

The Gaekwar Mills Limited

(Incorporated under the Baroda State Companies Act2 of samvat year 1975
and now an existing company under Companies Act, 1956)

83rd Annual Report

2011-12

The Gaekwar Mills Limited

(Incorporated under the Baroda state Companies act2 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

Messrs M. D. Pandya & Associates
Chartered accountants

Registrar & Transfer Agent

**System Support Services,
209, Shivai Industrial Estate,
Andheri Kurla Road,
Saki Naka Andheri (E),
Mumbai 400072.**

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 practice of distributing copies of the report at the meeting has been discontinued.

NOTICE

NOTICE is hereby given that the Eighty Third Annual General Meeting of the Members of the Company will be held on 28th September 2012 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 2012, 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. Homi F. Mehta, 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: 3rd September 2012

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 to 28th September 2012 (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. Homi Framroze Mehta
Age	84 years
Date of Appointment	1954
Experience (Yrs)	Over 60 years in senior management
Qualification	Bachelor's Degree in Business Administration, Babson College, USA
List of Public Companies in which Directorship held	ARI Consolidated Investments Ltd. Chairman
Committee/Chairmanship/Membership	Chairman- Share Transfer Committee ARI Consolidated Investments Ltd.
Other Positions Held	
Shareholding in the Company	548 shares

THE GAEKWAR MILLS LIMITED
DIRECTORS' REPORT

To.

The Members,

The Directors present their 83rd Annual Report and the Audited Accounts for the year ended 31st March, 2012.

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. Pursuant to sanction of the aforesaid Scheme the Board of Directors has been constituted for implementing the said scheme.

Accounts for the year ended 31st March 2012

Loss for the year was Rs. 14.97 lakhs which has been added to Rs.3080.75 lakhs carried forward from the previous year.

Increase in Share Capital

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, M/s Platinum Square Pvt. Ltd. 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.

Directors

Mr. Homi Framroze Mehta, 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, 2012, 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, 2012, 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: 31st May, 2012

Corporate Governance Report for the year ended 31st March 2012

Board of Directors

During the year 1st April 2011 to 31st March 2012 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	6	No	1	1
Mr. Ratan N Karanjia	10	Yes	none	none
Mr. Om Dutt Purohit	10	Yes	4	5
Mr. Girishbhai Shah	none	Yes	none	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. 2011-12 10 Board Meeting were held on the following dates:

11th April 2011, 6th May 2011, 27th May 2011, 29th July 2011, 12th August 2011, 25th August 2011, 29th August 2011, 7th October 2011, 14th November 2011, 14th February 2012.

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 has set up its website www.gaekwarmills.com. Results as well as any press releases, issued by the Company from time to time, are 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

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 2012 is convened for 28th September 2012

Dates of Book Closure	26 th to 28 th September 2012
Dividend Payment Date	No dividend declared
Listing on Stock Exchange	The Company's equity shares are listed on the Bombay Stock Exchange though no trades were recorded during the year.
Stock Code	502850
Demat ISIN Numbers	Shares not dematerialized

Market Price Data

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 System Support Services, 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

System Support Services (Unit: The Gaekwar Mills Ltd)
209, Shivai Industrila Estate,
Andheri Kurla Road, Sakinaka,
Andheri(E), Mumbai 400072

Distribution of Shareholding & Category-wise distribution

Pattern of Shareholding by share class as on 31st March, 2012

<u>Shareholding Class</u>	<u>No. of Shareholders</u>	<u>No. of Shares Held</u>	<u>Shareholding %</u>
Upto to 100	1,034	10,832	12.17
101 to 200	12	1,531	1.72
201 to 300	2	475	0.53
301 to 400	2	764	0.86
401 to 500	3	1,448	1.63
501 to 1000	4	2,443	2.75
1001 & above	5	71,507	80.34
Total	1,062	89,000	100.00

Pattern of Shareholding by Ownership as on 31st March, 2012

<u>Category</u>	<u>No. of Equity Shares held</u>	<u>Shareholding %</u>
Promoters	27,103	30.45
Insurance Companies	4,392	4.93
Banks	128	0.14
Bodies Corporate	41,297	46.41
Individuals	16,080	18.07
Total	89,000	100.00

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

The brief profile of Mr. Homi Framroze Mehta, 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
2010-11	AGM	do	28/09/11	11 am

The following special resolutions were passed through postal ballot during FY 2011-12:

1. Increase in Authorised Capital from Rs 1 crore to Rs 2 crores
2. Alteration in Capital Clause of memorandum of Association
3. Alteration in Capital Clause of Articles of association
4. Resolution under s. 81(1A) of the Companies Act, 1956 authorising the Board to offer, issue and allot on Preferential Basis 1,11,000 Equity Shares of Rs. 100/- each to the following entities at such price as shall be determined in terms of regulation 76 under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or at the rate of Rs. 100/- per Equity Share, whichever is higher:

M/s Platinum Square Private Limited 36,000 shares
M/s Mukesh Babu Financial Services Ltd. 75,000 shares
5. Creation of Mortgage/ Charge in favour of M/s Mukesh Babu Financial Services Limited to secure 500, 0% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,000 each aggregating to Rs 5 crores to be issued and allotted to them on Private Placement basis.

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: 31st May, 2012

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

Partners:

M. D. Pandya
B. Com., F.C.A.
A. D. Pandya
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, 2012, 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 to 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 10th September, 2009., inspite 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 31st March, 2012.
- 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
Reg No 107325 W

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

PLACE: MUMBAI
DATE: 31st May, 2012

**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 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 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 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 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 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 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 (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 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 the scheme of Compromise/Arrangement under section 391 to section 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 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
Reg No 107325 W

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

PLACE: MUMBAI
DATE: 31st May, 2012

THE GAEKWAR MILLS LIMITED

Balance Sheet as at 31st March, 2012

Amounts in Rupees

	Note No.	As At 31ST MARCH, 2012	As At 31ST MARCH, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	8,900,000	5,000,000
(b) Reserves and Surplus	3	(309,572,583)	(308,075,483)
(2) Share application money pending allotment		-	3,900,000
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	301,000,000	300,000,000
(b) Long term provisions	5	7,640,682	7,640,682
(4) Current Liabilities			
(a) Trade payables	6	1,236,393	981,925
(b) Other current liabilities	7	465,213	168,332
Total		9,669,705	9,615,456
II. Assets			
(1) Non-current assets			
(a) <i>Fixed assets</i>			
(i) Tangible assets	8	26,307	26,307
(ii) Capital work-in-progress	9	1,761,427	1,561,427
(b) Non-current investments	10	12,453	12,453
(2) Current assets			
(a) Cash and Bank Balances	11	69,519	215,270
(b) Short-term loans and advances	12	7,800,000	7,800,000
Total		9,669,705	9,615,456

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

R.N. Karanjia

O.D. Purohit

(Directors)

MUMBAI

DATED: 31st May, 2012

THE GAEKWAR MILLS LIMITED

Profit and Loss statement for the year ended 31st March, 2012

Amounts in Rupees (Rs)			
Particulars	Note No	For the Year ended 31st March 2012	For the year ended 31st March 2011
I. Revenue from operations		-	-
II. Other Income	13	15,000	472,487
III. Total Revenue (I + II)		15,000	472,487
<u>IV. Expenses:</u>			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefit expense	14	96,000	-
Financial costs		-	-
Depreciation and amortization expense		-	-
Other expenses	15	1,416,100	10,406,549
Total Expenses		1,512,100	10,406,549
V. Profit before exceptional and extraordinary items and tax	(III - IV)	(1,497,100)	(9,934,062)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(1,497,100)	(9,934,062)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(1,497,100)	(9,934,062)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Prior years' tax adjustment		-	-
XI. Profit(Loss) from the period from continuing operations	(VII-VIII)	(1,497,100)	(9,934,062)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(1,497,100)	(9,934,062)
XVI. Earning per equity share:			
(1) Basic		(16.82)	(198.68)
(2) Diluted		-	-

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

R.N. Karanjia

(Directors)

O.D. Purohit

THE GAEKWAR MILLS LIMITED

NOTES ON ACCOUNTS:

Note 1.

SIGNIFICANT ACCOUNTING POLICIES :

a. BASIS OF ACCOUNTING :

1.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 in sub-section(3c) of Section 211 of the said Act, except in case of certain items which have been accounted on cash basis as reported hereafter.

b. FIXED ASSETS

2.All fixed assets have been capitalized at cost inclusive of expenses relating to acquisition and installation.

c. REVENUE RECOGNITION :

Revenue is respect of Dividend Income & Interest on Debentures is accounted as an when received.

d. INVESTMENTS :

1) Long Term Investments are stated At Cost. No adjustments is made in respect of decline in value of temporary nature, if any as they are considered long term by the management.
The company does not have any current investment.

NOTE 2 - SHARE CAPITAL

Authorised :

Equity Shares of Rs.100/- each

Total

Issued , subscribed and paid-up:

Opening Balance

Add:39,000 Equity shares of Rs.100 each fully paid up

Closing Balance

Details of shareholders of Equity Shareholding more than 5%

Homi Mehta & Sons Pvt Ltd

Platinum Square Pvt Ltd

Total

Amounts in Rupees (Rs)			
2011-12		2010-2011	
No. Of Shares	Amount (Rs)	No. Of Shares	Amount (Rs)
100,000	10,000,000	100,000	10,000,000
100,000	10,000,000	100,000	10,000,000
50,000	5,000,000	50,000	5,000,000
39,000	3,900,000	-	-
89,000	8,900,000	50,000	5,000,000
No. of shares	% Holding	No. of shares	% Holding
24,973	28	24,973	50
39,000	44	-	-
63,973	72	24,973	50

NOTE 3- RESERVES AND SURPLUS

Surplus/(Deficit) in the Statement of Profit & Loss

Opening Balance

Add: Current Period Profit

Closing Balance

Total

2011-12 Amount(Rs)	2010-11 Amount (Rs)
(308,075,483)	(298,141,421)
(1,497,100)	(9,934,062)
(309,572,583)	(308,075,483)
(309,572,583)	(308,075,483)
(309,572,583)	(308,075,483)

NOTE 4-LONG-TERM BORROWINGS

Secured

Non-convertible debentures

Deposits

Inter Corporate Deposits

300,000,000	300,000,000
1,000,000	-
301,000,000	300,000,000

NOTE 5 -LONG-TERM PROVISIONS

Provision for Gratuity

7,640,682	7,640,682
7,640,682	7,640,682

NOTE 6- TRADE PAYABLES

Creditors for expenses

Total

1,236,393	981,925
1,236,393	981,925

NOTE 7-OTHER CURRENT LIABILITIES

Outstanding expenses

465,213	168,332
465,213	168,332

NOTE 8 -FIXED ASSETS**TANGIBLE ASSET**

Land

26,307	26,307
26,307	26,307

NOTE 9-CAPITAL WORK-IN-PROGRESS

Opening balance

Add: Additions during the year

Closing balance

1,561,427	1,561,427
200,000	-
1,761,427	1,561,427

NOTE 10 : - NON-CURRENT INVESTMENT**a. IN EQUITY SHARES(UNQUOTED)**

300 ordinary shares of Zenith Securities & Investments

Ltd of Rs.100 each fully paid

Total

12,453	12,453
12,453	12,453

NOTE 11-CASH AND CASH EQUIVALENTS

Cash on hand

Bank Balance with Scheduled Bank

2011-12	2010-11
24,975	0
44,544	215,270
69,519	215,270

NOTE 12-SHORT-TERM LOANS AND ADVANCES

(Unsecured & considered good)

7,800,000	7,800,000
7,800,000	7,800,000

NOTE 13 - OTHER INCOME

Dividend Income

Recovery of bad debts written off earlier

Excess provisions for unsecured creditors written back

15,000	15,000
-	176,504
-	280,983
15,000	472,487

NOTE 14-EMPLOYEES BENEFIT EXPENSES

Salaries

96,000	-
96,000	-

NOTE 15-OTHER EXPENSES

Professional fees Paid

Land Revenue

Interest on secured loan account

Listing fees of BSE

Mortgage registration charges

Water charges

Management fees

Payment to Auditors:

As Auditor

Miscellaneous expenses

493,768	2,849,035
129,136	645,680
-	1,797,324
220,045	371,030
-	430,270
324,968	-
-	4,000,000
33,708	33,090
214,475	280,120
1,416,100	10,406,549

16. 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 the revival of the Company and has stayed the Winding-up order dated 4th February, 2008.

17. 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 and each, allotted to the strategic Investor- Platinum Square Pvt Ltd, accompanied by a detachable warrant entitling to subscribe for 13 Equity Debentures of the face value of Rs. 100/- at par, carrying 0% interest for the first three years, thereafter carrying interest in the 4th and 5th years at 9% p.a. and thereafter until maturity at 12%p.a and secured by way of floating charge upon all the present and future assets of the Company.

18. AS 18 - Related Party Disclosures:

A. Relationship:

I Key Management Personnel:

1. 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 related parties referred in (A) above in ordinary course of business: NIL

19. 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 2,185 workmen 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, subsequently to the sanction of the Scheme, further Recovery Certificates have been issued by the Asst. Labour Commissioner, Navsari, in respect of 386 workmen aggregating to Rs. 1,89,83,135. The Official Liquidator attached to Bombay High Court wrote to the controlling Authority under Payment of Gratuity Act that these fresh claims are not payable as the relevant orders had been passed after date of winding up of the Company, and without mandatory sanction from the Bombay High Court, where liquidation proceedings are still pending. Taking cognizance of this information, the controlling Authority passed an order dated 02/08/2011 withdrawing the Recovery Certificates.

Withdrawal of the said orders has been challenged by a group of workmen before the Gujarat High Court. The company is defending the proceedings.

The Company has been advised that these fresh claims are not payable, and accordingly no provision has been made in the accounts for the additional amount of Rs. 1,89,83,135. However the Company has provision of Rs. 76,40,682/- for Gratuity and other related claims carried over from an earlier year.

20. Previous year's figures have been regrouped, recast or reclassified wherever necessary.

21. Earnings per share has been computed with reference to losses of Rs. Rs.14,97,100/- (Previous Year Rs.99,34,062/-) and total number of equity shares 89,000 (Previous Year 50,000 shares). There is no diluted earnings per share as there are no dilutive potential equity shares.

22. In the opinion of the directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances, in the ordinary course of Business, would not be less than the amount at which they are stated in the Balance Sheet and provision for all known liabilities is adequate.

23. Contingent Liability provided for Rs. NIL.(NIL)

A] Expenses in Foreign Currency	NIL	NIL
B] Earning in Foreign Exchange	NIL	NIL

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

R.N. Karanjia

(Directors)

O.D. Purohit

MUMBAI

DATED: 31st May, 2012

THE GAEKWAR MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	RUPEES 31.3.2012	RUPEES 31.3.2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax and extra-ordinary items	(1,497,100)	(9,934,062)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(1,497,100)	(9,934,062)
<u>Adjustments for :</u>		
(Increase)/Decrease in Loans & Advances	-	(7,000,000)
Increase/(Decrease) in current Liabilities	551,349	(84,116,421)
Net Cash from Operating activities	(945,751)	(101,050,483)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale of Investments	0	8500
Net Cash from Investing Activities	-	8500
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase /(Decrease) in Long term borrowings	1,000,000	97,448,324
(Increase)/Decrease in Fixed Assets	(200,000)	(100,000)
Increase/(Decrease) in Share Capital	-	3,900,000
Net Cash from Financing Activities	800,000	101,248,324
Net cash increase in Cash and Cash equivalents	(145,751)	206,342
Cash and Cash Equivalents (opening)	215,270	8,928
Cash and Cash Equivalents (Closing)	69,519	215,270

Notes :

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

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

R.N. Karanjha

(Directors)

O.D. Purohit

MUMBAI

DATED: 31st May, 2012

THE GAEKWAR MILLS LIMITED

REGISTERED OFFICE

Shop No.15, Ground Floor, Patil Building, 38 West, Sion (West), Mumbai 400022.

ATTENDANCE SLIP

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

Eighty Third Annual General Meeting

Day & Date	Time	Venue
Friday 28th September, 2012	11.00 A.M.	Matunga Gujarati 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 Third Annual General Meeting of the Company.

Name of the Shareholder / Proxy (IN B LOCK 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 third Annual General Meeting of the Company to be held at Matunga Gujarati Club Ltd., Nathalal Parekh Marg, near King Circle, Matunga, Mumbai 400019, on Friday, 28th September, 2012, at 11.00 A.M. and any adjournment thereof.

Signed this _____ day of _____ 2012.

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.

To,

If undelivered please return to :

**System Support Services,
209, Shivai Industrial Estate,
Andheri Kurla Road,
Saki Naka Andheri (E),
Mumbai 400072.**