

# **THE GAEKWAR MILLS LIMITED**

**81<sup>st</sup> ANNUAL REPORT**

**2009-10**

## **THE GAEKWAR MILLS LIMITED**

**(Incorporated under the Baroda State Companies  
Act 2 of Samvat Year 1975)**

### **DIRECTORS**

*	<b>HOMI F. MEHTA</b>	<b>Chairman</b>
*	<b>KHURSHED K. KOTWAL</b> (expired 14 <sup>th</sup> April 2009]	<b>Director</b>
*	<b>RATAN N. KARANJIA</b> (appointed 9 <sup>th</sup> October 2009)	<b>Director</b>
*	<b>OM DUTT PUROHIT</b> (appointed 9 <sup>th</sup> October 2009)	<b>Director</b>
*	<b>GIRISHBHAI SHAH</b> [appointed 17 <sup>th</sup> March 2010]	<b>Director</b>

### **AUDITORS**

**MESSRS. M.D. PANDYA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

### **REGISTRA & TRANSFER AGENTS**

Link Intime India Pvt Ltd.,  
C-13 Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400 078.

### **REGISTERED OFFICE**

No.6 Vardhaman Apartment,  
L. T. Road, Dahisar (West)  
Mumbai 400 068.

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Shareholders are requested to bring their copy of the Annual Report along with them at the General Meeting, as the practice of distributing copies of the Report at the Meeting, has been discontinued.

## NOTICE

NOTICE is hereby given that the Eighty First Annual General Meeting of the Members of the Company will be held on Tuesday, 8<sup>th</sup> June, 2010 at 12 noon at Matunga Gujarathi Club Ltd., Nathalal Parekh Marg, Near King Circle, Matunga, Mumbai 400 019 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2010, Profit and Loss Account and the Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Om Dutt Purohit, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT in supercession of all earlier resolutions passed and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications thereof) and subject to any other approval, if required, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing by way of loans/debentures (whether secured or unsecured)/bonds/deposits/fund based/non fund based limits/guarantees, for the purposes of the business of the company, any sum or sums of money either in Indian or Foreign Currency from time to time, from any Bank(s) or any Financial Institution(s), Firm(s), Bodies Corporate(s), or other person(s) or from any other source(s) in India or Outside India, in addition to the temporary loans obtained from the Company's Banker(s) in the ordinary course of business, provided that the sums so borrowed under this resolution and remain outstanding at any time shall not exceed in the aggregate Rs. 150 Crores (Rupees One Hundred and Fifty Crores only).

“RESOLVED FURTHER THAT the Board of Directors of the Company including any committee thereof be and are hereby authorized to do all such acts, deeds, as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit,”

**By Order of the Board of Directors  
For The Gackwar Mills Ltd**

**Homi F Mehta  
Chairman**

#### **Registered Office:**

No. 6 Vardhaman Apartment,  
L.T. Road, Dahisar(W),  
Mumbai 400 068

**Dated: 13<sup>th</sup> May, 2010**

## **NOTES:**

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. FOR PROXY TO BE EFFECTIVE, ATTACHED PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
- (ii) The Register of Members and the Share Transfer Books of the Company, will be closed from, 28<sup>th</sup> June, 2010 to 30<sup>th</sup> June, 2010 (both days inclusive).
- (iii) Change of address, if any, should be notified to the Company, immediately.

### **DETAILS OF DIRECTORS SEEKING RE APPOINTMENT/ APPOINTMENT AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

<b>Name of the Director</b>	<b>Mr. Om Dutt Purohit</b>
Age	82 years
Date of Appointment	09.10.2009
Experience (Yrs)	50 years in Corporate Affairs
Qualification	M.Com., LLB, FCS
List of Public Companies in which Directorship held	1. Shreeleka Global Finance Ltd 2. Nav Bharat Refrigeration & Industries Ltd 3. Simplex Paper Ltd 4. Simplex Mills Co Ltd
Committee/Chairmanship/ Membership	1. Chairman – Remunerations Committee 2. Chairman – Investor Grievance Committee Chairman – Audit Committee 3. Chairman – Investor Grievance Committee Chairman – Audit Committee
Other Positions Held	Past Chairman, WIRC of ICS.
Shareholding in the Company	8 equity Shares

### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **Item No. 4**

As per the provisions of section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, borrow monies, in excess of the aggregate of the Paid-up Capital and Free Reserves of the Company, other than temporary loans obtained to be obtained from Company's Bankers in the ordinary course of business.

The future growth plans of the Company would necessitate restructuring of the Company's borrowings. It is therefore proposed to authorize the Board of Directors or Committee thereof to borrow, for the business of the Company further amounts not exceeding Rs. 150 crores, in the manner specified in the Resolution.

The Board commends the resolution for your approval.

None of the Directors are concerned or interested in the said resolution.

**By Order of the Board of Directors  
For The Gackwar Mills Ltd**

**Homi F Mehta  
Chairman**

#### **Registered Office:**

No. 6 Vardhaman Apartment,  
L.T. Road, Dahisar(W),  
Mumbai 400 068

**Dated: 13<sup>th</sup> May, 2010**



**THE GAEKWAR MILLS LIMITED**  
**DIRECTORS' REPORT**

To,  
The Members,

The Directors present their 81st Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

**Scheme of Compromise/Arrangement**

As informed to members in earlier Annual Reports, the petition for winding up of the Company was admitted by the Bombay High Court on 14<sup>th</sup> October 2004. The winding up petition came up for hearing on 4<sup>th</sup> February 2008, when the Court ordered the Company to be wound up and appointed The Official Liquidator of the Court as the Liquidator of the Company.

While the Company was under liquidation, Homi F Mehta and Khurshed K Kotwal, erstwhile directors and shareholders of the Company, filed before the Bombay High Court a Scheme of Compromise/Arrangement between shareholders, creditors and workers of The Gaekwar Mills Ltd (in liquidation) under sections 391 to 393 of the Companies Act, 1956. Statutory meetings were held on 25<sup>th</sup> September 2008 and after several hearings, the Scheme was finally approved by the Hon. High Court on 10<sup>th</sup> September 2009. The Scheme was further modified by the orders of the Hon. Bombay High Court dated 6<sup>th</sup> January 2010, 7<sup>th</sup> January 2010 and 8<sup>th</sup> April 2010.

With the sanction of the Scheme by the Court the earlier winding up order has been stayed and the Company became operational once again.

**Progress on the implementation of the Scheme of Compromise/ Arrangement**

Satisfactory progress has been made in the implementation of the Scheme of Compromise/Arrangement sanctioned by the Hon. Bombay High Court.

The Company has allotted 3000 Secured Redeemable Debentures of Rs. 1,00,000 each, to Platinum Square Pvt Ltd, the Strategic Investor and the amount paid by them on the above Debentures upto 31<sup>st</sup> March 2010 was Rs. 9,63,00,000.

The monies received on the Debentures as above have been deployed in paying the amounts due in respect of the liabilities to Secured Creditors, Central and State Govts, Local Authorities and Local bodies, as determined by the Scheme of Compromise/Arrangement.

**Accounts for the year ended 31<sup>st</sup> March 2010**

Loss for the year, after providing for interest on Banks' dues, was Rs.1.60 crores which has been added to Rs. 28.21 crores carried forward from the previous year.

**Plans for the Company**

Once all the legal and other required formalities for the revival of the Company are completed, your Company would draw up plans for the development of 60% of the land at Billimora. The balance 40% of the land would be used to set-up a modern integrated textile unit. The Company has already had an initial feasibility/viability survey done for the development of the land for housing purposes. The survey was carried out by Tata Strategic Management Group. You will be pleased to know that the initial results of the survey are very encouraging.

Further your company would shortly be initiating steps to Restore trading in the scrip on the Stock Exchange, which has been suspended for a long time.

**Directors**

Mr. Homi F Mehta, Mr. Ratan N Karanjia, Mr. Om Dutt Purohit and Mr. Girishbhai Shah are seeking re-appointment/appointment at the 79<sup>th</sup> Annual General Meeting of the members of the company which is being convened on the same day as the ensuing Annual General Meeting.

Mr. Ratan N Karanjia, Director of the Company retires by rotation at the 80th Annual General Meeting which is being convened on the same day as the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

Mr. Om Dutt Purohit, Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

**Directors' Responsibility Statement**

"Pursuant to the requirement u/s 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company at the end of financial year and of the Loss of the Company for the year under review.
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safe guarding the Assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.
4. that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2010, on a going concern basis, taking into account the fact that as on date of preparation of the accounts the Company has been revived and its net worth will turn positive upon completion of all actions envisaged in the Scheme of Compromise."

**Auditors**

M/s M. D. Pandya & Associates, Chartered Accountants, the Statutory Auditors of the Company are due to retire at the ensuing Annual General Meeting. The Company has received a certificate from the Statutory Auditors, under 224(1)(b) of the Companies Act, 1956, stating that they are eligible for re-appointment and the said re-appointment, if made, will be within the prescribed limits.

**Particulars of Employees**

Particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 are not applicable as the Company did not have any employee during the year.

**Observations on Remarks in the Auditors' Report:**

The fullest information and explanation of the respective matters have already been given in the Notes included by your Directors as a part of Account submitted to you for the year under Report as also by the Auditors themselves in the said Report.

**ANNEXURE TO THE DIRECTORS' REPORT :**

(Additional information given in terms of Notification No.1029 of 31-12-1988, issued by the Department of Company Affairs).

No information can be given with regard to Disclosure in respect of Conservation of Energy Technology Absorption, Foreign Exchange Earnings and Outgo, etc. since the Mills were closed during the year under Report.

**On behalf of the Board of Directors**

**Homi F Mehta**  
**Chairman**

**Registered Office :**

No.6 Vardhaman Apartment,  
L. T. Road, Dahisar (West)  
Mumbai 400 068.

Dated: 13<sup>th</sup> May, 2010



**Management Discussion and Analysis Report  
for the year ended 31<sup>st</sup> March 2010**

As informed to the members in the earlier Annual Reports, the Hon. Bombay High Court sanctioned a Scheme of Compromise/Arrangement for the revival of the Company on 10<sup>th</sup> September, 2009. With the sanction of the Scheme the earlier winding up order has been stayed and the Company became operational once again.

The scheme was further modified by the orders of the Hon. Bombay High Court dated 6<sup>th</sup> January, 2010, 7<sup>th</sup> January, 2010 & 8<sup>th</sup> April, 2010.

**Progress on the implementation of the Scheme of Compromise/Arrangement**

Satisfactory progress has been made in the implementation of the Scheme of Compromise/Arrangement sanctioned by the Hon. Bombay High Court.

The Company has allotted 3000 Secured Redeemable Debentures of Rs. 1,00,000 each, to Platinum Square Pvt Ltd, the Strategic Investor and the amount paid by them on the above Debentures upto 31<sup>st</sup> March 2010 was Rs. 9,63,00,000.

The monies received on the Debentures as above have been deployed in paying the amounts due in respect of the liabilities to Secured Creditors, Central and State Govts, Local Authorities and Local bodies, as determined by the Scheme of Compromise/Arrangement.

**Corporate Governance Report for the year ended 31<sup>st</sup> March 2009**

**Board of Directors**

During the year 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010 the composition of the Board was as follows:

Director	Executive/Non-Executive/Independent
Mr. Homi F. Mehta	Chairman – Non-Executive & Promoter
Mr. Khurshed K. Kotwal	Executive Director He expired on 14 <sup>th</sup> April, 2009.
Mr. Ratan N Karanjia	Non-Executive Director He was appointed as an Additional Director on 9 <sup>th</sup> October 2009.
Mr. Om Dutt Purohit	Non-Executive Director He was appointed as an Additional Director on 9 <sup>th</sup> October 2009
Mr. Girishbhai Shah	Non-Executive Director He was appointed as an Additional Director on 17 <sup>th</sup> March, 2010

Name of Director	Attendance Board	Attendance AGM	Other Directorships Director	Other Directorships Committee
Mr. Homi F Mehta	7	No	1	1
Mr. Khurshed . K. Kotwal	none	No	none	none
Mr. Ratan N Karanjia	8	Yes	none	none
Mr. Om Dutt Purohit	8	Yes	4	5
Mr. Girishbhai Shah	none	No	n.a	none

The other directorships excludes the directorship of Private Companies. No sitting fees or other remuneration was paid to any director.

**1. No. of Board Meetings held and dates**

During F.Y. 2009-10 8 Board Meeting were held on the following dates: 9<sup>th</sup> October, 2009, 4<sup>th</sup> January, 2010, 8<sup>th</sup> January 2010, 19<sup>th</sup> January, 2010, 29<sup>th</sup> January, 2010, 15<sup>th</sup> February, 2010, 19<sup>th</sup> February, 2010 and 17<sup>th</sup> March 2010.

**2. Committees of the Board**

As no activity was undertaken by the Company during the year no Committees of the Board were set up.

**3. Means of Communication**

The Company communicates with shareholders through the postal service only.

**4. Disclosures**

A. During the year there were no financial and commercial transactions where management had personal interest that may have a potential conflict with the interest of the Company at large.

B. Owing to non- payment of listing fees and non-supply of mandatory information the trading in Company's Equity Shares has been suspended by Bombay Stock Exchange, Mumbai.

C. No. of shares held by non-executive directors:

Mr. Homi F. Mehta	548 equity shares
Mr. Ratan N Karanjia	1 equity share
Mr. Om Dutt Purohit	8 equity shares

D. As the Company's operations had completely closed down and there were no staff reporting the Company was unable to comply with any of the mandatory requirements of Clause 49 (Corporate Governance) of the Listing Agreement within the stipulated time. However, the Company has given an undertaking to the Hon. Bombay High Court at the time of approval of the Scheme of Compromise that it will comply with the stipulated requirements of the Stock Exchange before suspension of trading in equity shares of the Company is revoked.

**5. General Shareholder Information**

AGM for Financial Year 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010 is convened for 8<sup>th</sup> June, 2010

<b>Dates of Book Closure</b>	28 <sup>th</sup> June, 2010 to 30 <sup>th</sup> June, 2010
<b>Dividend Payment Date</b>	No dividend declared
<b>Listing on Stock Exchange</b>	Mumbai ( presently suspended)
<b>Stock Code</b>	502850
<b>Demat ISIN Numbers</b>	Shares not dematerialized
<b>Market Price Data</b>	No transactions as scrip was suspended
<b>Share Transfer System</b>	Share transfers are handled by the Company itself . Share transfers are registered and returned within the stipulated period from the date of receipt, if the documents are clear in all respects.

**Distribution of Shareholding & Category-wise distribution**

**Pattern of Shareholding by share class as on 31<sup>st</sup> March, 2010**

Shareholding Class	No. of Share holders	No. of Shares Held	Share holding %
Upto to 100	1033	10832	21.66
101 to 200	12	1531	3.06
201 to 300	2	475	0.95
301 to 400	2	764	1.53
401 to 500	3	1448	2.90
501 to 1000	4	2443	4.89
1001 & above	4	2507	65.01
<b>Total</b>	<b>1060</b>	<b>50000</b>	<b>100.00</b>

**Pattern of Shareholding by Ownership as on 31<sup>st</sup> March, 2010**

Category	No. of Equity Shares held	Shareholding %
Promoters	27103	54.21
Insurance		
Companies	4392	8.78
Banks	398	0.80
Bodies		
Corporate	2297	4.59
Indian		
Public	15810	31.62
<b>Total</b>	<b>50000</b>	<b>100.00</b>

**Land Location** Bilimora, District Navsari, Gujarat

**Address for Correspondence**

Link Intime India Pvt. Ltd.,  
(Unit: The Gaekwar Mills Ltd)  
C-13 Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400 078.

#### 6. Details of Directors appointed and re-appointed during the year

Mr. Homi F Mehta, Mr. Ratan N Karanjia, Mr. Om Dutt Purohit and Mr. Girishbhai Shah are seeking re-appointment/appointment at the 79<sup>th</sup> Annual General Meeting of the members of the company which is being convened on the same day as the ensuing Annual General Meeting.

Mr. Ratan N Karanjia, Director of the Company retires by rotation at the 80<sup>th</sup> Annual General Meeting which is being convened on the same day as the ensuing Annual General meeting, and being eligible, offers himself for re-appointment.

Mr. Om Dutt Purohit, Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

The brief profile of Mr. Om Dutt Purohit, seeking re-appointment, is given in the Notice convening the ensuing Annual General Meeting.

#### 7. General Body Meetings

F.Y.	AGM	Location	Date	Time
2004-05	AGM	Mehta House, 79/91 Mumbai Samachar Marg, Mumbai 400001	30/09/05	5 pm
2005-06	AGM	do	29/09/06	5 pm
2006-07	AGM	do	28/09/07	5 pm

At all the above three AGMs resolutions regarding adoption of Directors Report, Auditors Reports and Accounts and appointment of Auditors were not taken up for consideration, and accordingly the meetings were adjourned sine die.

Adjourned Annual General Meetings for all three years were held on 17<sup>th</sup> March 2010, where resolutions for adoption of the Directors Reports, Auditors Reports and Accounts and appointment of Auditors for these three years were presented and duly passed.

AGMs for financial years 2007-08 and 2008-09 could not be convened as the Company was taken into liquidation. Upon revival of the Company, the AGMs for 2007-08 and 2008-09 are being convened on the same date as the AGM for 2009-10.

**On behalf of the Board of Directors**

**Homi F Mehta**  
Chairman

#### Registered Office :

No.6 Vardhaman Apartment,  
L. T. Road, Dahisar (West)  
Mumbai 400 068.

**Dated: 13<sup>th</sup> May, 2010**

#### **Auditors' Certificate regarding Compliance of Conditions of Corporate Governance**

In view of the fact that the Company was not functioning for several years it was not able to comply with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Bombay Stock Exchange during the year under review, i.e. 2009-10. This fact was brought out at the time of approval of the Scheme of Compromise presented by the Company before the Bombay High Court and the Company has undertaken to comply with certain specific conditions laid down by the Stock Exchange before its shares are relisted on the Stock Exchange.

**FOR M.D. PANDYA & ASSOCIATES**  
Chartered Accountants

(M.D. PANDYA)  
Partner  
Mem. No. 033184

**Place: Mumbai**

**Dated: 13<sup>th</sup> May, 2010**



M. D. PANDYA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
107B, ANAND NAGAR,  
FORJET STREET,  
MUMBAI 400 036.  
TEL NO. 2386 9235/2388 4861.

**Partners:**

M. D. Pandya  
A. D. Pandya

B. Com., F.C.A.  
B. Com., F.C.A.

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS**

1. We have audited the attached Balance Sheet of **THE GAEKWAR MILLS LTD** as at 31st MARCH, 2010, and also the annexed 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 an 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 Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as 'the Act') we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all information and explanations which to the best of our knowledge & belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books.
- iii. Subject to:  
*The accounts of the company are prepared on the basis of the assumption of going concern taking into account that the Scheme of Compromise/Arrangement has been approved by the High Court of Judicature at Bombay vide their order dated 10<sup>th</sup> September, 2009., in spite of the fact that at the year end, the Net Worth of the Company was negative.*
- iv. The Balance Sheet, Profit and Loss account and cash flow statement dealt with by the report are in agreement with books of account.
- v. In our opinion, the Profit and 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.
- vi. In our opinion and as per the information and according to explanations given to us, no director is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vii. In our opinion and to the best of our information and according to explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
  - a) in case of Balance Sheet - of the state of affairs of the Company as at 31<sup>st</sup> March, 2010.
  - b) in case of Profit and Loss Account - of the loss for the year ended on that date.
  - c) in the case of the Cash Flow Statement - of the cash flows for the year ended on that date.

FOR M.D. PANDYA & ASSOCIATES  
Chartered Accountants  
(M. D. PANDYA)  
Partner.

Mem no. 033184

PLACE: MUMBAI  
DATE: 13<sup>th</sup> May, 2010

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDITOR  
REPORT OF EVEN DATE**

As required by the Companies (Auditors Report) Order, 2003 issued under section 227(4) of the Companies Act, 1956, we make, on the basis of such checks of the books and records as we considered appropriate, the following statement on such of the matters specified in the said order as are applicable to the Company:

- i (a) The Company has only Fixed Asset in form of land. The Company has maintained proper records to show full particulars including quantitative details and situation of the land.
- i (b) The Company has not disposed off any Fixed Asset during the year.
- ii. The Company does not carry any stock of finished goods, stores, spare parts and raw materials. In view of foregoing the provisions of 4(ii) of the order is not applicable.
- iii. The company has not taken or granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register under section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(iii) (a) to (d) are not applicable to the Company.
- iv. Having regard to the fact that there were no operation during the year, the internal control procedures were commensurate with the size of the Company.
- v. The Company has not entered into any transactions within pursuance of any contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(v) (a) & (b) are not applicable to the Company.
- vi. The Company has not accepted any deposits from the public. Accordingly clause 4 (vi) of the order is not applicable.
- vii. The company did not have an internal audit system as there were no operations during the year.
- viii. The Company did not carry on any activity during the year and hence question of maintenance of cost records as prescribed under section 209 (1) (d) of the Companies Act, 1956 does not arise.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the company is regular in depositing statutory dues with the appropriate authorities, as determined by the Scheme of Compromise/Arrangement under section 391 to 393 of the Companies Act, 1956, sanctioned by the Hon. Bombay High Court vide its order dated 10<sup>th</sup> September, 2009 and modified by its orders dated 6<sup>th</sup> January, 2010, 7<sup>th</sup> January, 2010 and 8<sup>th</sup> April 2010.
- x. The Company has incurred a cash loss & its accumulated losses at the end of the financial year are more than 50% of its net worth.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in the payment of dues to any financial institution, banks or debenture holders as determined by the Scheme of Compromise/Arrangement under section 391 to 393 of the Companies Act, 1956, sanctioned by the Hon. Bombay High Court vide its order dated 10<sup>th</sup> September, 2009 and modified by its orders dated 6<sup>th</sup> January, 2010, 7<sup>th</sup> January, 2010 and 8<sup>th</sup> April 2010.
- xii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- xiii. The Company is not a chit fund or nidhi/mutual benefit fund/society, therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
- xiv. According to information and explanation given to us, the Company has no dealing or trading in shares, securities, debentures and other investments, therefore the provisions of clause 4 (xiv) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
- xv. According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. According to information and explanation given to us, no new term loans were raised during the year.



- xvii. According to information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- xviii. The Company has not made preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the Act.
- xix. According to the Scheme of Compromise/ Arrangement under Section 391 to 393 of the Companies Act, 1956, for the revival of the Company, as sanctioned by the Hon. Bombay High Court, the Company has allotted 3000 Non-Convertible Debentures of the face value of Rs. 1,00,000/- aggregating to Rs. 30,00,00,000/- during the year. The Company has yet to create security in respect of these debentures
- xx. The Company has not raised any money through a public issue during the year.
- xxi. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR M.D. PANDYA & ASSOCIATES  
Chartered Accountants  
(M. D. PANDYA)  
Partner.  
Mem no 033184

PLACE: MUMBAI  
DATE: 13<sup>th</sup> May, 2010

**THE GAEKWAR MILLS LTD**

**BALANCE SHEET AS AT 31st. MARCH, 2010**

	SCHEDULE	2009-10		2008-2009	
		RUPEES	RUPEES	RUPEES	RUPEES
<b><u>SOURCES OF FUNDS:</u></b>					
SHAREHOLDERS FUNDS					
SHARE CAPITAL	A		5,000,000		5,000,000
LOAN FUNDS:					
SECURED LOANS	B		106,251,676		139,460,384
UNSECURED LOANS	C		96,300,000		
			<u>207,551,676</u>		<u>144,460,384</u>
<b><u>APPLICATION OF FUNDS:</u></b>					
FIXED ASSETS:					
Land - At Cost			26,307		26,307
Less: Depreciation			0		0
			26,307		26,307
Capital Work in Progress			<u>1,461,427</u>	1,487,734	<u>0</u> 26,307
INVESTMENTS	D			20,953	20,953
CURRENT ASSETS, LOANS & ADVANCES					
	E				
A. Current Assets			8,928		15,289
B. Loans & Advances			800,000		0
			808,928		15,289
LESS: CURRENT LIABILITIES & PROVISIONS					
	F		92,907,360		137,715,095
NET CURRENT ASSETS			<u>(92,098,432)</u>		<u>(137,699,806)</u>
PROFIT AND LOSS ACCOUNT			298,141,421		282,112,930
			<u>207,551,676</u>		<u>144,460,384</u>
NOTES ON ACCOUNTS :	G				

As per our report of even date attached  
For M D PANDYA & ASSOCIATES  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

M.D. Pandya  
(Partner )

Homi F Mehta      Ratan N Karanjia  
(Directors)

PLACE: MUMBAI  
DATED: 13th May 2010

**THE GAEKWAR MILLS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-2010 RUPEES	2008-2009 RUPEES
<b><u>INCOME :</u></b>		
Dividends	15,000	15,000
	<u>15,000</u>	<u>15,000</u>
<b><u>EXPENDITURE:</u></b>		
Advertisement Expense:	259,357	0
Arrears of Listing Fees	94,814	0
Arrears of P.F	1,534,401	0
Audit Fees	27,840	16,545
Bank charges	75,606	2,281
Interest on Secured Loan	13,291,293	11,860,384
Legal and Professional fees	625,666	0
Miscellaneous charges	7,583	0
Postage and Courier	36,308	0
Printing and Stationery	27,609	0
Amount paid to Official Liquidator	16,514	0
Amount paid to Regional Director	7,500	0
ROC Filing Fees	3,000	0
Security Charges	36,000	0
	<u>16,043,491</u>	<u>11,879,210</u>
Profit / (Loss) for the year	(16,028,491)	(11,864,210)
Add: Loss brought forward from previous year	(282,112,930)	(270,248,720)
Balance carried to Balance Sheet	<u>(298,141,421)</u>	<u>(282,112,930)</u>

NOTES ON ACCOUNTS :

As per our Report of even date attached

FOR M.D.PANDYA & ASSOCIATE  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

M.D. PANDYA  
(Partner)

Homi F Mehta      Ratan N Karanjia  
(Directors)

PLACE: MUMBAI  
DATED: 13th May 2010



**THE GAEKWAR MILLS LTD**

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

	2009-10 RUPEES	2008-2009 RUPEES
<b><u>SCHEDULE A: SHARE CAPITAL</u></b>		
Authorised :		
1,00,000(60000) Equity Shares of Rs.100/-each	10,000,000	6,000,000
0 (40000) Preference Shares of Rs.100/- each	0	4,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Issued , subscribed and paid-up:		
50,000 Equity Shares of Rs 100/- each fully paid in cash (out of the above shares, 38,000 equity shares of Rs 100/- each were allotted as fully paid bonus shares issued by way of capitalization of reserves)	<u>5,000,000</u>	<u>5,000,000</u>
<b><u>SCHEDULE B : SECURED LOANS</u></b>		
<b><u>A. From Banks :</u></b>		
One Time Settlement Loans including interest accrued thereon secured by First Equitable Mortgage of the fixed Assets (both present & future ) of the Company, ranking pari- passu :)	81,100,000	127,600,000
Interest accrued but not due	25,151,676	11,860,384
	<u>106,251,676</u>	<u>139,460,384</u>
<b><u>SCHEDULE C : UNSECURED LOANS</u></b>		
Non Convertible Debentures	77,500,000	0
(Refer to note no 3 in Notes to Accounts)		
Advance towards 1st call (2nd Installment).	18,800,000	0
	<u>96,300,000</u>	<u>0</u>
<b><u>SCHEDULE D: INVESTMENTS ( AT BOOK VALUE)</u></b>		
<b>Long Term :-</b>		
Trade Investments (Unquoted)		
1) 30 Ordinary Shares Of The New Piece Good Bazaar Co. Ltd of Rs. 100/- each, Fully Paid	8,500	8,500
2) 300 Ordinary Shares Of The Zenith Securities and Investments Limited of Rs.100/- Each Fully Paid	12,453	12,453
	<u>20,953</u>	<u>20,953</u>
<b><u>SCHEDULE E CURRENT ASSETS, LOANS AND ADVANCES:</u></b>		
<b><u>A Current Assets</u></b>		
Balance in Current Accounts with Scheduled Banks	8,928	289
Dividend Receivable	0	15,000
	<u>8,928</u>	<u>15,289</u>
<b><u>B. Loans &amp; Advances</u></b>		
Advances receivable in cash or kind for value to be received	800,000	0
	<u>808,928</u>	<u>15,289</u>
<b><u>SCHEDULE F: CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>A. Current Liabilities :</u></b>		
Sundry Creditors for Goods & Expenses	<u>92,907,360</u>	<u>137,715,095</u>

As per our Report of even date attached

FOR M.D.PANDYA & ASSOCIATES  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(M.D. PANDYA  
(Partner)

Homi F Mehta      Ratan N Karanjia  
(Directors)

PLACE: MUMBAI  
DATED: 13th May 2010

## THE GAEKWAR MILLS LIMITED

### NOTES TO ACCOUNTS

1. Accounting Policies
  - a. The Financial statements are prepared under historical cost convention, on accrual basis, and are in accordance with requirements of the Companies Act, 1956 and comply with Accounting Standards referred to the sub-section (3C) of the section 211 of the said Act, except in case of certain items which have been accounted on cash basis as reported hereafter.
  - b. All Fixed Assets have been capitalized at cost inclusive of expenses relating to acquisition and installation.
  - c. Investments are shown at Cost.
2. The Company was wound up by an order dated 4<sup>th</sup> February 2008 passed by the Hon. Bombay High Court. Subsequently, on 10<sup>th</sup> September, 2009, the Hon. Bombay High Court accorded sanction to a Scheme of Compromise/ Arrangement under section 391 to 393 of the Companies Act, 1956, for the revival of the Company and has stayed the Winding-up order dated 4<sup>th</sup> February 2008.
3. Debentures means 8 years (redeemable on or before the expiry of 8 years) Secured Non-Convertible Debentures, each of the face value of Rs. 1,00,000 at par allotted to the Strategic Investor – Platinum Square Pvt Ltd, Mumbai, accompanied by a detachable warrant entitling to subscribe for 13 Equity shares of the face value of Rs. 100/- at par, carrying zero % interest for the first three years, thereafter carrying interest in the 4<sup>th</sup> and 5<sup>th</sup> years at 9% p.a and thereafter until maturity at 12% p.a and secured by Equitable Mortgage of the land and having a floating charge on all the assets of the company.

In terms of the Scheme of Compromise/Arrangement under sections 391 to 393 of the Companies Act, 1956 as approved by the Hon. Bombay High Court on 9<sup>th</sup> September, 2010 and further modified by the Hon. Bombay High Court vide their orders dated 6<sup>th</sup> January, 2010, 7<sup>th</sup> January 2010 and 8<sup>th</sup> April, 2010 the amounts payable by the Strategic Investor in respect of the Debentures are as below:

	<u>Rs.</u>	
Application Money	65,00,000	
Allotment Money	4,60,00,000	on or before 9 <sup>th</sup> January, 2010
1 <sup>st</sup> Call (1 <sup>st</sup> installment)	2,50,00,000	on or before 31 <sup>st</sup> March 2010
1 <sup>st</sup> Call (2 <sup>nd</sup> installment)	12,50,00,000	on or before 30 <sup>th</sup> June, 2010
2 <sup>nd</sup> Call	6,00,00,000	on or before 9 <sup>th</sup> April, 2010
Final Call	3,75,00,000	on or before 9 <sup>th</sup> Sept. 2010
	<b>30,00,00,000</b>	

As on 31<sup>st</sup> March 2010 the amounts paid/deemed to be paid by the Strategic Investor in respect of the above Debentures are as below:

	<u>Rs.</u>	
Application Money	65,00,000	
Allotment Money	4,60,00,000	
1 <sup>st</sup> Call (1 <sup>st</sup> installment)	2,50,00,000	
Advance towards 1 <sup>st</sup> Call (2 <sup>nd</sup> installment)	1,88,00,000	
	<b>9,63,00,000</b>	

The security in respect of the Debenture holders will be created upon the Banks (who are the present Secured Creditors) vacating their charge on the land and the assets of the company.

4. The Secured Loans and the Current Liabilities & Provisions have been stated in the accounts at the amounts determined by the Scheme of Compromise/Arrangement under section 391 to 393 of the Companies Act, 1956 sanctioned by the Hon. Bombay High Court vide its order dated 10<sup>th</sup> September 2009 and further modified by the subsequent orders dated 6<sup>th</sup> January, 2010, 7<sup>th</sup> January 2010 and 8<sup>th</sup> April, 2010.
5. Additional information required under Schedule VI to Companies Act, 1956:  
Expenditure & Earnings in Foreign Currency: NIL (Previous year: NIL)
6. Earning per share has been computed with reference to loss of Rs. 1,60,28,491/- (Previous year loss of Rs 1,18,64,210/-). There is no diluted earning per share as there are no dilutive potential equity shares.
7. AS 18 – Related Party Disclosures:
  - A. Relationship:
    - I Key Management Personnel:  
I. Mr. Homi Framroze Mehta
    - II Other related parties where controls/significant influence exist:  
Homi Mehta & Sons Pvt Ltd.

Related party relationship is as identified by the Company and relied on by the Auditors.

  - B. Details of transactions with the related parties referred in (A) above in ordinary course of business:  
Nil.
8. Previous year's figures have been regrouped, recast or reclassified wherever necessary.

FOR AND ON BEHALF OF THE BOARD

Homi F. Mehta                      Ratan N. Karanjia  
(Directors)

Date : 13<sup>th</sup> May, 2010

Place: Mumbai

**THE GAEKWAR MILLS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	RUPEES	RUPEES	RUPEES	RUPEES
		31.3.2010		31.3.2009
<b><u>A. CASH FLOW FROM OPERATING ACTIVITIES :</u></b>				
Net Profit/(Loss) before tax and extra-ordinary items		(16028491)		(11,864,210)
<hr/>				
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		(16028491)		(11,864,210)
<u>Adjustments for :</u>				
(Increase)/Decrease in Loans & Advances	(800000)		0	
(Increase)/Decrease in Dividend Receivable	15000		(15,000)	
Increase/(Decrease) in current Liabilities	(44807735)	(45592735)	16,545	1,545
Cash generated from Operations		(61621226)		(11,862,665)
<u>Less: Interest paid</u>		<u>0</u>		<u>0</u>
Net Cash from Operating activities		(61621226)		(11,862,665)
 <b><u>B. CASH FLOW FROM INVESTMENT ACTIVITIES</u></b>				
Sale of fixed Assets (Net of Depreciation)		0		0
Net Cash from Investing Activities		<u>(61621226)</u>		<u>(11,862,665)</u>
 <b><u>C. CASH FLOW FROM FINANCING ACTIVITIES :</u></b>				
Increase/(Decrease) in Secured loans		(33208708)		11,860,384
Increase/(Decrease) in Unsecured Loans		96300000		0
Increase/(Decrease) in Fixed Assets		(1461427)		
Net Cash from Financing Activities		<u>61629865</u>		<u>11,860,384</u>
Net cash increase in Cash and Cash equivalents		<u>8639</u>		<u>(2,281)</u>
Cash and Cash Equivalents (opening )		289		2,570
Cash and Cash Equivalents (Closing )		8928		289

Notes :

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard-3 notified by the Companies Act, 1956.
- Cash and Cash equivalent represent cash and bank balances.
- Previous Year's figures regrouped/recast wherever necessary.

As per our report of even date attached  
For M D PANDYA & ASSOCIATES  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

M.D. Pandya  
(Partner)

Homi F Mehta      Ratan N Karanjia  
(Directors)

PLACE: MUMBAI  
DATED: 13th May, 2010



THE GAEKWAR MILLS LIMITED

Balance Sheet Abstract and Company's General Business Profile  
As at 31ST MARCH, 2010  
(In terms of amendment to Schedule VI Part IV)

I. Registration Details

Registration No.	7,731	State Code	11
------------------	-------	------------	----

Balance Sheet Date : 31.03.2010

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 Thousands)

Total Liabilities	207,552	Total Assets	207,552
Sources of Funds			
Paid-up Capital	5,000	Reserves & Surplus	0
Secured Loans	106,252	Unsecured Loans	96,300
Application of Funds			
Net Fixed Assets	1,488	Investments	21
Net Current Assets	(92,098)	Miscellaneous Expenditure	0
Accumulated Losses	(298,141)		

IV. Performances of the Company (Amount in Rs. Thousands)

Turnover & Other Income	15	Total Expenditure	16,043
+ - Profit/Loss before tax	-16028	+ - Profit/Loss after Tax	-16028
Earning per shares in Rs.	(320.57)		

V. Generic Name of the Principal Products/Services of the Company

Item Code No. (ITC CODE) :

Product Description : Textiles and Yarns.

FOR AND ON BEHALF OF THE BOARD

PLACE: MUMBAI  
DATE: 13th May, 2010

Homi F Mehta      Ratan N Karanjia  
(Directors)

**THE GAEKWAR MILLS LIMITED**

REGISTERED OFFICE:

NO.6 VARDHAMAN APARTMENT,  
L. T. ROAD, DAHISAR (WEST)  
MUMBAI 400 068.

**ATTENDENCE SLIP**

(Please complete this Attendance Slip in all respects and  
Hand it over at the entrance of the Meeting Hall)

**Eighty First Annual General Meeting**

Day & Date	Time	Venue
Tuesday 8 <sup>th</sup> June, 2010	12.00 Noon	Matunga Gujrati Club Ltd., Nathalal Parekh Marg, Near King Circle, Matunga, Mumbai- 400 019.

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Eighty First Annual General Meeting of the Company.

Name of the Shareholder/Proxy (IN BLOCK LETTERS)	Folio No.	Signature of the Shareholder/Proxy

-----TEAR HERE-----

**THE GAEKWAR MILLS LIMITED**

REGISTERED OFFICE:

NO.6 VARDHAMAN APARTMENT,  
L. T. ROAD, DAHISAR (WEST)  
MUMBAI 400 068.

**PROXY**

I/We, \_\_\_\_\_ of \_\_\_\_\_

Being a Member /Members of THE GAEKWAR MILLS LIMITED, hereby appoint \_\_\_\_\_ or failing him

As my/our Proxy to attend and vote for me/us on my/our behalf at the EIGHTY FIRST ANNUAL GENERAL MEETING of the Company to be held at Matunga Gujarati Club Ltd., Nathalal Parekh Marg, Near King Circle, Matunga, Mumbai – 400 019, on Tuesday, 8<sup>th</sup> June, 2010 at 12.00 noon and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

No .of Shares \_\_\_\_\_ Folio No. \_\_\_\_\_

Re 1  
revenue  
stamp  
Signature

NOTE: This proxy Form duly completed, must be deposited at the Company's Registered Office at NO.6 VARDHAMAN APARTMENT, L. T. ROAD, DAHISAR (WEST), MUMBAI not less than 48 hours before the time of holding the Meeting.