



Mackinnon Mackenzie & Company Ltd.



**Annual Report
2004 - 2005**

Mackinnon Mackenzie & Co. Ltd.

BOARD OF DIRECTORS

Minoor Kalkhushroo Bezantjee Capadia — Chairman
Rear Adml. P. K. Sinha — Wholetime Director
Captain N. B. Jamnerkar
Captain O. P. Dogra — Deceased on 28-2-05

AUDITORS

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

**ADVOCATES AND
SOLICITORS**

Maneksha & Sethna, Bombay

**REGISTRAR AND SHARE
TRANSFER AGENTS**

InHouse facility
w.e.f. 01-04-2005

BANKERS

Central Bank of India
Standard Chartered Bank
Vijaya Bank

REGISTERED OFFICE

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

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

Mackinnon Mackenzie & Co. Ltd.**NOTICE**

Notice is hereby given that the 54th Annual General Meeting of the Shareholders of MACKINNON MACKENZIE & COMPANY LIMITED will be held on Monday, the 26th September, 2005 at 10:00 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Capt. N.B. Jamnerkar who retires by rotation and being eligible, offers himself for re-appointment.
3. To 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 Ordinary Resolution.
 "RESOLVED THAT the Authorised Share Capital be modified from the present Rs. 400,00,000 divided into 25,00,000 Equity Shares of Rs.10/- each and 1500000 unclassified shares of Rs. 10/- each to Rs. 4,00,00,000 divided into 4,00,00,000 Equity Shares of Re.1/- each.

FURTHER RESOLVED THAT consequential amendment be made in the Clause 5 of the Memorandum of Association of the Company."

5. To consider and if thought fit to pass the following resolution as Ordinary Resolution.

"RESOLVED THAT the existing clause 5 of Memorandum of Association of the Company be substituted by the following Clause:

- 5) The Authorized Share Capital of the Company is Rs. 4,00,00,000/- (Rupees four Crores only) divided into 4,00,00,000/- (Four Crores) Equity shares of Re.1/- each and with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the capital of the company and to divide the shares in the capital for the time

being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by law or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being."

6. To consider and if thought fit to pass the following resolution as Special Resolution.

"RESOLVED THAT the existing clause 4 (1) of Articles of Association of the Company be substituted by the following Clause:

- 4(1). The Authorized Share Capital of the Company is Rs.4,00,00,000/- (Rupees Four Crores only) divided into 4,00,00,000/- (Four Crores) Equity shares of Re.1/- each.

7. To consider & if thought fit, to pass, with or without modification, the following Resolution as an 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-encashment 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 2004 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-encashment thereof, for the time being in force or any amendments and/or modifications

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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, 2005, 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 will be closed from Thursday, 15th September 2005 to Monday, 26th September 2005 (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 to No 7 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 2496 addresses of the shareholders. In the meantime requisite Notice of convening AGM we will send to 2496 members & to whatever address further available.

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

CAPT. N. B. JAMNERKAR
DIRECTOR

MUMBAI, 22nd August 2005.

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

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ANNEXURE TO THE NOTICE

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

Item No. 4

Pursuant to the provisions of Section 100 of the Companies Act 1956, Article 4(1) of the Article of Association of the Company and the Bombay High Court Order dated 15.04.2004 the paid-up-capital of the Company has been reduced from Rs.25 Crores to Rs. 25 Lakhs by reducing the paid up value of Equity Share by Re.9/- per Equity Share and the amount so cancelled has been utilized for reducing the accumulated losses as on 31st March 2005. To give effect to the above the composition of the Authorised Capital has to be modified to reflect the correct position.

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

None of the directors are deemed to be interested in the said resolution.

Item no 5

To give effect to the order of Bombay High Court The Clause 5 of pertaining to the Authorised Share capital needs to be modified to reflect the correct position

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

None of the directors are deemed to be interested in the said resolution.

Item no 6

To give effect to the order of Bombay High Court the Article 4(1) of Articles of Association of pertaining to the Authorised Share capital needs to be modified to reflect the correct position

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

None of the directors are deemed to be interested in the said resolution.

Item No. 7

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. 20,000/- 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.

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- (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.
- Your directors recommend the resolution to be passed as a Special Resolution.
- Except for Vice admiral P K Sinha none of the other directors are deemed to be interested in the said resolution.
- By Order of the Board of Directors
For Mackinnon Mackenzie & Company Limited
- CAPT. N. B. JAMNERKAR
DIRECTOR
- MUMBAI, 22nd August 2005.
- 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,

MACKINNON MACKENZIE & COMPANY LIMITED

The Directors present their 54th Annual Report together with the Audited Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS :

During the year the Company had an operating profit of Rs. 1270.27 Lakhs as summarized below:-

	Year ended 31.03.2005 Rs.(Lakhs)	Year ended 31.03.2004 Rs.(Lakhs)
1. Income from operations	67.08	105.47
2. Other Income	1744.95	12.55
3. Total Expenditure	541.76	306.77
4. Gross Profit/(Loss) before interest Depreciation & Tax	1270.27	(188.75)
Less : (a) Interest	2883.02	3322.76
(b) Provisions for depreciation	1.41	1.58
(c) Provision for Doubtful Debts	.77	3.35
Profit/(Loss) before extraordinary/prior period Items & Tax	(1614.93)	(3516.44)
Add : (d) Extraordinary / prior period items	8.90	0.14
5. Net Profit / (Loss) after Tax	(1623.83)	(3516.30)
6. Appropriation of Profit/and Reserves	—	—
(a) Add: Short Provision for Income Tax in respect of earlier year	(1623.83)	0.01
(b) Add: Profit/(Loss) B/F from earlier year	—	(47507.85)
Adjustment on Reduction in Share Capital	223.75	—
7. Cumulative Profit/(Loss)	(52424.24)	(51024.16)

The debit balance in the Profit & Loss Account after considering prior years' adjustments stands at Rs. 52424.24/-.

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 in progress with Central Bank of India for an out of Court settlement for past 2 years. However, while the negotiations are in progress the Bank obtained an ex-parte recovery order. Our lawyers are taking steps to have this order vacated.

b) Mumbai office staff:

The appeal pending before the Hon'ble Mumbai High Court was recently heard by a bench and decision is awaited.

c) Future Business Prospect:

The future business prospects hinges on the out come of negotiation with Central Bank of India and decision of Mumbai High Court in the staff retrenchment case.

Mackinnon Mackenzie & Co. Ltd.**4. QUALIFICATIONS IN AUDITORS' REPORT :**

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

5. DIRECTORS :

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

6. FIXED DEPOSITS :

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

7. COMPLIANCE CERTIFICATE:

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

8. AUDITORS :

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

9. SUBSIDIARY COMPANIES:

During the year the Company disposed off its 72% shareholding in its subsidiary, Strand Properties Ltd.

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 judgement and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- (iii) Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities have been taken to the best of their knowledge and ability.
- (iv) The annual accounts have been prepared on a "going concern basis."

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. 9.15 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 and Employees for their co-operation received during the year under review.

On behalf of the Board of Directors

MR. M.K.B. CAPADIA
CHAIRMAN

Date : 22nd August 2005.
Place : Mumbai

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ANNEXURE TO DIRECTOR REPORT

: 2636 8997 / 2631 4881

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: 11-13745

Auth Cap : Rs 4.00 Crores and paid up capital 25 lakhs.

The Members,

Mackinnon Mackenzie & Company Limited

4-Shoorji Vallabhdas Marg, P O Box no 122

Mumbai 400 001

I have examined the registers, records, books and papers of **Mackinnon Mackenzie & 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, 2005**. 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 Nine times i.e. on 29.04.04, 21.06.04, 30.07.04, 27.08.04, 30.09.04, 29.10.04, 19.01.05, 28.01.05, 15.03.05 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 2004 to 30th September 2004 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 2004 was held on 30th September 2004 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. One Extra Ordinary General Meetings 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 has duly complied with the provisions of section 297 of the Act.
10. The Company was not required to make any 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) made no allotment
 - ii) delivered all the certificates on lodgment thereof for transfer / transmission of securities during the financial year.
 - iii) the Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iv) The Company was not required to post warrants to any of its members as no dividend was declared during the