

THE GAEKWAR MILLS LTD.

REGD. OFFICE: Office No.15, ground floor, Patil Building, 38 West, Road



Ref:GML:RNK:za:2011
26th April, 2011

The Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001.

Dear Sirs:

Re: Script Code : 502830

This is to inform you that pursuant to Section 192A of the Companies Act, 1956, read with the Companies (passing of Resolution by Postal Ballot) Rules, 2001, the shareholders of the Company have approved on 25th April 2011, by Postal Ballot, the following Resolutions :

RESOLUTION No. 1

“Ordinary Resolution under Section 94 for increase in authorized Share Capital as per draft Resolution circulated to the Shareholders.”

RESOLUTION No. 2

“Ordinary Resolution under Section 16 for Alteration of Capital Clause-V of the Memorandum of Association as per draft Resolution circulated to the Shareholders.”

RESOLUTION No. 3

“Special Resolution under Section 31 for Alteration of Article-4 of the Article of Association as per draft Resolution circulated to the Shareholders”

RESOLUTION No. 4

“Special Resolution under Section 81 (1A) for issue and allotment of shares on Preferential basis as per draft Resolution circulated to the Shareholders.”

RESOLUTION No. 5

“Ordinary Resolution under Section 293 (1A) for creation of mortgage / charge on the fixed and other assets of the Company to secure 500, 0% Secured Non-Convertible Debentures of Rs.100 each to M/s Mukesh Babu Financial Services Limited.”

We are enclosing the following :

1. Copy of the Notice and other documents circulated to members for postal ballot.
2. Report of the Scrutinizer, Dr. S.K. Jain, Company Secretary, Mumbai.

Thanking you,

Yours faithfully,
For THE GAEKWAR MILLS LIMITED


DIRECTOR

Encls: a/a

Postal Ballot Notice
(Pursuant to Section 192A of the Companies Act, 1956)

Dear Member(s),

NOTICE is hereby given that the Resolutions as set out in this Notice at items nos. 1 to 5 are proposed to be passed by means of Postal Ballot process as prescribed under Section 192A of the Companies Act, 1956 ("the Act") read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 ("the Rules").

Accordingly, we are appending the Postal Ballot Form and the draft Resolutions along with Explanatory Statement pertaining to the said Resolutions explaining in detail the material facts, for your consideration.

You are requested to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give your assent or dissent on the Resolution(s) at the end of the Form and sign the same and return the Form duly completed in the attached self-addressed, postage prepaid envelope so as to reach the Scrutinizer on or before the close of working hours on Saturday, 25th April, 2011 at 13/16, Kapadia Chambers, 599 JSS Road, Chira Bazar, Mumbai - 400002.

The Company has appointed Dr. S. K. Jain, Practicing Company Secretary as Scrutinizer to scrutinize the Postal Ballots in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman and the result of Postal Ballot will be announced by the Chairman on Tuesday 26th April, 2011 at 11.00 A. M. at the registered office of the Company.

Members may please note that a Resolution will be deemed to have been passed as Special Resolution if the votes cast in favour are atleast three times than the votes cast against and would be deemed to have been passed at General Meeting.

Regd Office:

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

By order of the Board
For The Gaekwar Mills Limited

Homi F Mehta
Director

Date: 14th March, 2011

Enclosures:

1. Resolutions along with Explanatory Statement.
2. Postal Ballot Form & self-addressed postage prepaid envelope.

PROPOSED RESOLUTIONS:

Item No. 1: Increase in the Authorised Share Capital under Section 94 (1) of the Companies Act, 1956.

To Consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

RESOLVED that pursuant to the provisions of Section 94 and other applicable provisions of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) the Authorised Share Capital of the Company be increased from Rs.1,00,00,000 divided into 1,00,000 Equity Shares of Rs.100/- each, to Rs.2,00,00,000 divided into 2,00,000 Equity Shares of Rs.100/- each, ranking pari- passu with the existing equity shares of the Company; and the relevant Capital Clause in the Memorandum & Articles of Association of the Company be altered accordingly.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the aforesaid resolution."

Item No. 2: Alteration of the Capital Clause in the Memorandum of Association of the Company

To Consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 16 of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) the existing clause V of the Memorandum of Association of the Company be substituted by the following new clause:

V The Authorised Share Capital of the Company is Rs.2,00,00,000/- (Rupees Two Crore) divided into 2,00,000 (Two Lacs) Equity Shares of Rs.100/- (Rupees Hundred) each, with power to increase the capital of the Company by the issue of new shares of such amount as the shareholders shall think expedient, with power also to reduce the capital and with power and to divide the shares in the capital for the time being into different classes, in accordance with the regulations of the Company and the legislative provisions for the same time being in force in this behalf and to attach thereto respectively any preferential qualified or special rights, privileges or conditions."

Item No. 3: Alteration of the Articles of Association of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) the existing Article 4 of the Articles of Association be substituted by the following new Article:

4. The Authorised Share Capital of the Company is Rs.2,00,00,000/- (Rupees Two Crore) divided into 2,00,000 (Two Lacs) Equity Shares of Rs.100/- (Rupees Hundred) each, with power to increase the capital of the Company by the issue of new shares of such amount as the shareholders shall think expedient, with power also to reduce the capital and with power and to divide the shares in the capital for the time being into different classes, in accordance with the regulations of the Company and the legislative provisions for the same time being in force in this behalf and to attach thereto respectively any preferential qualified or special rights, privileges or conditions."

Item No. 4: Resolution under Section 81(1A) of the Companies Act, 1956.

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications, amendments or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum of Association and the Articles of Association of the Company, Listing Agreement entered into by the Company with the Bombay Stock Exchange where the Company's Equity shares are listed and such rules, guidelines and regulations if any, as may be prescribed by Securities and Exchange Board of India (SEBI) including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (including any statutory amendment(s), modification(s), and/or re-enactment(s) thereof for the time being in force), Reserve Bank of India (RBI) and also subject to such approvals, permissions, sanctions and consents as may be necessary and required from Government of India(GOI), The Reserve Bank of India (RBI) and all other appropriate authorities and institutions, under applicable legislation, rules, regulations, guidelines for the time being in force and further subject to such other terms, conditions, stipulations, alterations, amendments, modifications or variations as may be required, specified or suggested by any of the concerned authorities or bodies; which terms, conditions, stipulations, alterations, amendments, modifications or variations, the Board of Directors (hereinafter referred to as "the Board" which terms shall be deemed to include any Committee of Directors for the time being authorized by the Board to exercise the powers conferred on the Board by this Resolution) is authorized to accept as it may deem fit and further subject to such order as may be passed by the Hon'ble Bombay High Court in Company Application to be filed by the Company for Modification in the Scheme of Compromise and/or Arrangement Sanctioned under Section 391 to 393 of the Companies Act, 1956 in Company Petition No. 1048 of 2008, the consent and approval of the members of the Company be and is hereby accorded to the Board, to offer, issue and allot, in one or more tranche(s) on Preferential Basis 1,11,000 (One Lac and Eleven Thousand) Equity Shares of Rs.100/- each to the following entities at such price as shall be determined in terms of Regulation 76 under the 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.

Proposed Allottees:

Sl. No.	Name of Proposed Allottees	Maximum No. of Equity Shares proposed to be issued	PAN NO.
1.	M/s. Platinum Square Private Limited	36,000	AAACP6142R
2.	M/s. Mukesh Babu Financial Services Limited	75,000	AAACM3519M
	Total	1,11,000	

RESOLVED FURTHER THAT the Relevant Date for the Determination of Prices as per the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 for issue and allotment of 1,11,000 Equity Shares of Rs.100/- each to the proposed allottees shall be 26th March, 2011.

RESOLVED FURTHER THAT the Equity Shares shall rank pari passu with the then existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT the shares to be issued and allotted to the proposed allottees shall be locked in terms of Regulation 78 of the Chapter VII of SEBI (Issue of Capital and Disclosure requirements) Regulations, 2009.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Equity Shares as described above, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to effect, the offer, issue, allotment and listing of aforesaid Equity Shares and to sign all deeds, documents and writings entering into arrangements for appointment of agencies for managing, listing, trading of securities issued and to pay any fees, remuneration, expenses relating thereto, and with power to settle all questions, difficulties or doubts that may arise in regard to such issue(s), allotment(s) and listing as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Director of the Company."

Item No. 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.5,00,00,000 (Rupees Five Crore):

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any of the Companies Act, 1956 to the Board of Directors of the Company (which expression shall include any Committee of the Board duly constituted / to be constituted to mortgage and or charge in respect of 500, 0% Secured Redeemable Non-Convertible Debentures of Rs.1,00,000/- each aggregating to Rs.5,00,00,000 (Rupees Five Crore) to be issued and allotted to them on private placement basis, as per the following terms:

i. Issue:

The Issue will consist of 500, 0% Secured Non-Convertible Debentures of Rs.1,00,000/- each aggregating to Rs.5,00,00,000 (Rupees Five Crore).

ii. Name of the proposed allottee:

The issue of 500, 0% Secured Non-Convertible Debentures of Rs.1,00,000/- each shall be made to M/s. Mukesh Babu Financial Services Limited against payment of Rs.5,00,00,000 (Rupees Five Crore) to be made by them to the Company.

iii. Interest:

The Secured Non-Convertible Debentures to be issued and allotted by the Board of Directors to M/s Mukesh Babu Financial Services Limited shall carry 0% interest.

iv. Redemption:

The Principal amount of the 500, 0% Secured Non-Convertible Debentures of Rs.1,00,000 each aggregating to Rs.5,00,00,000 (Rupees Five Crore) shall be redeemed as under:

a. On or before expiry of 7 years from the date of Allotment

or

b. After Redemption of Existing 3,000 Secured Debentures (Redeemable on or before expiry of 8 years) carrying 0% Interest for first 3 years, 9% p.a. for fourth and fifth year and thereafter 12% and each accompanied with Detachable Warrants entitling the warrant holder to subscribe for 13 Equity Share of Rs.100/- each at par against each Warrant.

Whichever is later.

v. **Security:**

500, 0% Secured Non-Convertible Debentures of Rs.1,00,000/- each aggregating to Rs.5,00,00,000 (Rupees Five Crore) shall be Secured by a charge on all fixed assets of the Company ranking pari passu with the existing Chargeholder M/s. Platinum Square Private Limited and floating charge on all other assets of the Company both present and future forming part of the security for the said Non - Convertible Debentures (The pari passu charge shall however be restricted upto Rs.5 crore only).

vi. **Rights of Debenture holders:**

- a. The Non-Convertible Debentures will be subject to the provisions in the Memorandum of Association and Articles of Association of the Company, the Certificate of the Non-Convertible Debentures and the security document creating the mortgage/hypothecation in favour of M/s. Mukesh Babu Financial Services Limited.
- b. The terms and conditions and the rights for the time being attached to the Non-Convertible Debentures may be varied/modified/ and or abrogated with the prior consent in writing of M/s. Mukesh Babu Financial Services Limited, the debenture holder.

Regd Office:

Office No. 15, Ground Floor, Patil Building,

38 West, Sion West,

Mumbai - 400022

By order of the Board

For The Gaekwar Mills Limited

Homi F Mehta

Director

Date: 14th March, 2011

Notes:

1. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business specified above is annexed hereto.
2. In terms of Section 192A of the Companies Act, 1956, read with the Companies (passing of the resolution by Postal Ballot) Rules, 2001, the item of Business set out in the Notice above are sought to be passed by Postal Ballot.
3. The Board of Directors has appointed Dr. S. K. Jain, Company Secretary in whole time Practice, as the Scrutinizer for conducting the Postal Ballot voting process in accordance with the law and in a fair and transparent manner.
4. Members are requested to carefully read the instructions printed in the attached Postal Ballot Form. The Postal Ballot Form, duly completed and signed should be returned in the enclosed self - addressed postage prepaid envelope directly to the Scrutinizer so as to reach the Scrutinizer before the close of working hours on or before 25th April, 2011. Consent or otherwise received after 30 days of issuance of this notice shall be treated as if the reply from the shareholders has not been received.
5. Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.
6. The Scrutinizer will submit the report to the Chairman of the Company after completion of Scrutiny of the Postal Ballot Forms.
7. The results of the Postal Ballot will be announced by any one of the Directors of the Company on or before 26th April, 2011 at the Registered Office of the Company at Office No. 15, Ground Floor, Patil Building, 38 West, Sion West, Mumbai - 400022 and will also be published in news papers.
8. The Special Resolution mentioned above shall be declared as passed if the number of votes cast in its favour are not less than three times the number of votes cast, if any, against the said Resolution.

EXPLANATORY STATEMENT AS PER SECTION 173(2) OF COMPANIES ACT, 1956

Item No. 1, 2 & 3

The present Authorised Share Capital of the Company is Rs.1,00,00,000/- (Rupees One Crore) divided into 1,00,000 Equity Shares of Rs.100/- each. The Board of Directors in its meeting held on 14th March, 2011 made assessment of the requirement of additional funds in view of escalation in the liabilities to Secured Creditors, which was earlier estimated at Rs.30 crore (including Rs.3 crore for reimbursement of various expenses incurred in framing and implementing the scheme sanctioned by Hon'ble Bombay High Court under Section 391-393 of the Companies Act, 1956 and towards initial working capital of the Company. The Board of Directors of the Company also explored the possibility of inducting another strategic investor to bridge the gap arising out of escalation in the amount payable to discharge total liabilities. M/s. Mukesh Babu Financial Services Limited has agreed to subscribe to further issue of Equity Capital and has also agreed to subscribe Non-Convertible Debentures aggregating to Rs.5,00,00,000 (Rupees five crore). The present Authorized Share Capital of the Company therefore needs to be increased from Rs.1,00,00,000 (Rupees one crore) to 2,00,00,000 (Rupees two crores) to accommodate further issue of Equity Shares to M/s. Mukesh Babu Financial Services Limited and to the existing strategic investor M/s. Platinum Square Private Limited who have already brought in Rs.30,00,00,000 (Rupees thirty crore) in the Company by way of 3000 Secured Redeemable Debentures of Rs.1,00,000/- each accompanied with Detachable Warrants entitling the holder to subscribe for 13 Equity Shares of Rs.100/- each at par.

Consequently Clause V of the Memorandum and Article 4 of the Articles of Association of the Company require amendments.

The Board of Directors recommends the Resolution as set out in Item No. 1, 2 and 3 of the Notice for consideration and approval of the members of the company as Special Resolution.

Except as a Shareholder of the company none of the Directors are interested or deem to be interested in the proposed resolution.

Item No.4

The Special Resolution for further issue of Equity Shares needs to be specific for preferential allotment as required under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

In view of requirement of additional funds to bridge the gap in the estimated liabilities for making payment to Secured creditors. The Board of Directors in its meeting held on 14th March, 2011 subject to modification in the Scheme of Compromise and/or Arrangement Sanctioned under Section 391 to 393 of the Companies Act, 1956 in Company Petition No. 1048 of 2008 and subject to all such approvals as may be necessary for issue of the said shares, decided to seek consent of the members of the Company as required under Section 81(1A) of the Companies Act, 1956.

The Proposed issue and allotment of 1,11,000 equity shares of Rs.100/- each to the proposed allottees will be governed by the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Disclosure in terms of regulation 73 of the ICDR Regulations, 2009

(1) OBJECTS OF THE ISSUE THROUGH PREFERENTIAL OFFER

To meet the additional requirement of funds to the extent of about Rs.6 crore arising on account of escalation in the liabilities earlier estimated at Rs.30 crore inter-alia due to increase in the interest payment to banks and increase in working capital requirements.

(2) INTENTION OF THE PROMOTERS/ DIRECTORS TO SUBSCRIBE TO THIS OFFER

The existing promoters of the Company do not intend to subscribe for the shares in the said issue.

(3) PRICING:

The proposed issue of Equity Shares to the proposed allottee is governed by the SEBI Regulations such price as shall be determined in terms of Regulation 76 under the 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.

(4) SHAREHOLDING PATTERN BEFORE AND AFTER THE OFFER

Name of Shareholders	Shareholding Pattern Pre Issue Equity Shares		Shareholding Pattern Post Issue on exercise of option to convert 3000 Detachable Warrants convertible into 13 Equity Shares of Rs.100/- each at par against 1 Warrant i.e. into 39000 Equity Shares of Rs.100/- each		Shareholding Pattern Post Issue of Equity Shares under proposed Preferential Issue	
	No. of Shares	% of share holding	No. of Shares	% of shareholding	No. of Shares	% of shareholding
(A) Promoter Shareholding						
(1) Indian						
Individuals/ Hindu Undivided Family	1658	3.32	1658	1.86	1658	0.83
Bodies Corporate	25445	50.89	25445	28.59	25445	12.72
(2) Foreign	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)	27103	54.21	27103	30.45	27103	13.55
(B) Public Shareholding						
(1) Institutions						
Financial Institutions / Banks	26	0.05	26	0.03	26	0.01
Insurance Companies	4392	8.78	4392	4.93	4392	2.20
Sub - Total	4418	8.84	4418	4.96	4418	2.21
(2) Non - Institutions						
Bodies Corporates						
Proposed Allottees* (Strategic Investor)						
1. M/s. Platinum Square Private Limited	0	0	39000	43.82	75000	37.50
2. M/s. Mukesh Babu Financial Services Limited	0	0	0	0	75000	37.50
Other Bodies Corporate	2297	4.59	2297	2.58	2297	1.15
Individuals						
Individual Shareholders holding nominal Share Capital upto Rs.1 Lakh	12925	25.85	12925	14.52	12925	6.46
Individual Shareholders holding nominal Share Capital in excess of Rs.1 Lakh	3142	6.28	3142	3.53	3142	1.57
Any Other (Specify)						
Non Resident Indians	115	0.23	115	0.13	115	0.06
Sub - Total	18479	36.96	57479	64.58	168479	84.24
Total Public Shareholding (B)	22897	45.79	61897	69.55	172897	86.45
Total (A+B)	50000	100.00	89000	100.00	200000	100.00

*Note: 1. In terms of Order dated 10th September, 2009 passed by Hon'ble Bombay High Court in Company Petition No. 1048 of 2008 filed by Shri Homi F. Mehta and Others for sanction of the Scheme of Compromise and/or Arrangement under Section 391 to 393 of the Companies Act, 1956, M/s. Platinum Square Private Limited had subscribed 3000 Secured Redeemable Non Convertible Debentures accompanied with Detachable Warrants entitling them to exercise their option to convert the same into 13 Equity Shares of Rs.100/- each at par per warrant. The above Shareholding pattern is prepared and is contingent on and subject to exercise of option by M/s. Platinum Square Private Limited to convert 3000 Detachable Warrants into 39000 Equity Shares of the Company. On exercise of such option, the Issue of 39,000 Equity Shares will be exempt from the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in terms of aforesaid order.

2. The proposed issue of 1,11,000 Equity Shares of Rs.100/- each to M/s. Platinum Square Private Limited and M/s Mukesh Babu Financial Services Limited is also subject to modification in the scheme sanctioned by Hon'ble Bombay High Court and the Company proposes to file Application before the Hon'ble Bombay High Court to grant its permission to issue 1,11,000 Equity Shares of Rs.100/- each to the said proposed allottees.

3. Since the proposed Preferential Allotment will be made to Strategic Investors and is subject to any order which may be passed by the Hon'ble Bombay High Court in Company Application to be filed by the Company, it will not result in any change in the management control. Voting Right shall change according to the change in the Shareholding Pattern mentioned above.

(5) PROPOSED TIME WITHIN WHICH ALLOTMENT SHALL BE COMPLETE

The Board proposes to allot the Equity Shares within a period of 15 days from the date of all necessary approval as may be required under relevant rules and regulations including modification in the Scheme sanctioned by the Hon'ble Bombay High Court in Company Petition No. 1048 of 2008 for which Company proposes to file Company Application seeking modification in the said sanctioned Scheme before the Hon'ble Bombay High Court.

(6) THE IDENTITY OF THE PROPOSED ALLOTTEES AND THE PERCENTAGE OF POST PREFERENTIAL ISSUE OF CAPITAL THAT MAY BE HELD BY THEM

Sr. No	Names of the Proposed Allottee's	Instrument	Category	Pre Issue equity share (Number)	Pre Issue equity share Holding (%)	On conversion of 3000 Detachable Warrants	Equity Shares proposed to be issued and allotted (Number of Equity Shares)	Post Issue equity share Holding (Number)	Post Issue equity share Holding (%)
1.	M/s. Platinum Square Private Limited (AAACP6142R)	Equity Shares	Strategic Investor	Nil	N.A	39000	38000	75000	37.50
2.	M/s. Mukesh Babu Financial Services Limited (AAACM3519M)	Equity Shares	Strategic Investor	Nil	N.A	NIL	75000	75000	37.50
	Total (A+B+C)			Nil	N.A	39000	111000	150000	75.00

(7) AUDITOR'S CERTIFICATE:

A Certificate from M. D. Pandya & Associates, Chartered Accountant, being the Statutory Auditor of the Company as required under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 certifying to the effect that the proposed issue is being made in accordance with the requirements as contained in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be made available for inspection at the registered office of the Company on any working day during business hours and upto the last date for receiving ballot.

(8) LOCK- IN

The Equity Shares being allotted to the proposed allottees shall be locked in as per the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

Yours Directors, therefore, recommend the said resolution for approval of the members as Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No.5

The members may recall that Mr. Homi F. Mehta and another, the propounders of the Scheme under Section 391-393 of the Companies Act, 1956 had estimated that the total liabilities of the Company (including the banks, workmen, statutory dues and other creditors) would be discharged for a sum not exceeding Rs.27 crore and working capital was estimated at Rs.3 crore. The Said Scheme was sanctioned by Hon'ble Bombay High Court by an Order dated 10th September, 2009. In terms of the said Scheme the Company issued and allotted to M/s. Platinum Square Private Limited 3000 Secured Non- Convertible Redeemable (within 8 years) Debentures of Rs.1,00,000/- each aggregating to Rs.30 crore accompanied with Detachable Warrants entitling the holder thereof to subscribe and convert the said Warrants in the ratio of 13 Equity Shares of Rs.100/- each at par. Due to various issues which cropped up in the course of implementation of the Scheme, there was an escalation in the total liabilities due to increase in the interest payment on dues of the secured creditors, the total requirement of funds for revival of the Company increased from Rs.30 crore to Rs. 36.5 crore. The Company approached M/s. Platinum Square Pvt. Ltd. for meeting the additional gap in the fund requirement. However they expressed their inability to bring in further funds. M/s. Platinum Square Private Limited however suggested that the Company should approach M/s. Mukesh Babu Financial Services Limited as they have purchased at a discount 2200 Debentures of the company which were earlier issued to Platinum square Pvt. Ltd., or any other Strategic Investor for infusion of further funds on mutually agreed terms but subject to the following conditions:

- a. M/s. Platinum Square Private Limited would extend a pari-passu charge on the land owned by the Company and mortgaged for securing Debentures issued to them to the extent of Rs.5.00 crore only.
- b. Such secured debt shall not carry any interest however it may be redeemed at a premium.
- c. The redemption date of such secured debt shall not precede the redemption date of Debentures issued to M/s. Platinum Square Private Limited.
- d. In case Company desires to retain the option for early redemption of new debt then such option can be exercised only after redeeming the debentures issued to M/s. Platinum.
- e. Equity shares of the company shall be issued at a price to be determined in accordance with SEBI guidelines relating to pricing for issue of Equity shares applicable for preferential allotment.
- f. Issue of such Equity shares shall not dilute promoters holding beyond 13% in the expanded equity of the company so as to retain Promoters interest in the Company.
- g. M/s. Platinum Square Private Limited be offered that nos. of Equity shares so as that their holding in the Company (after considering conversion of warrants) shall not be diluted below 37.5% under any circumstances and on the terms offered to new investor.
- n. If required the Company shall also apply to Hon'ble Bombay High Court for modifying the sanctioned Scheme.

The Company accordingly approached M/s. Mukesh Babu Financial Services Limited for providing additional funds to the extent of Rs.6.5 crore and it agreed to bring in the funds by way of

- a. By subscribing 500, 0% Secured Non-Convertible Debentures of Rs.1,00,000/- each aggregating to Rs.5 crore.
- b. By subscribing 75000 Equity Shares of Rs.100/- each at a price to be determined in accordance with Regulation 76 of the ICDR Regulations, 2009 or Rs.100/- whichever is higher).
- c. Muesh Babu financial services Ltd. shall also have a right to nominate two of its nominees as directors on the board of the company.

The Board of Directors are seeking consent of the members of the Company for creation of additional pari passu mortgage/charge on the fixed and other assets of the Company in favour of M/s. Mukesh Babu Financial Services Limited to secure 500, 0% Secured Non-Convertible Debentures of Rs.1,00,000/- each aggregating to Rs.5 crore.

Yours Directors, therefore, recommend the said resolution for approval of the members as an Ordinary Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Regd Office:

Office No. 15, Ground Floor, Patil Building,

38 West, Sion West.

Mumbai – 400022

Date:14th March, 2011

By order of the Board
For The Gaekwar Mills Limited

Homi F Mehta
Director

POSTAL BALLOT FORM

1. Name(s) of Shareholder(s) :
(Including joint-holders, if any)
2. Registered Address of the Sole/ First named Shareholder :
3. DP. ID. No/ Client ID No./Registered Folio No. :
4. Number of Shares held :
5. I / We hereby exercise my / our vote in respect of the Resolutions to be passed through Postal Ballot for the business stated in the notice of the Company by sending my / our assent / dissent to the said Resolution by placing () mark at the appropriate box below:

Description	No. of Shares	I/We assent to the Resolution	I/We dissent to the Resolution
1) Ordinary Resolution under Section 94 of the Companies Act, 1956 for increase in Authorised Share Capital of the Company.			
2) Ordinary Resolution under Section 16 of the Companies Act, 1956 for Alteration of Capital Clause V of the Memorandum of Association of the Company.			
3) Special Resolution under Section 31 of the Companies Act, 1956 for Alteration of Article 4 of the Articles of Association of the Company.			
4) Special Resolution under Section 81 (1A) of the Companies Act, 1956 for issue and allotment of shares on preferential basis			
5) Ordinary Resolution under Section 293(1A) for creation of mortgage / charge on the fixed and other assets of the Company to secure 500, 0% Secured Non – Convertible Debentures of Rs.100/- each to M/s. Mukesh Babu Financial Services Limited			

Place:

Date :

Signature of the Shareholder

Notes / instructions:

1. Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the assent or dissent of the Shareholders in respect of the special resolution is being determined through Postal Ballot.
2. A Shareholder desiring to exercise his/her vote by Postal Ballot may complete the attached Form and send it to the scrutinizer, appointed by the Company, in the attached prepaid self-addressed envelope. Postage is borne and paid by the Company. However, envelopes containing Postal Ballot, if sent through courier at the expense of the Shareholder will also be accepted. The Shareholders residing outside India should stamp the envelopes appropriately.
3. The Board of Directors has appointed Dr. S.K. Jain, Practicing Company Secretary, as the scrutinizer for conducting the Postal Ballot process. The self-addressed envelope attached to this notice bears the address to which duly completed Postal Ballot Forms are to be sent.
4. There shall be one Postal Ballot for every folio, irrespective of the number of joint holders. A proxy shall not exercise the Postal Ballot. Voting rights shall be reckoned on the paid up value of shares registered in the name of the Shareholders on the date of dispatch of this Notice.
5. The Postal Ballot Form should be completed and signed by the Shareholder. In case of joint holding, this Form should be completed and signed (as per specimen signature registered with the Company) by the first named Shareholder and failing him, by the next named Shareholder and so on. In case, shares are held by Companies, Trusts, Societies, etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution / Authorisation.
6. Duly completed Postal Ballot Forms should be received by the scrutinizer not later than the close of working hours on 25th April, 2011. Postal Ballot Forms received after this date will be treated as if no reply from the Shareholder has been received.
7. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected. The scrutinizer's decision on the validity of the Postal Ballot shall be final and binding.
8. The Board of Directors of the Company has appointed Shri Ratan Karanjia, Director as the persons responsible for the entire Postal Ballot process.
9. The scrutinizer will submit his final report as soon as possible after the last date for receipt of Postal Ballot Form but not later than closing business hours of 25th April, 2011.