<u>71,224,324</u>		<u>65,762,180</u>
Less : Provision for doubtful debts		19,610,051		19,593,199
		<u>51,614,273</u>		<u>46,168,982</u>



**Mackinnon Mackenzie & Co. Ltd.**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

<b>SCHEDULE - 7</b>	<b>Rs.</b>	<b>As at 31.3.2011 Rs.</b>	<b>Rs.</b>	<b>As at 31.3.2010 Rs.</b>
<b>CASH AND BANK BALANCES</b>				
i) Cash on hand		11		561
ii) With Schedule Banks :				
On Current Account		334,096		251,579
On Margin Deposit **		5,633,204		5,284,757
On Fixed Deposits		9,000		9,000
		<u>5,976,311</u>		<u>5,545,897</u>
** Includes Interest accrued		348,446		397,341
<b>SCHEDULE - 8</b>				
<b>LOANS AND ADVANCES</b>				
i) Advances recoverable in cash or in kind or for value to be received : Unsecured considered good ** Refer Note No. 6 in Schedule 18 )		3,452,636		3,450,831
ii) Other advances - (Considered Good unless stated otherwise)				
<u>Balance with Customs and Port Trusts</u>				
Considered Good	3,309		3,309	
Considered Doubtful	<u>82,992</u>	86,301	<u>82,922</u>	86,301
<u>Deposit with Customs and Port Trusts</u>				
Considered Good	545,846		545,846	
Considered Doubtful	<u>81,556</u>	627,402	<u>81,556</u>	627,402
<u>Other deposits</u>				
Considered Good	315,917		631,417	
Considered Doubtful	<u>2,333,671</u>	2,649,588	<u>2,333,671</u>	2,965,088
Tax deducted at source		689,646		868,326
Fringe Benefit Tax		332,153		332,153
iii) Advances considered doubtful		<u>9,342,832</u>		<u>9,342,832</u>
		17,180,558		17,672,934
Less: Provision for doubtful advances		<u>11,841,052</u>		<u>11,841,052</u>
		<u>5,339,506</u>		<u>5,831,883</u>
<b>SCHEDULE - 9</b>				
<b>CURRENT LIABILITIES *</b>				
Sundry Creditors		70,896,383		64,466,195
Advances from Customers		20,980,091		20,980,091
Amounts held for Principals		4,676,885		4,598,056
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
		<u>116,427,584</u>		<u>109,918,567</u>
* Refer Note No. 7 in Schedule 18				

## Mackinnon Mackenzie & Co. Ltd.

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rs.	As at 31.3.2011 Rs.	Rs.	As at 31.3.2010 Rs.
<b>SCHEDULE - 10</b>				
<b>PROVISIONS</b>				
Provision for Gratuity		805,386		573,463
Provision for Leave Encashment		782,833		507,100
Provision for Taxation (Fringe Benefit Tax)		350,000		350,000
		1,938,219		1,430,563
		1,938,219		1,430,563

### SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

#### SCHEDULE - 11

##### REVENUE

Commission and Service Charges		83,202		83,955
Income from Property		6,724,890		6,724,890
		6,808,092		6,808,845
		6,808,092		6,808,845

#### SCHEDULE - 12

##### OTHER INCOME

Interest (Gross)				
Others	432,082	432,082	515,145	515,145
Provision for Doubtful Debts no longer required		30,000		35,000
Miscellaneous ( See Note 14 in Sch 18)		367,520		367,520
		829,602		917,665
		829,602		917,665
Note : Tax deducted at source on Interest		38,720		44,540

#### SCHEDULE - 13

##### EMPLOYEES REMUNERATION AND BENEFITS

Salaries, Wages and Bonus		1,604,064		1,296,750
Staff Provident and Other Funds		144,420		120,000
Staff Welfare Expenses		151,062		238,313
Retiral benefit		260,027		327,202
Leave Encashment Provision		275,733		85,200
		2,435,306		2,067,465
		2,435,306		2,067,465

**Mackinnon Mackenzie & Co. Ltd.**

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT**

<b>SCHEDULE - 14</b>	<b>Year ended 31.3.2011</b>	<b>Year ended 31.3.2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>OTHER OPERATING EXPENSES</b>		
Rent	49,395	49,395
Rates and Taxes	175,389	78,094
Insurance	205,917	96,399
Repairs - Building	645,282	—
Repairs - Others	525,328	251,856
Electricity	9,163	27,750
Travelling	225,785	206,521
Staff Quarter expenses	26,010	134,361
Telegram, Telex, Telephones etc.	96,305	86,285
Transport expenses	630,880	490,251
Other purchased services	2,179,027	1,345,839
Auditors' remuneration (Refer Note No. 4 (a) in Schedule 18 )	235,000	235,000
Directors' fees	3,000	3,500
Printing and Stationery	63,619	66,702
Water Charge	273,003	247,456
Miscellaneous	1,214,613	561,499
	<u>6,557,725</u>	<u>3,880,907</u>
<b>SCHEDULE - 15</b>		
<b>PROVISIONS</b>		
For doubtful debts	46,852	38,850
	<u>46,852</u>	<u>38,850</u>
<b>SCHEDULE - 16</b>		
<b>INTEREST AND GUARANTEE COMMISSION</b>		
Interest	678,820,143	659,260,433
	<u>678,820,143</u>	<u>659,260,433</u>
<b>SCHEDULE - 17</b>		
<b>PRIOR YEARS' ADJUSTMENTS</b>		
Prior Years' Expenses	267,046	—
	<u>267,046</u>	<u>—</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 2011. 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) 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 <u>31.03.2011</u>	Year ended <u>31.03. 2010</u>
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

## Mackinnon Mackenzie & Co. Ltd.

<p>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 &amp; Advances.</p>	10,02,97,000	10,02,97,000						
<p>4. a) <b>Auditor's Remuneration</b></p> <p style="padding-left: 20px;">i) Audit Fees</p> <p style="padding-left: 20px;">ii) Tax Audit Fees</p> <p>b) <b>Managerial Remuneration</b></p> <p style="padding-left: 20px;">i) Salary</p> <p style="padding-left: 20px;">ii) Perquisites</p>	<p><u>2010-11</u></p> <p>2,00,000</p> <p>35,000</p> <p>8,55,397</p> <p>49,230</p>	<p><u>2009-10</u></p> <p>2,00,000</p> <p>35,000</p> <p>4,80,000</p> <p>425,000</p>						
<p>5. Foreign Exchange Earnings From Services rendered</p>	<p><u>2010-11</u></p> <p>80,200</p>	<p><u>2009-10</u></p> <p>80,200</p>						
<p>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.</p>								
<p>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.</p> <p>b) Following amounts represent old balances for which no write back has been made in accounts pending the review / confirmations of the same:</p> <table style="margin-left: 40px; border: none;"> <tr> <td style="padding-right: 20px;">Advances from Customers</td> <td style="text-align: right;">Rs. 1,02,99,091/-</td> </tr> <tr> <td>Advances and Amounts held for Principals</td> <td style="text-align: right;"><u>Rs. 45,55,683/-</u></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;"><u>Rs. 1,48,54,774/-</u></td> </tr> </table> <p>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.</p>	Advances from Customers	Rs. 1,02,99,091/-	Advances and Amounts held for Principals	<u>Rs. 45,55,683/-</u>	TOTAL	<u>Rs. 1,48,54,774/-</u>		
Advances from Customers	Rs. 1,02,99,091/-							
Advances and Amounts held for Principals	<u>Rs. 45,55,683/-</u>							
TOTAL	<u>Rs. 1,48,54,774/-</u>							
<p>8. a) Investments of Rs 49,000 in M/s Mackinnon Travel (New Delhi) has been written off during the year as the company has been struck of the Register of Registrar of Companies Maharashtra under the provisions of section 560 of the Companies Act, 1956 and the company is dissolved.</p> <p>b) Investments include an amount of Rs.2,36,000/- representing equity shares in a co-operative Society towards purchase of flat.</p> <p>c) 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.</p> <p>d) 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.</p>								
<p>9. The Hon'ble Bombay High Court has approved the application of the Central Bank of India for transfer of debts owed by the company to the bank, to M/s. Ardeshir B. Cursetjee &amp; Sons Ltd. (hereinafter referred to as A.B.C. &amp; Sons Ltd.) along with securities and mortgage charges. Consequently the suit filed by Central Bank of India pending before Debt Recovery Tribunal has transposed M/s A.B.C. &amp; Sons Ltd in the place of Central Bank of India. Total amount due to M/s A.B.C. &amp; Sons Ltd against debts of various banks taken over by them as on 31st March 2011 is Rs 8,25,61,29,338. (Previous Year Rs 3,27, 48,62,095) and no interest has been provided thereon.</p>								
<p>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.</p>								
<p>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 22,375,012 (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.</p>								
<p>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.</p>								

## Mackinnon Mackenzie & Co. Ltd.

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 31.3.2011 (Rs)	Year ended 31.3.2010 (Rs)
Contribution to Provident Fund	46,968	48,000
Contribution to Superannuation Fund	97,452	72,000

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.

16. Segmental Information

Description	Property Owning & Leasing	Shipping & Shipping Agency Activities	Rs. In Lakhs
<b>Revenue</b>			
Internal	67.24	0.84	68.08
	(67.24)	(0.84)	(68.08)
<b>Results</b>			
	52.01	(-4.03)	47.98
	(57.24)	(-3.29)	(54.25)
Unallocated Corporate expenses net of unallocated income			-64.56
			(-39.72)
Interest & Finance Cost			6788.20
			(6592.60)
<b>Taxation</b>			
Current	-	-	-
	(Nil)	(Nil)	(Nil)
Deferred	-	-	-
	(Nil)	(Nil)	(Nil)
Fringe Benefit	(Nil)	(Nil)	(Nil)
	(Nil)	(Nil)	(Nil)
Net Profit after tax and before Prior Period adjustment			(6804.78)
			(6578.07)
Prior Period Adjustment	1.40	1.27	2.67
	(Nil)	(Nil)	(Nil)
Net Profit after tax and Prior Period adjustment			(6807.45)

## Mackinnon Mackenzie & Co. Ltd.

<b><u>Other Information</u></b>			
Segment Assets	492.99	0	492.99
	(439.33)	(0)	(439.33)
Unallocated Corporate Assets			166.31
			(169.19)
<b>Total Assets</b>			<b>659.30</b>
			<b>(608.52)</b>
Segment Liabilities	62.66	9.57	72.23
	(62.87)	(8.21)	(71.08)
Unallocated Corporate Liabilities			83672.72
			(76815.63)
<b>Total Liabilities</b>			<b>83744.95</b>
			<b>(76886.71)</b>
Depreciation	2.48	0.08	2.56
	(2.78)	(0.08)	(2.86)
Unallocated Corporate Depreciation			-
			(-)
Total Depreciation			<b>2.56</b>
			<b>(2.86)</b>

Previous Years Figures are given in brackets

17. 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  
Firm Registration No: 108945W

Mumbai  
Dated: 30th August 2011

Mumbai  
Dated : 30th August 2011

**Mackinnon Mackenzie & Co. Ltd.**

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	<b>Rs. In lacs 2010-2011</b>	<b>Rs. In lacs 2009-2010</b>
<b>A. <u>CASH FLOW FROM OPERATING ACTIVITIES :</u></b>		
<b>Net Profit/(Loss) before Tax</b>	(6,807.46)	(6,578.07)
Adjustment for :		
Depreciation	2.57	2.86
Loss on sale of Investment	0.49	—
Income from Investments	(4.32)	(5.15)
Interest (Net)	<u>6,788.20</u>	<u>6,592.60</u>
	6,786.94	6,590.31
<b>Operating Profit( Loss) before working capital changes</b>	(20.52)	12.24
Adjustment for :		
Trade and Other Receivables	(49.53)	(45.03)
Trade Payables	<u>70.17</u>	<u>32.17</u>
	20.64	(12.86)
<b>CASH GENERATED FROM OPERATIONS</b>	0.11	(0.62)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	0.11	(0.62)
<b>B. <u>CASH FLOW FROM INVESTING ACTIVITIES :</u></b>		
Purchase of Fixed Assets	—	(0.17)
Interest received	<u>4.32</u>	<u>5.15</u>
	4.32	4.98
<b>C. <u>CASH FLOW FROM FINANCING ACTIVITIES :</u></b>		
Proceeds from Long Term Borrowings (net)	(0.13)	(0.13)
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	4.30	4.24
<b>OPENING CASH AND CASH EQUIVALENTS</b>	55.46	51.22
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	59.76	55.46



**Mackinnon Mackenzie & Co. Ltd.**

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**Note : Cash and Cash Equivalents include :**

	<b>2010-2011 Rs. In Lacs</b>	<b>2009-2010 Rs. In Lacs</b>
Cash and Bank Balances	59.76	55.46

On behalf of the Board

R. ADM. P.K. SINHA  
Director

CAPT. N.B. JAMNERKAR  
Director

Mumbai, 30th August, 2011.

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**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, 2011 reported upon by us on 30th August 2011. According to the information and explanations given to us and read together with the notes thereon, the aforesaid Cash Flow Statement has been prepared pursuant to Clause 32 of Listing Agreement with the Stock Exchanges, Mumbai and reallocations for the purpose are as made by the company.

**For SACHIN P. MULGAOKAR & CO.**  
Chartered Accountants  
Firm Registration Number: 108945W

**SACHIN P. MULGAOKAR**  
Proprietor  
Membership No. 40942

Mumbai, 30th August, 2011.

**Mackinnon Mackenzie & Co. Ltd.**

**STATEMENT FORMING PART OF THE ACCOUNTS AS ON 31ST MARCH, 2011**

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

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I) REGISTRATION DETAILS</b>		
Registration Number	:	13745
State Code	:	11
Balance Sheet Date	:	31/03/2011
<b>II) CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)</b>		
Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL
<b>III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)</b>		
Total Liabilities	:	8269862
Total Assets	:	8269862
<b>SOURCE OF FUND:</b>		
Paid Up Capital	:	2472
Reserves & Surplus	:	11260
Secured Loans	:	8256129
Unsecured Loans	:	0
<b>APPLICATION OF FUNDS</b>		
Net Fixed Assets	:	2685
Investments	:	307
Net Current Assets	:	-55427
Miscellaneous Expenses	:	NIL
Accumulated Losses	:	8322297
<b>IV) PERFORMANCE OF COMPANY ( Amount in Rs Thousands)</b>		
Turnover	:	7638
Total Expenditure	:	688384
Profit/(loss) before Tax ( + for Profit - for Loss)	:	-680746
Profit/(loss) after Tax ( + for Profit - for Loss)	:	-680746
Earning per share in Rs.	:	NIL
Dividend Rate %	:	NIL
<b>V) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY</b>		
( 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 2011 the Profit & Loss Account for the year ended as on that date and the Schedules forming part thereof

Place : Mumbai  
Dated : 30th August, 2011

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

# 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 Sixtieth Annual General Meeting of the Company  
to be held on Thursday, 29<sup>th</sup> September, 2011 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.....2011

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.



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