
The Gaekwar Mills Limited
(Incorporated under the Baroda Sate Companies Act2 of samvat year 1975
And now an existing company under companies Act, 1956)

82nd Annual Report

2010-11

The Gaekwar Mills Limited

(Incorporated under the Baroda Sate Companies Act 2 of samvat year 1975
And now an existing company under companies Act, 1956)

HOMI F MEHTA	Chairman
RATAN N KARANJIA	Director
OM DUTT PUROHIT	Director
GIRISHBHAI SHAH	Director

Auditors

Messers M.D.Pandya & Associates
Chartered Accountants

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.
C-13 Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (west)
Mumbai 400078

Registered office

Shop no. 15, Ground floor,
Patil Building, 38 west, Sion (west),
Mumbai 400022.

Share Holders are requested to bring their copy of the Annual report along with them at the General Meeting as the practices of distributing copies of the report at the meeting has been discontinued.

NOTICE

NOTICE is hereby given that the Eighty Second Annual General Meeting of the Members of the Company will be held on Wednesday, 28th September 2011 at 11.00 a.m. 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 31st March 2011, 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. Girishbhai Shah, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

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

Homi F Mehta

Chairman

Registered Office:

Office No. 15, ground floor,
Patil Building, 38 West,
Road No. 6, Sion West,
Mumbai 400022.

Dated: 29th August 2011

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 26th September 2011 to 28th September 2011 (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

Name of the Director	Mr. Girishbhai Shah
Age	57 years
Date of Appointment	17.03.2010
Experience (Yrs)	35 years mainly in construction industry
Qualification	B.Com.
List of Public Companies in which Directorship held	Nil
Committee/Chairmanship/Membership	Nil
Other Positions Held	1. Chairman, Indian Red Cross Society, Bhavnagar 2. Chairman, Bhavnagar Builders Association 3. Past President, Saurashtra Chamber of Commerce & Industry
Shareholding in the Company	Nil

THE GAEKWAR MILLS LIMITED
DIRECTORS' REPORT

To.
The Members,

The Directors present their 82nd Annual Report and the Audited Accounts for the year ended 31st March, 2011.

Scheme of Compromise/Arrangement

The members are aware, 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 was approved by the Hon. Bombay High Court on 10th September 2009. The Scheme was further modified by the orders of the Hon. Bombay High Court dated 6th January 2010, 7th January 2010 and 8th April 2010.

Progress on the implementation of the Scheme of Compromise/Arrangement

During the year under review significant progress was made towards implementation of the Scheme:

- Secured Creditors were fully paid off. Suits against the Company pending in the Debts Recovery Tribunals were withdrawn by the respective Banks and guarantors released from their personal guarantees.
- Equitable Mortgage was created in favour of Strategic Investor, M/s Platinum Square Private Limited and registered.
- All statutory liabilities were cleared and 'No Dues' certificates were received from respective departments.
- Amounts due to workmen as per Scheme were deposited with Mamlatdar, Gandevi.
- Amounts were paid off to Unsecured Creditors as per Scheme and suits pending against Company were withdrawn.
- Suspension in trading of Company's equity shares was revoked by Bombay Stock Exchange.

Accounts for the year ended 31st March 2011

Loss for the year, after providing for interest on Banks' dues, was Rs. 99.34 lakhs which has been added to Rs. 2981.41 lakhs carried forward from the previous year.

Increase in Share Capital

Shortly after the close of the accounting year, 39,000 equity shares of Rs 100/- each, totaling to Rs 39 lakhs, were allotted to M/s Platinum Square Private Limited upon conversion of warrants. Further, the Board has obtained consent of the members by way of Postal Ballot, to increase the paid-up share capital from Rs 89 lakhs to Rs 200 lakhs by making preferential allotment to existing Strategic Investor as well as to another Strategic Investor, M/s Mukesh Babu Financial Services Ltd. This issue of capital will be subject to modification, if any, in the Scheme of Compromise/Arrangement sanctioned by the Hon. Bombay High Court, for which steps are being taken.

Plans for the Company

The Company has already drawn up plans for development of an ultra modern township on 60% of the land at Bilimora. The balance 40% of the land would be used to set-up a modern integrated textile unit.

The development plans for the township were showcased at the Vibrant Gujarat 2011 Exhibition held in Gandhinagar in January 2011. The Company has executed a MOU with Government of Gujarat in this respect. It is expected that construction activity will commence shortly

Directors

Mr. Girishbhai Shah, 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 31st March, 2011, 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 31st March, 2011, 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 Accounts 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. as the Company had no operations during the year under review.

On behalf of the Board of Directors

Om Dutt Purohit Ratan Karanjia

Directors

Registered Office :

**Office No. 15, Ground Floor,
Patil Building, 38 West,
Sion West,
Mumbai 400022.**

Dated: 27th May, 2011

Corporate Governance Report for the year ended 31st March 2011

Board of Directors

During the year 1st April 2010 to 31st March 2011 the composition of the Board was as follows:

Director	Executive/Non-Executive/Independent
Mr. Homi F. Mehta	Chairman – Non-Executive & Promoter
Mr. Ratan N Karanjia	Non-Executive Director
Mr. Om Dutt Purohit	Non-Executive Director
Mr. Girishbhai Shah	Non-Executive Director

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

The other directorships exclude 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. 2010-11 8 Board Meeting were held on the following dates:

10th April 2010, 13th May 2010, 13th August 2010, 24th August 2010, 9th November 2010, 20th December 2010, 16th February 2011, 14th March 2011.

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 quarterly, half-yearly and annual results of the Company are published in leading newspapers. The Company is in the process of setting up its website www.gaekwarmills.com. Results as well as any press releases, issued by the Company from time to time, will be displayed on the website.

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. Details of Non-Compliance

The Company was required to file Form No. 10 with the Registrar of Companies for Creation of Charge on the Company's land. The said form was filed after a delay of 87 days, and the Company has approached the Company Law Board to condone the delay.

Other than the instance cited above, there has been no instance of non-compliance with any legal requirement nor have there been any strictures imposed by BSE, SEBI or any statutory authority, on any matters relating to the capital market since 10th September 2009, the date on which the Scheme of Com[promise/Arrangement was approved by the Hon. Bombay High Court.

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

5. General Shareholder Information

AGM for Financial Year ended 31st March 2011 is convened for 28th September 2011

Dates of Book Closure 26th to 28th September 2011

Dividend Payment Date No dividend declared

Listing on Stock Exchange The Company's equity shares are listed on the Bombay Stock Exchange. Trading in Company's Equity had been suspended for several years which have now been allowed from 5th August 2010.

Stock Code 502850

Demat ISIN Numbers Shares not dematerialized

Market Price Data

Month	High Price	Low Price	Close Price	No. of Shares
Aug-10	60.70	50.00	60.70	30
Sep-10	66.85	63.60	66.85	10

No trades have taken place in the Company's shares after 8th September 2010.

Share Transfer System

As the Company has not been granted permission to get its shares dematerialised, all shares continue to be in physical form. Transfer documents can be lodged with the Registrar & Share transfer Agent, M/s Link Intime India Private Limited, at the address given below. Transfer of shares is normally processed within 15 days from the date of receipt, if the documents are complete in all respects.

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.

Distribution of Shareholding & Category-wise distribution (to be got from Sarkhot)

Pattern of Shareholding by share class as on 31st March, 2011

<u>Shareholding Class</u>	<u>No. of Shareholders</u>	<u>No. of Shares Held</u>	<u>Shareholding %</u>
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	32507	65.01
Total	1060	50000	100.00

Pattern of Shareholding by Ownership as on 31st March, 2011

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

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

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

7. General Body Meetings

F.Y.		Location	Date	Time
2007-08	AGM	Matunga Gujarati Club Ltd. Nathalal Parikh Marg, Mumbai 400019	08/06/10	11 am
2008-09	AGM	do	08/06/10	11.30 am
2009-10	AGM	do	08/06/10	12 noon

No special resolutions were passed through postal ballot during FY 2010-11.

On behalf of the Board of Directors

Om Dutt Purohit Ratan Karanjia
Directors

Registered Office :

Office No 15, Ground Floor,
Patil Building, 38 West,
Sion West,
Mumbai 400022.

Dated: 27th May, 2011

M.D PANDYA & ASSOCIATES
CHARTERED ACCOUNTANTS
107B, ANNAND NAGAR,
FORJET STREET,
MUMBAI 400036.
TEL.:23869235 / 23884861

Partners:

M.D. Pandya

B.Com., F.C.A.

A.D.Pandya

B.Com., F.C.A.

REPORT OF THE AUDITORS TO THE SHARE HOLDERS

1. We have audited the attached Balance Sheet of **The Gaekwar Mills Ltd.** as at 31st March 2011, and also 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 misstatements. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in 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 (Auditor Report) order 2003, (the order) issued by 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 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 10th September, 2009 in spite of 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 true and fair view:
 - a. In case of Balance Sheet of the State of affairs of the Company as at 31st March 2011.
 - b. In case of profit and loss account of the loss for the year ended on that date.
 - c. In Case of the cash Flow statement, of the cash flow for the year ended on that date.

For M.D.Pandya & Associates
Chartered Accountants
M.D.Pandya
Partner
Membership No. 033184

Place: Mumbai
Date: 27th May 2011

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 the books and records as we considered appropriate, the following statement on such of the matters specifies 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 situations of the land.
(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, spares parts and raw materials. In view of the 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, firm 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 was 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 operation 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 10th September 2009 and modified by its orders dated 6th January 2010, 7th January 2010 and 8th 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 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 10th September 2009 and modified by its orders dated 6th January 2010, 7th January 2010 and 8th 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 (auditor 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 explanation 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 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 face value of Rs. 1,00,000/= aggregating to Rs. 30,00,00,000/= during the year. The Company has created a floating charge on all the present & future assets of the Company.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) According to 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.Pandaya & Associates
Chartered Accountants
M.D.Pandya
Partner
Membership No. 033184

Place: Mumbai
Date: 27th May 2011

THE GAEKWAR MILLS LTD

BALANCE SHEET AS AT 31st. MARCH, 2011

SCHEDULE	2010-2011		2009-2010		
	RUPEES	RUPEES	RUPEES	RUPEES	
<u>SOURCES OF FUNDS:</u>					
SHAREHOLDERS FUNDS					
SHARE CAPITAL	A	8,900,000		5,000,000	
LOAN FUNDS:					
SECURED LOANS	B	300,000,000		106,251,676	
UNSECURED LOAN	C	0		96,300,000	
		<u>308,900,000</u>		<u>207,551,676</u>	
<u>APPLICATION OF FUNDS:</u>					
FIXED ASSETS:					
Land - At Cost		26,307		26,307	
Less: Depreciation		0		0	
		<u>26,307</u>		<u>26,307</u>	
Capital Work In progress		<u>1,561,427</u>	1,587,734	<u>1,461,427</u>	1,487,734
INVESTMENTS	D		12,453		20,953
CURRENT ASSETS, LOANS AND ADVANCES:					
Current assets		215,270		8,928	
Loans And advances	E	<u>7,800,000</u>		<u>800,000</u>	
		8,015,270		808,928	
LESS: CURRENT LIABILITIES & PROVISIONS	F	8,790,939		92,907,360	
NET CURRENT ASSETS		<u>(775,669)</u>		<u>(92,098,432)</u>	
PROFIT AND LOSS ACCOUNT		308,075,483		298,141,421	
		<u>308,900,000</u>		<u>207,551,676</u>	

NOTES ON ACCOUNTS :

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)

Ratan N Karanjia

O D Purohit
(Directors)

PLACE: MUMBAI

DATED: 27th May 2011

THE GAEKWAR MILLS LIMITED

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

	2010-2011 RUPEES	2009-2010 RUPEES
<u>INCOME :</u>		
Dividends	15,000	15,000
Excess provisions for unsecured creditors written back	280,983	0
Old balances recovered	176,504	0
	<u>472,487</u>	<u>15,000</u>
 <u>EXPENDITURE:</u>		
Interest & Finance charges	5,803,194	13,366,899
Audit Fees	33,090	27,840
Legal and professional fees	2,849,035	625,666
Land revenue cess	645,680	0
(Rs. 5,16,544/- relates to earlier years)		
Other Expenses	1,075,550	2,023,086
	<u>10,406,549</u>	<u>16,043,491</u>
Profit(Loss) for the year	(9,934,062)	(16,028,491)
Add: Loss brought forward from previous year	(298,141,421)	(282,112,930)
Balance carried to Balance Sheet	<u>(308,075,483)</u>	<u>(298,141,421)</u>

NOTES ON ACCOUNTS : Schedule G

As per our Report of even date attached
FOR M.D.PANDYA & ASSOCIATES
Chartered Accountants

(M.D. PANDYA
(Partner)

FOR AND ON BEHALF OF THE BOARD

Ratan N Karanjia

O D Purohit
(Directors)

PLACE: MUMBAI
DATED: 27th May 2011

THE GAEKWAR MILLS LTD

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH. 2011

	2010-2011 RUPEES	2009-2010 RUPEES
<u>SCHEDULE A: SHARE CAPITAL</u>		
Authorised :		
100,000 Equity Shares of Rs.100/-each	<u>10,000,000</u>	<u>10,000,000</u>
	<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 capitalisation of reserves)	<u>5,000,000</u>	<u>5,000,000</u>
Application Money towards warrants conversion	<u>3,900,000</u>	<u>0</u>
<u>SCHEDULE B : SECURED LOANS</u>		
<u>A. From Banks :</u>		
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 :)	0	81,100,000
Interest accrued but not due	0	25,151,676
	<u>0</u>	<u>106,251,676</u>
<u>B. Debentures</u>	300,000,000	0
3000 Secured non-convertible Debentures of Rs.1,00,000/= each (refer Note 3 to accounts)	<u>300,000,000</u>	<u>106,251,676</u>
<u>SCHEDULE C: UNSECURED LOAN</u>		
Non-convertible debentures	0	77,500,000
Advance towards 1st Call(2nd Installment)	0	18,800,000
<u>SCHEDULE D: INVESTMENTS (AT BOOK VALUE)</u>		
Long Term :-		
Trade Investments(Unquoted)		
1) 30 Ordinary Shares Of The New Piece Good Bazar Co. Ltd Of Rs. 100/- each, Fully Paid		8,500
2) 300 Ordinary Shares Of The Zenith Securites and Investments Limited of Rs.100/- Each Fully Paid	12,453	12,453
	<u>12,453</u>	<u>20,953</u>

SCHEDULE E : CURRENT ASSETS, LOANS & ADVANCES

A. Current Assets		8,928
Balance in Current Accounts with Scheduled Banks	215,270	
B. Loans & Advances		800,000
Advances receivable in cash or kind for value received	7,800,000	
	<u>8,015,270</u>	<u>808,928</u>

SCHEDULE F: CURRENT LIABILITIES & PROVISIONS

A. Current Liabilities :		92,907,360
Sundry Creditors for Goods & Expenses	<u>8,790,939</u>	<u>92,907,360</u>
<u>Other Expenses</u>		
Advertisement Expenses	69,935	259,357
Arrears of listing fees	0	94,814
Arrears of PF	0	1,534,401
Investments written off	8,500	0
Listing fees	371,030	0
Miscellaneous charges	33,034	7,583
Mortgage registration charges	430,270	0
Postage & Courier charges	0	36,308
Printing and Stationery	0	27,609
Amount paid to Official Liquidator	0	16,514
Amount paid to Regional Director	0	7,500
ROC filing fees	81,654	3,000
RTA Fees	81,127	0
Security charges	0	36,000
	<u>1,075,550</u>	<u>2,023,086</u>
<u>Interest & Finance Charges</u>		
Interest & Finance Charges on secured loan	5,797,324	13,291,293
Bank Charges	5,870	75,606
	<u>5,803,194</u>	<u>13,366,899</u>

As per our Report of even date attached
FOR M.D.PANDYA & ASSOCIATES
Chartered Accountants

(M.D. PANDYA
(Partner)

FOR AND ON BEHALF OF THE BOARD

Ratan Karanjia

O D Purohit
(Directors)

PLACE: MUMBAI
DATED: 27th May 2011

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 4th February 2008 passed by the Hon. Bombay High Court. Subsequently, on 10th 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 revival of the Company and has stayed the winding up order dated 4th February 2008.
3. Debentures mean 8 years (redeemable on or before expiry of 8 years) Secured Non- Convertible Debentures, each of the face value of Rs. 1,00,000/= at par and each, allotted to 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 4th and 5th year @ 9% p.a. and thereafter until maturity @12%p.a. and secured by way of floating charge on all the present and future assets of the Company.
4. Additional information required under Schedule VI to the Companies Act, 1956:
Expenditure & earnings in Foreign Currency: NIL (Previous year: NIL)
5. Earning per share has been computed with reference to loss of Rs. 99,34, 062 (Previous year Loss of Rs. 1,60,28,491). There is no diluted earning per share as there are no dilutive potential equity shares.
6. AS18- Related Party Disclosures:
 - A. Relationship:
 - I. Key Management Personnel:
 1. Mr. Homi Framroze Mehta
 - II. Other related parties where controls / significant influence exist:
 1. Homi Mehta & Sons Pvt. Ltd.

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

 - B. Details of transactions with the related parties referred in (A) above in ordinary course of business: NIL
7. As per the Scheme of Compromise sanctioned by the Bombay High Court, amounts aggregating to Rs. 9.71 crores were payable to erstwhile workmen, based on Recovery certificates in respect of 2185 workers issued in the year 2003 by Asst. Labour commissioner, Navsari. The Company has already deposited with the Mamlatdar Gandevi an amount of Rs. 3 crores and issued cheques in favour of individual workmen aggregating to Rs. 6.63 crores thus satisfying the claims entirely.
The Company has now been informed that subsequent to the sanction of the scheme, further recovery certificates have been issued by Asst. Labour commissioner Navsari, in respect of 386 workmen, aggregating to Rs. 1,89,83,135. However, the Company has Provision of Rs. 76,40,682/= for gratuity and other related carried over from an earlier year.
8. Previous year's figures have been regrouped, recast or reclassified where ever necessary.

For M.D.Pandaya & Associates
Chartered Accountants
M.D.Pandya
Partner
Membership No. 033184

Place: Mumbai
Date: 27th May 2011

THE GAEKWAR MILLS LIMITED

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

	RUPEES	RUPEES	RUPEES	RUPEES
		31/3/2011		31.3.2010
<u>A. CASH FLOW FROM OPERATING ACTIVITIES :</u>				
Net Profit (Loss) before tax and extra-ordinary items		(9,934,062)		(16,028,491)
<hr/>				
OPERATING PROFIT (loss) BEFORE WORKING CAPITAL CHANGES		(9,934,062)		(16,028,491)
<u>Adjustments for :</u>				
(Increase)/Decrease in Loans & Advances	(7000000)		(800,000)	
(Increase)/Decrease in dividend receivable	0		15,000	
Increase/Decrease in current Liabilities	(84,116,421)	(91,116,421)	(44,807,735)	(45,592,735)
<hr/>				
Cash generated from Operations		(101050483)		(61,621,226)
<u>Less:</u> Interest paid		0		0
<hr/>				
Net Cash from Operating activities		(101050483)		(61,621,226)
 <u>B. CASH FLOW FROM INVESTMENT ACTIVITIES</u>				
Sale of fixed Assets (Net of Depreciation)		0		0
Sale of Investments		8500		
<hr/>				
Net Cash from Investing Activities		8500		0
 <u>C. CASH FLOW FROM FINANCING ACTIVITIES :</u>				
Increase/Decrease in Secured loans		193748324		(33,208,708)
Increase/(Decrease) in Unsecured Loans		(96,300,000)		96,300,000
Increase/(Decrease) in Fixed assets		(100,000)		(1,461,427)
Increase/(Decrease) in share Capital		3,900,000		0
Net Cash from Financing Activities		<u>101248324</u>		<u>61629865</u>
 <hr/>				
Net cash increase in Cash and Cash equivalents		<u>206342</u>		<u>8,639</u>
 <hr/>				
Cash and Cash Equivalents (opening)		8,928		289
Cash and Cash Equivalents (Closing)		215,270		8,928

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)

(Directors)

PLACE: MUMBAI
DATED: 27th May 2011

THE GAEKWAR MILLS LIMITED

Balance Sheet Abstract and Company's General Business Profile
As at 31ST MARCH, 2011
(In terms of amendment to Schedule VI Part IV)

I. Registration Details

Registration No. 7,731 State Code 11

Balance Sheet Date : 31.03.2011

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	3,900

III. Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	308,900	Total Assets	308,900
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Sources of Funds

Paid-up Capital	8,900	Reserves & Surplus	0
Secured Loans	300,000	Unsecured Loans	0

Application of Funds

Net Fixed Assets	26	Investments	12
Net Current Assets	(776)	Miscellaneous Expenditure	0
Accumulated Losses	(308,075)		

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

Turnover & Other Income	472	Total Expenditure	10,407
+ - Profit/Loss before tax	(9934)	+ - Profit/Loss after Tax	(9934)

Earning per shares in Rs.
(198.68)

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: 27th May 2011

Ratan Karajia
(Directors)

O D Purohit

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The Gaekwar Mills Limited

Registered office

Shop no. 15, Ground floor, Patil Building, 38 west, Sion (west),
Mumbai 400022

Attendance Slip

(Please Complete attendance slip in all respects and hand it over at the entrance of the meeting hall)

Eighty Second Annual General Meeting

Day & Date	Time	Vennue
Wednesday 28 th September, 2011	11.00 AM	Matunga Gujarati Club, Nathalal Parekh Marg, Near KingCircle, Matunga, Mumbai 400019

I Certify that I am registered share holder / proxy for registered share holder of the Company. I hereby record my presence at the eighty second Annual General Meeting of the Company.

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

-----Tear Here -----

The Gaekwar Mills Limited

Registered office

Shop no. 15, Ground floor, Patil Building, 38 west, Sion (west),
Mumbai 400022

Proxy

I/We _____ of _____ being a member 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 second Annual General Meeting of the Company to be held at Matunga Gujarati club Ltd. Nathalal Parekh Marg, near King Circle, Matunga Mumbai 400019 on Wednesday 28th September 2011 at 11.00 A.M. and any adjournment thereof.

Signed this _____ day of _____ 2011

No. of Shares _____ Folio No. _____

Re.1
revenue
stamp

Note: This Proxy Form duly completed, must be deposited at the Company's Registered Office at Shop no. 15, Ground floor, Patil Building, 38 west, Sion (west), Mumbai 400022 not less than 48 hours before the time of holding the meeting.

BOOK-POST

To,

362 D000021 The 5 PL
Dickey Dhunjshaw Chothia
Mehta House
79/91 Mumbai Samachar Marg
Fort
Mumbai
Mumbai 400001

If undelivered please return to:
Link Intime India Pvt. Ltd.
Unit **The Gaekwar Mills Limited**
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (west),
Mumbai 400078