



NOTICE

NOTICE is hereby given that the Fifty-fourth Annual General Meeting of the Members of Golden Tobacco Limited will be held on Saturday, the 18th day of September 2010, at 3:00 p.m. at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai—400 056, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31st March, 2010, the Audited Balance Sheet as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sanjay Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Anurag Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Bharat B. Merchant, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold the office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT, subject to the sanction of the Company Law Board, pursuant to section 17 of the Companies Act, 1956, the Memorandum of Association of the Company be altered by incorporating the words "State of Gujarat" in substitution of and while deleting the words "State of Mumbai".

RESOLVED FURTHER THAT on obtaining the confirmation from the Company Law Board, the Registered Office of the Company be transferred from the State of Maharashtra to any place in the State of Gujarat."

"RESOLVED FURTHER THAT Shri V. K. Singhal, Sr. General Manager (Accounts) or the Company Secretary and Shri A. K. Joshi (Director Finance) be and are hereby jointly and severally authorized to file a petition before the Company Law Board in this regard, to issue notice in newspapers and other notices including those to the Creditors etc., to make affidavits and to do all such acts, deed and things, including authorized representatives to appear for and on behalf of the Company before the Company Law Board and other authorities and to execute all such documents and papers on behalf of the Company as may be deemed necessary from time to time in connection therewith and incidental thereto to give effect to aforesaid resolution from shifting of the Registered Office of the Company from the 'State of Mumbai' to the 'State of Gujarat'."

By Order of the Board

Place : Mumbai

Dated : 29th July, 2010

(A K Joshi)
Director (Finance)

Regd. Office:

Tobacco House, S.V. Road, Vile Parle (West)
Mumbai – 400 056.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY INSTEAD OF HIMSELF. A PROXY SO APPOINTED SHALL BE ENTITLED TO VOTE ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. AN INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.
2. The Register of members and share transfer Books of the Company shall remain closed from the 11th day of September, 2010 to 18th day of September, 2010 (both days inclusive).
3. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 giving material facts in respect of item of special business set out under Item No. 6 of the notice is annexed herewith, and forms part of this notice.
4. All the documents referred to in this Notice and explanatory statements are open for inspection of the members at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m., up to the date of the Annual General Meeting and during the time of the meeting.
5. Members are hereby informed that all unpaid dividends up to 1993-94 declared by the Company have been transferred by it to the General Revenue Account of the Central Government. Unpaid dividend pertaining to the year 1994-95 is being paid as per the schedule fixed by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 16.12.2002.
6. M/s. Link Intime India Private Ltd, C-13, Pannalal Silk Mill's Compound, LBS Marg, Bhandup (West), Mumbai-400 078, is the connectivity registrar for dematerialization of shares and also the Registrar and Transfer Agents of the Company to handle work relating to the transfer of physical shares and other related matters. Members holding shares in the physical form are requested to notify / send the following to them to facilitate better service: -
 - i) any change in their address, particularly mentioning the pin code number, the folio number, number of shares held, etc,
 - ii) share certificates, if held in multiple folios in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one folio.
7. Any query relating to the Annual Accounts or otherwise must be sent to the Registered Office of the Company, at least 10 days before the date of the Annual General Meeting.
8. Members / Proxies attending this Annual General Meeting are requested to bring with them the following:
 - i) The copy of the Annual Report as no separate copies shall be given at the time of the Annual General Meeting.
 - ii) The Attendance Slip sent herewith duly filled in to be lodged with the Company at the venue. The holders of shares in demat form are requested to fill in their DP Id and Client Id in the Attendance Slip/ Proxy for easy identification. In case of joint holder(s), if more than one holder intends to attend the meeting, they may obtain the additional admission slip(s) on request from the Registered Office of the Company on or before 15th September, 2010 to avoid inconvenience.



9. As per clause 49 (IV) (E) (v) of the Listing Agreement, the shareholding of the Non-Executive Directors, who are proposed to be appointed / re-appointed at the ensuing Annual General Meeting is disclosed hereunder:

Sr. No.	Name of the Director	No. of Shares
1	Shri Sanjay Dalmia	Nil
2	Shri Anurag Dalmia	Nil
3	Shri R R Kumar	Nil
4	Shri Bharat B Merchant	100
5	Shri Rishabh Jain	Nil
6	Shri V. Anish Babu	Nil
7.	Shri V. K. Bhandari	80

10. Information of all the Directors seeking appointment/re-appointment as required by Clause 49 (G) (i) of Listing Agreement is given under para I and para VIII (II) of Report of Corporate Governance for the Year 2009-10 which forms part of the Annual Report for the year ended 31st March 2010.

BRIEF RESUME OF DIRECTORS SEEKING RE-ELECTION AT THIS ANNUAL GENERAL MEETING

Name	Shri Sanjay Dalmia	Shri Anurag Dalmia	Shri Bharat B. Merchant
Date of Birth & Age	17.03.1944 & 66 years	11.05.1956 & 54 years	24.06.1948 & 62 years
Date of Appointment as Director/Additional Director	30.08.2007	30.08.2007	26.07.2002
Qualifications	BA	He graduated from the Shriram College of Commerce, New Delhi.	BA (Hons), LLM (Cornell University, USA)
No. of Shares held	Nil	NIL	100
Experience in specific functional areas	He has with over 41 years of experience in industries and business management and is Chairman of several companies. He has actively participated in various courses and seminars conducted by national and international agencies on banking, finance, taxation and industrial development.	He is a graduate with over 28 years of experience in business management and is a director on the board of several companies.	He is a Practicing Advocate and was admitted in the Bar Council of Maharashtra in May, 1970. From November, 1972 onwards, he became a Solicitor and was then appointed as Attorney. Presently, he is a Sole Proprietor in the firm M/s Thakordas and Madgavkar, Advocates & Solicitors, one of the largest legal firms in India and is actively involved in conducting arbitration, commercial litigation and attending corporate and property matters. He is a Member of the Bombay Incorporated Law Society.
Directorship held in other Public Companies	GHCL Ltd.	GHCL Ltd.	Maneesh Pharmaceuticals Ltd.
Chairmanship / Membership of Committees across all Public Companies	GHCL Ltd.	Nil	NIL



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956, ANNEXED TO AND FORMING PART OF THE NOTICE.

Item Nos. 6 :

After closure of Mumbai plant all the production is being carried out at Baroda plant. There is sufficient capacity available at Baroda plant to take care of the present demand of the Company's product. Therefore, it is desirable that the Registered Office of the Company be shifted to the State of Gujarat. Necessary petition will be filed before the Company Law Board for their approval after passing the Resolution by the Shareholders.

By Order of the Board

Place : Mumbai
Dated : 29th July, 2010

(A K Joshi)
Director (Finance)

Regd. Office:

Tobacco House, S.V. Road, Vile Parle (West)
Mumbai – 400 056.



DIRECTORS' REPORT

Your Directors hereby submit their Fifty-fourth Annual Report with the Audited Accounts for the year ended 31st March, 2010.

SUMMARY OF FINANCIAL RESULTS

(Rs. in lacs)

	For the year Ended 31.03.2010	For the year Ended 31.03.2009
Profit for the year before Interest, Depreciation, Exceptional Items and Tax	414.99	1571.54
Interest	1341.91	1249.16
Depreciation	202.96	254.75
Profit / (Loss) before Taxation	(1129.88)	67.63
Provision for Taxation :		
Current Tax including (Wealth Tax)	3.78	11.70
Fringe Benefit Tax	-	30.90
Deferred Tax Assets/(Liabilities)	-	-
Profit / (Loss) after Taxation	(1133.66)	25.03
Balance brought forward from last year	(1882.81)	(1907.84)
Balance of loss carried over to Balance Sheet	3016.47	1882.81

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE & DIVIDEND

Though there was no change in the excise duty structure, at the same time there was no relief given in the mini segment by the Government, in which your company enjoyed the largest market share in the cigarette industry. Beside this the grey market cigarettes continue to be a major threat for the organised sector especially low priced segment. Despite representations, before the Government by the industry, grey market continue to grow at a rapid rate resulting sharp drop in your company's volume.

Introduction of mini filter (59 mm) in this year budget is a good move by the government.

This year saw the consolidation of the brands launched earlier. We launched new Cigar with the brand name of Golden Cigar. This product from the stables of Golden Tobacco was received favorably, and was rolled out across the country. But this year budget heavily taxed cigars.

In view of the carried forward losses, your Directors do not recommend any dividend.

REAL ESTATE DEVELOPMENTS

The Company has started the Real Estate business in the year 2007-08, when its Hyderabad Property was offered for Joint Development with a reputed builder. In addition its Vile Parle Property was offered for Joint Development during the year and has now tied up with a reputed builders of Mumbai to develop this property. The Memorandum of Understanding (MOU) has been signed during the year and an advance of Rs. 75.00 crores have been received upto 31st March, 2010.

The existing manufacturing facility of Vile Parle Property is being shifted to Vadodra/Palghar units. The workers have been offered Voluntary Retirement Scheme (VRS) during the year. The response to the scheme was overwhelming as 343 workers out of a total of 352 have opted for the scheme. The workers who have accepted the VRS has already been paid in the month of April, 2010.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code as stipulated under the Listing Agreement with the Stock Exchanges. As required under clause 49 of the Listing Agreement with the Stock Exchanges a report on Corporate Governance is included as a part of the Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Management Discussion and Analysis Report is given under the Separate Head at the end of the Directors' Report.

ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY

At the root of a good performance is, a good environment and safe & healthy working conditions. Your Company has been in a constant quest for providing to its employees, a very congenial work environment which will in turn add to the performance of the Company. Keeping in mind the dynamism in the environment, your Company is continuously imparting requisite training to its employees in their respective fields of work.

Health and safety of our employees is of primary importance to us. The workplace is designed to abate the hazards naturally connected to our product. There was no accident or any pollution problem noticed during the year at any of the three units. Care is taken that all laws pertaining to



environmental pollution, health and safety of employees and other associated enactments are being scrupulously adhered to. Our commitment towards the society in terms of providing a clean and healthy environment is of our utmost concern and we pledge to take active efforts to preserve the same.

DIRECTORS

In accordance with the provisions of section 256 the Companies Act, 1956 and the Articles of Association of the Company, Shri Sanjay Dalmia, Shri Anurag Dalmia and Shri Bharat B Merchant, Directors, will be liable to retire by rotation at the forthcoming Annual General Meeting. Being eligible, the re-appointment of Shri Sanjay Dalmia, Shri Anurag Dalmia and Shri Bharat B Merchant is recommended by the Directors for your approval.

The resume of these Directors is attached along with the notice.

PARTICULARS OF EMPLOYEES

As required under provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, the requisite particulars in respect of the employees of the Company, who were in receipt of remuneration in excess of the limits specified under the said section are set out in the annexure herewith and form part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956, your Directors confirm having:

followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;

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 state of affairs of the Company at the end of the financial year and of the profit of your Company for the year;

taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

prepared the Annual Accounts on a going concern basis.

AUDITORS' REPORT

With reference to the observations and qualifications made by the Auditors in their report, the Directors wish to state that the relevant notes forming part of the Company's accounts as given under Schedule 'Q' to the Accounts, are self-explanatory in this regard.

Your Directors also clarify that the remarks made by the Auditors regarding accumulated losses of the Company at the end of the financial year are more than 50 % of its net worth, the Company has a consistent practice to account for the gratuity liability as and when the employees retire and the amount is due, and as such, no provision is considered necessary in respect of estimated liability for future payment of gratuity of Rs.11,22,95,185 which is determined on the basis of actuarial valuation.

Your Directors further clarify that the company has not made any provision with regard to the overdue Sundry Debtors and Loans & Advances aggregating to Rs.3,09,91,797 since the management has taken suitable measures to recover the said dues and is hopeful of recovery in due course of time.

Therefore if the unprovided gratuity liability and doubtful overdue Sundry Debtors and Loans & Advances are excluded, the accumulated losses will not exceed more than 50 % of the net worth of the Company as mentioned by the Auditors in their report.

AUDITORS

The Auditors, M/s Lodha and Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The necessary certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received from them. Your Directors recommend their reappointment for your approval at the ensuing Annual General Meeting.

SUBSIDIARIES

Following Companies are the subsidiaries of your Company:

1. Golden Realty & Infrastructure Limited
2. Golden Investment (Sikkim) Private Limited
3. Western Express Industries Limited
4. GTC INC B.V. and
5. Raigadh Papers Limited, a subsidiary of Western Express Industries Limited.

Pursuant to Accounting Standard (AS 21) issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include financial information of its subsidiaries. The Company has applied for an exemption from the Government of India under Section 212(8) of the Companies Act, 1956, from attachment of the documents of its subsidiaries, the approval of which is expected shortly.



However, a statement giving information on subsidiaries as required under section 212(3) of the Act is attached along with the Annual Report. Also, additional information in respect of the subsidiaries and Consolidated Financial Statements as required is provided in the Annual Report.

The Annual Report and accounts of Subsidiaries will be kept for inspection at your Company's Registered Office. Shareholders desirous of obtaining the Annual Accounts of the Company's subsidiaries may obtain the same on request.

OTHER INFORMATION

Certificate, as required under Clause 49 of the Listing Agreement with the Stock Exchanges in India, confirming compliance by the Company with the provisions of Corporate Governance as given by the Auditors, M/S. Lodha and Co., declaration by the CEO certifying compliance with the Code of Conduct of the Company and Certificate given by the CEO and CFO as required under the Listing Agreement are annexed herewith. Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to Foreign Exchange Earnings and Out Go, Conservation of Energy and Technology Absorption and Export Market Developments is also provided as an annexure to this report.

Additional disclosures in the form of Consolidated Financial Statements and Related Party Transactions have been made by your Company in compliance with the Listing Agreement.

ACKNOWLEDGEMENTS

Your Directors express their deep gratitude and sincere appreciation for the whole-hearted assistance and co-operation extended to the Company by the Bankers, Financial Institutions, Business Associates, Employees and above all the Shareholders of the Company, who continued to repose utmost faith in the Company.

For and on behalf of the Board

SANJAY DALMIA

Chairman

Place : New Delhi

Dated : 25th May, 2010



ANNEXURE TO THE DIRECTORS' REPORT:

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH, 2010.

Sr. No.	Name	Designation / Nature of Duties	Remuneration (Rupees)	Qualifications	Experience (years)	Date of Commencement of Employment	Age (years)	Last Employment held before joining this Company and also the designation & number of years put in there
1	J P Khetan	Managing Director	5461646	Inter Arts	46	10.02.1979	67	Dalmia Industries Ltd., as Commercial Manager, 7 Years
2	Viney Mehra	Director (Technical)	5814992 Engg.	Dip. in Prodn.	44	19.11.1984	63	ITC Ltd., Asst. Production Manager, 18 Years.
3	A K Joshi	Director (Finance)	5794065	B.Com., FCA	30	01.02.1993	52	Chinar Exports Ltd., Sr.Mgr Fin/Accounts, 2 Years.
4	Dr Abhijit De	Sr. Vice President (R&D)	3250193	M.Sc, Phd	33	11-04-1986	58	Godfrey Philips India Ltd., R & D Manager, 7 Years.
5	Sudhee Ranjan	Sr. Vice President (Sales & Mktg)	3865090	B.E. Electro & Comm. Dip in Busi. Admn.	31	01-08-2007	55	External resource to Client Companies.

NOTES:

- 1) Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, House Rent, Medical, Insurance, Re-imbursement of Gas, Electricity and Water expenses and where it is not possible to ascertain the actual expenditure incurred by the company in providing a perquisite, the monetary value of such perquisite is calculated in accordance with the Income Tax Act 1961 and the rules made there under.
- 2) The employees are not related to any Director of the Company.
- 3) The appointment is contractual.
- 4) None of the employees holds by themselves or along with their spouse and dependent children 2% or more of the equity shares of the company.



ANNEXURE TO THE DIRECTORS' REPORT

Information in accordance with Section 217 (1) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2010.

A. CONSERVATION OF ENERGY.

The Company continues to emphasize on conservation of energy, power and other energy sources.

1. As a part of continuous efforts, the company has taken following steps:

- i) Implementation of the latest know-how in each stages of production resulting enhancement in productivity levels.
- ii) Planned maintenance and upgradation of machineries and equipments to ensure optimum energy consumption.
2. Benefits resulted from above for reduction of energy consumption and impact on the cost of production of goods:
 - i) Reduction in specific consumption of electrical energy.
 - ii) Enhanced operational efficiency.

B. TECHNOLOGY ABSORPTION

I. Specific Areas In Which R&D Is Carried Out By The Company:

1. (a) Improving smoke characteristics by formulation of special tobacco additives. Using of these additives resulted in enhancement in tobacco chemistry and thus achieving a product with improved smoking impact.
- (b) Developing blends of Cigars, Tipped Cigars, Pipe Tobacco and Smoking Mixture as per requirement and quality standard of International market.
- (c) Developing of Slim & Super Slim cigarettes of various types for global market.
- (d) On line monitoring of process control parameters, for achieving high quality of product with optimum yield.
- (e) On going development in Packaging in enhancing the appearance in line of international quality and also improving the product durability by adopting advanced packaging technologies.

2. Improving Printing Technologies to achieve high quality printed packaging material.

II. Benefits Derived As A Result Of R&D.

1. (a) Products with Improved smoking properties and offering it to consumers resulting in from improved blends formulated with selective specific additives.
- (b) An appreciable enhancement in export volume. Cigars, & Cigarillos made in various categories of Fruity Flavors resulted in very wide acceptance in the Global Market.
- (c) Resulted a significant entry in the world of highly demanding Slims and Super Slims cigarettes.
- (d) Improved product consistency, yield and minimized fluctuations in tobacco chemistry.
- (e) Impressive packet look and protection of the product from weather changes and increased shelf life.

2. Offering the customers products with International pack design/appearance in line with premium International Brands.

III. Further Plan For Action

Research will be carried out on the above mentioned areas.

IV. Expenditure On R&D

- (a) Recurring : Rs.78.62 lacs
- (b) Total R&D expenditure
As percentage of Gross Turnover : 0.62%
(Technology absorption, adaptation and innovation)
- (c) Efforts in brief, made towards technology, adaptation and innovation.
 1. i) Use of specific additives for improving product quality and smoke characteristics.
 - ii) Monitoring each stage of production to ensure a final product
 - iii) Continuous monitoring at each stage of production to ensure proper cost management with best and highest possible standard in quality parameters
 - iv) Offering customer unique products at a comparative price by continuous development work and close monitoring of each stage ensuring control on cost parameters at various stages of production.
2. Benefits derived as a result of above efforts are quality products at optimized production cost.
3. Technology Imported : NIL

C. ACTIVITIES RELATED TO EXPORTS AND FUTURE OUTLOOK:

Though the export of cigarettes/cigars is highly competitive and is emerging tough due to various restrictions imposed by different countries/governments, Company has performed fairly well in export of its various brands and is confident to escalate the export volume in the years to come.

1. The Company has exported during the year various brands of cigarettes aggregating to Rs. 3913.08 lacs.
2. During the year under review 1111 million sticks were exported.

3. Total foreign exchange used

Travel & Other Expenses : Rs. 27.08 lacs

Total foreign Exchange Earned

Cigarettes : Rs. 3913.08 lacs

Tobacco : Rs. NIL



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The cigarette industry continued its decline in the year 2009-2010, though there was no change in the excise duty. The drastic change in the dynamics of the industry, bringing the price of plain cigarettes on par / more with the filter regular segment remained as it is. The grey market products remained at the same levels. In grey market these segments of cigarettes are being sold at Re. 1/- per stick whereas excise, Vat and other levies alone are more than Re. 1/- per stick. This didn't allow plain segment to stabilise and the losses to the segment continued. And this phenomena further affected our volumes.

This year government gave some relief to mini segment, which should give positive turn to this segment. Also introduction of mini filter (59 mm) in this year budget is a good move by the government.

Some of the States have increased VAT rates which will affect the margin of the Tobacco Industry adversely.

Our company being the market leader in plains/micro segment, we managed to retain some volumes despite of increasing prices, and also converted plains consumers to filter by timely launch of Panama Filter. The marketing strategy in the past year was to create engines for growth in the regular filter and filter kings segment.

This year saw the consolidation of the brands launched earlier. We launched new Cigar with the brand name of Golden Cigar. This product from the stables of Golden Tobacco was received favorably, and was rolled out across the country. But this year budget heavily taxed cigars.

Consolidation on the sales and distribution front, resulting in a leaner sales force with increased manpower productivity will help in improving volumes in coming years.

During the year under review, the cigarette industry has fallen by over 1% compared to the previous year. Due to above reasons industry for plain cigarettes decline by over 90% in last two years.

OPPORTUNITIES, THREATS AND FUTURE OUTLOOK

The grey segment is the biggest threat to the very existence of the industry. There are hundreds of units which have come up in small scale sector across the country. As per an estimate their volume is over 2500 millions sticks every month which is almost 25% of the total industry size. The management has taken up this issue with the Government at the highest level.

DIVERSIFICATION

The management earlier wanted to do realty business by demerger of the cigarette business. However, due to continuous fall in volumes of cigarettes sales it was felt prudent to do the realty business under one entity only. The Demerger plan therefore was shelved. In view of the thrust on infrastructure and housing in the government policy, the realty sector has lot of potential in the time to come. Besides there is lot of gap between demand and supply in the housing sector more particularly in urban areas. The Company has certain surplus assets which have potential for development; hence these properties shall be developed in Joint Ventures with world class developers.

SEGMENT WISE / PRODUCT WISE PERFORMANCE

Segment wise / product wise performance reporting is not applicable to your company since it is a uni-product Company.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has a sound and well defined internal control system commensurate with the size and nature of its business activities, which records transactions and operations; ensures protection against misuse or loss of the Company's assets; ensures efficiency in operations of the plant and facilitates transparency and accuracy of financial reporting. Under the system, regular Internal Audit is conducted to review the existing financial and operating controls, working and the feedback generated is used in improvements. These reports are placed before the Audit Committee for their review at regular intervals. The system is assisted by an Enterprise Resource Planning (ERP) package named BaaN employed at the Baroda and Mumbai office/ unit to ensure efficient operation of the business enterprise.



MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

Your Company endeavors to move ahead with its most valuable resource, its employees. Our progress as a Company is very intimately entwined with the well being of our manpower. Realizing the essence, we have and will continue in the future to have cordial and healthy relations with the Unions at all the three units of Mumbai, Baroda and the Guntur. We pledge to continue to maintain these good industrial relations through concerted positive efforts.

The Company had 906 employees as on 31st March, 2010 as compared to 1061 at the beginning of the year, comprising of 180 in management/supervisory cadres, 140 in the staff cadres and 586 as workmen.

FINANCIAL PERFORMANCE

Due to various adversities as mentioned in the Directors Report, the Company's performance was affected. The gross turnover for the year under review stood at Rs. 15012.89 Lacs as against Rs 17367.80 Lacs of the previous year. The Net Profit/(Loss) before tax for the year under review was Rs. (1129.88) Lacs as against Rs. 67.63 Lacs. After making adjustments for various tax provisions the Net Profit/(Loss) after tax was Rs. (1133.66) Lacs as against Rs. 25.03 Lacs.

CAUTIONARY STATEMENT

The above statements are based on the current scenario and the input available to the Directors. Any extraneous developments may have an impact on the above perceptions.



CORPORATE GOVERNANCE

The Report on the compliance of the Corporate Governance Code for the year 2009-2010 is given below.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company firmly believes in and has consistently endeavoured to practice good Corporate Governance. It endeavours to provide detailed information on various issues concerning the Company's business and financial performance to the shareholders.

The spirit of Corporate Governance has prevailed in the Company and has influenced its decisions and policies. The Company firmly believes in the values of transparency, professionalism and accountability in its dealings with all its stakeholders, customers, suppliers, lenders, employees and with every individual who comes in contact with the Company.

The following is the report on the status and progress made on major aspects of Corporate Governance:

BOARD OF DIRECTORS

In the beginning of the financial year, the Company had ten Directors on its Board. At present the Company has ten Directors on its Board, of which three are executive Directors, i.e. one Managing Director and two Whole-time Directors; one Nominee Director of the Industrial and Financial Construction of India Limited (IFCI), a lender of the Company and six non-executive directors.

The present strength of the Board is ten Directors; consisting of three executive Directors who are non-independent and five are non-executive independent Directors and two are non-executive non-independent Directors.

The composition of the Board of Directors is in conformity with the Corporate Governance Code.

The detailed disclosures of the Board of Directors as on 31st March, 2010, as required under the code are as follows:

Name of the Directors	Category	No. of Board meetings attended out of 9 Board Meetings held during the year 2009-10	Whether attended AGM held on 15.09.2009	Number of Directorships in Other Companies*		No. of Committee positions # held in other Companies *	
				Chairman	Member other than Chairman	Chairman	Member other than Chairman
Shri Sanjay Dalmia	Non-executive, Non -Independent	3	No	1	-	-	-
Shri Anurag Dalmia	Non-executive, Non -Independent	3	No	-	1	-	-
Shri R.R. Kumar	Non-executive, Independent	4	Yes	1	5	1	3
Shri J. P. Khetan	Managing Director, Non Independent	9	Yes	-	2	-	-
Shri Viney Mehra	Whole-time Director, Non Independent	9	Yes	-	-	-	-
Shri A.K. Joshi	Whole-time Director, Non Independent	8	Yes	-	2	-	-
Shri M. H. Patil	Non-executive, Independent	1	No	-	-	-	-
Shri V. K. Bhandari	Non-executive, Independent	5	Yes	-	8	4	2
Shri Bharat B. Merchant	Non-executive, Independent	9	Yes	-	1	-	-
Shri D. K. Jain	IFCINominee, Independent	3	No	-	2	-	-
Shri V. Anish Babu	IFCINominee, Independent	6	Yes	-	-	-	-
**Shri Rishabh Jain	Non-executive, Independent	1(out of 9)	No	-	3	-	-

* Excluding directorship in Private Companies.

Represents Membership/ Chairmanship of Audit Committee and Share Transfer cum Shareholders' Investors' Grievance Committee.

None of the Directors on the Board is the member of more than 10 committees and chairman of more than 5 committees {as specified in clause 49 (C) (ii)} across all the companies in which he is a director.

None of the executive/non-executive directors hold any shares in the Company except Shri J P Khetan, Shri Viney Mehra, executive directors, Shri Bharat B. Merchant, non-executive independent director and Shri V. K. Bhandari, non-executive independent director who



hold 1950, 1000, 100 and 80 shares respectively in the Company.

Number of Board Meetings held during the year ended 31st March, 2010 and Dates of the Meetings.

During the year under review, Nine Board Meetings were held and the gap between two meetings did not exceed four months. The dates on which Board meetings were held are 27th May, 2009, 21st June, 2009, 31st July, 2009, 15th September, 2009, 31st October, 2009, 1st December, 2009, 21st December 2009, 30th January, 2010 and 16th February, 2010.

II COMMITTEES OF THE BOARD

The constitution of the Audit Committee, Share Transfer cum Shareholders'/Investors' Grievance Committee and Remuneration Committee remained unchanged. All the Committees are delegated with adequate powers to discharge their functions as described in their terms of reference.

A) AUDIT COMMITTEE

The Audit Committee of the Company provides reassurance to the Board on the existence of an effective internal control environment. The Audit Committee is empowered to investigate any activity within its terms of reference and to seek any information it requires from any employee.

Composition

The Audit Committee for the financial year ending on 31st March, 2010 comprised of three members viz., Shri R. R. Kumar (as Chairman), Shri Bharat B. Merchant, and Shri V. Anish Babu, non-executive independent Directors of the Company. Shri R.R.Kumar, former Chairman and Managing Director of Union Bank of India is having good financial and accounting background. Shri Bharat B. Merchant is a Solicitor, and Shri V. Anish Babu is in service with IFCI as Sr. Associate Vice President and is a nominee Director of IFCI and all are financially literate. Shri Sunil Kr. Dhandhania, Dy. General Manager (Commercial & Taxation) is the Compliance Officer of the Company.

During the year ended 31st March, 2010, five meetings of the Audit Committee were held on 27th May, 2009, 21st June, 2009, 31st July, 2009, 31st October, 2009 and 30th January, 2010 and the time gap between the two meetings is less than four months as per the listing requirement. Necessary quorum was present during the aforesaid meetings. All the members of the Audit Committee had attended all the five meetings except Shri R. R. Kumar who had attended only four meetings. The Director (Finance), the Head of the Internal Audit and the representatives of the Statutory Auditors were invitees at the meetings of the Audit Committee. The invitees have attended all the Audit Committee Meetings during the year 2009-10.

The Committee inter alia dealt with accounting / audit matters, review of financial reporting systems, internal controls systems and ensuring compliance with regulatory guidelines. The powers and terms of reference of the Audit Committee are in line with the guidelines set out in the Listing Agreement read with Section 292A of the Companies Act, 1956.

B) REMUNERATION COMMITTEE

The Remuneration Committee of the Company recommends to the Board the compensation terms of Executive Directors. The recommendations of the Compensation Committee are considered and approved by the Board subject to the approval of the Shareholders, the Central Government wherever applicable.

Composition

The Remuneration Committee for the financial year ending on 31st March 2010 comprised of Directors, Shri R. R. Kumar, Shri Bharat B. Merchant, with Shri R. R. Kumar as the Chairman. The scope and function of the Remuneration Committee covers the requirements of the code of Corporate Governance of the Listing Agreement and the provisions of Schedule XIII and any other provisions, if any, of the Companies Act, 1956. Meetings of the Remuneration Committee was held on 20th June, 2009 and 30th January, 2010 during the year.

Remuneration to Directors:

Details of Remuneration paid to the Directors for the year ended 31st March, 2010.

Sr. No.	Name of the Directors	Salaries Rs.	Perquisites Rs ##.	PF & Superannuation Fund Rs.	Sitting fees (incl. Committee Meetings) Rs.	Total Rs.	Stock Option
1.	Shri Sanjay Dalmia	-	-	-	15,000	15,000	-
2.	Shri Anurag Dalmia	-	-	-	15,000	15,000	-
3.	Shri R. R. Kumar	-	-	-	1,05,000	1,05,000	-
4.	Shri Bharat B. Merchant	-	-	-	75,000	75,000	-
5.	Shri M. H. Patil	-	-	-	50,000	50,000	-
6.	Shri D. K. Jain	-	-	-	30,000	30,000	-
7.	Shri V. K. Bhandari	-	-	-	25,000	25,000	-
8.	Shri Rishabh Jain	-	-	-	5,000	5,000	-
9.	Shri V. Anish Babu	-	-	-	40,000	40,000	-
10.	Shri A.K. Joshi	40,70,160	11,95,881	5,28,768	-	57,94,809	-
11.	Shri Viney Mehra	40,70,160	12,16,808	5,28,768	-	58,15,736	-
12.	Shri J. P. Khetan	29,32,560	18,45,690	6,84,288	-	54,62,538	-
	Total	1,10,72,880	42,58,379	17,41,824	3,60,000	1,74,33,083	-

All perquisites are evaluated as per Income-tax Rules, 1962 and in the absence of any such rules evaluations are made at actual cost.



The Company did not have any pecuniary relationship or transactions with Non Executive Directors except payment of sitting fees, reimbursement of expenses incurred for travel etc. for attending Board / Committee Meetings.

Besides Sitting Fees being paid to Non Executive Directors in accordance with the provisions of the Companies Act, 1956 and Articles of Association, no other remuneration is being paid to them by the Company.

Except Commission @ 2% and 0.5% of the net profit of the Company calculated as per section 349 of the Companies Act, 1956 payable to Managing Director and Whole-time Directors respectively, no other performance linked incentive is paid to any other director of the Company. However, in view of the accumulated losses, no commission has been paid to Managing Director / Whole-time Directors for the year 2009-10. Notice period, severance fee and performance linked incentives are not stipulated in their terms of appointments.

C) Share Transfer cum Shareholders' / Investors' Grievance Committee

The above Committee meets at regular intervals to approve transfers and look into the redressal of investors complaints, and to attend to share transfer and other related matters. The composition of the Share Transfer cum Shareholders'/Investors' Grievance Committee and details of the meeting attended by the Directors are given below:

Name of member	Category	No. of meetings attended out of 22 meetings held during the year 2009-2010
Shri R. R. Kumar- Chairman	Non-Executive Independent Director	12
Shri M. H. Patil	Non-ExecutiveIndependent Director	7
Shri Viney Mehra	ExecutiveNon- Independent Director	18
Shri A. K. Joshi	ExecutiveNon-Independent Director	21

Shri Sunil Kr. Dhandhania, Dy. General Manager (Commercial & Taxation) is the Compliance Officer to monitor the share transfer process, shareholders' grievances and complaints, and to liaise with regulatory authorities. His address and contact details are as given below:

Address : "Tobacco House"

S.V. Road
Vile Parle (West)
Mumbai- 400056

Phone : 26713951

Fax No. : 26715481

Share Transfer details meeting-wise:

Date of Meeting	Total No. of Shares Transferred
09.04.2009	255
23.04.2009	331
11.05.2009	210
27.05.2009	550
15.06.2009	50
01.07.2009	370
16.07.2009	100
03.08.2009	477
21.08.2009	1175
10.09.2009	280
29.09.2009	862

Date of Meeting	Total No. of Shares Transferred
15.10.2009	306
31.10.2009	25
16.11.2009	160
01.12.2009	424
14.12.2009	255
29.12.2009	100
13.01.2010	535
30.01.2010	494
15.02.2010	70
02.03.2010	805
18.03.2010	40

All transfers received have been processed within the prescribed time with no pending transfers as on 31st March, 2010. The Company has received 02 complaints during the financial year ended 31st March, 2010 and all are resolved during the year and there is no pending complaint as at year end at the Company or at the Registrar and Transfer Agent, M/s. Link Intime India Private Ltd.

III General Body Meetings

- (i) The Extra Ordinary General Meeting of the Company was held on Monday, the 18th January, 2010 at 11.00 a. m. at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai –400056
- (ii) The last three Annual General Meetings of the Company were held on Tuesday, the 15th September, 2009 at 3.30 p.m, Monday, the 14th July, 2008 at 3.00 p.m and Tuesday, the 24th July, 2007 at 3.00 p.m. at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai – 400056.



(iii)	Year	Particulars of Special Resolutions Passed
	2009	1. Re-appointment of Shri A K Joshi as Whole-time Director of the Company. 2. Re-appointment of Shri Viney Mehra as Whole-time Director of the Company. 3. Fixation of Managerial Remuneration of Shri J. P. Khetan, Managing Director of the Company.
	2008	1. Change of Name of the Company from GTC Industries Limited to Golden Tobacco Limited.
	2007	1. Re-appointment of Shri A K Joshi as Whole-time Director of the Company. 2. Re-appointment of Shri Viney Mehra as Whole-time Director of the Company.

(iv) No special resolution has been put through postal ballots in the last Annual General Meeting.

(v) No special resolution requiring a postal ballot is being proposed at the ensuing AGM.

IV Disclosures

- (i) During the year under review, besides the transactions reported in the Notes to the Accounts for the year, there were no other related party transactions of material nature by the Company with its promoters, directors, management and subsidiaries or relatives etc. that had a potential conflict with the interests of the Company at large.
- (ii) The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.
- (iii) The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimisation procedures and periodical reviews to ensure that risk is controlled by the Executive Management.
- (iv) The Company has duly complied with all the mandatory requirements.
- (v) Compliance with Non-mandatory requirements is furnished separately under the heading 'Non- Mandatory Requirements'.

V. Means of Communication

1. Financial Results

- a) The quarterly / half-yearly / annual unaudited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors.
- b) No half yearly report was sent to the shareholders; however the same was published in the newspapers.
- c) The quarterly unaudited financial results are normally published in one English and one local language Newspaper i.e. Nav Shakti, and Free Press Journal.
- d) The quarterly unaudited financial results are displayed on the official website of the Company and whenever there will be any official release; the same will be displayed on the website. The Name of the website is www.goldentobacco.in

2. No presentation to any institutional investors or analysts has been made during the year ended 31st March, 2010.

VI. Golden Tobacco Limited Code for Prevention of Insider Trading Practices

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board of Directors of the Company formulated the Golden Tobacco Limited Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company by its employees. The Golden Tobacco Limited Code, inter alia, prohibits purchase / sale of shares by employees, while in possession of unpublished price sensitive information in relation to the Company. Shri Sunil Kr. Dhandhania, Dy. General Manager (Commercial & Taxation) has been appointed as the Compliance Officer by the Board of Directors to implement the provisions of the aforesaid Insider Trading Regulations.

VII. Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Management of the Company to ensure adherence to a high ethical professional conduct by them in the discharge of their duties. The Code of Conduct has also been posted onto the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2009-10.

VIII. General Shareholders Information

I. 54th Annual General Meeting

The Annual General Meeting for the year ended 31st March, 2010 is scheduled to be held on Saturday 18th day of September, 2010 at 3:00 p. m., at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai – 400056.

II. Appointment/Re-Appointment of Directors

Shri Sanjay Dalmia, Shri Anurag Dalmia and Shri Bharat B Merchant will be liable to retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. Following is the brief profile of the Directors:

Shri Sanjay Dalmia

Shri Sanjay Dalmia has been appointed as Chairman of the Board. He is an Arts graduate with over 41 years of experience in industries and business management and is Chairman of several companies. He has actively participated in various courses and seminars conducted by national and international agencies on banking, finance, taxation and industrial development.



Shri Anurag Dalmia

Shri Anurag Dalmia has been appointed as Vice Chairman of the Board. He is a graduate with over 28 years of experience in business management and is a director on the board of several companies

Shri Bharat B Merchant

Shri B. B. Merchant is Solicitor by profession. He has done his graduation with honours in Arts and holds a Masters Degree in Law. He started his career as a Practising Advocate and was admitted in the Bar Council of Maharashtra in May, 1970. From November, 1972 onwards, he became a Solicitor and was then appointed as Attorney. Presently, he is a Senior Partner in the firm M/s. Thakordas and Madgavkar, Advocates & Solicitors, one of the largest legal firms in India and is actively in conducting arbitration, commercial litigation and attending corporate and property matters. He is a Member of the Bombay Incorporated Law Society. He holds 100 equity shares in the Company.

III. Financial Calendar

Calendar of events for the Financial Year 2010- 2011 is as under:

Audited Annual Results for Previous Year ended 31 st March, 2010.	Within 30th May, 2010
Unaudited First Quarter Results	By end of July, 2010
Unaudited Second Quarter Results	By end of October, 2010
Unaudited Third Quarter Results	By end of January, 2011
Unaudited Fourth Quarter Results	By end of April, 2011

IV. Date of Book Closure

Saturday, the 11th day of September, 2010 to Saturday, 18th day of September, 2010 (both days inclusive).

V. Listing on Stock Exchanges and Stock Code

Name of the Stock Exchange	Stock Code No.
National Stock Exchange of India Ltd., Exchange Plaza, 5 th Floor, Plot No. C/1, 'G' Block, Bandra – Kurla Complex, Mumbai – 400 051.	5251
Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 021.	151

Presently, the Company's Equity Shares are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The listing fees for the year 2010-2011 has been paid to National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.

VI. Market Price Data:

PERFORMANCE IN COMPARISON TO BOARD BASED INDICES SUCH AS BSE SENSEX, NSE NIFTY

Monthly High and Low Quotations during the year.

BSE Sensex

Month	High(Rs.)	Low(Rs.)	Sensex	
			High	Low
April, 2009	57.85	40.90	11492.10	9546.29
May, 2009	83.00	48.75	14930.54	11621.30
June, 2009	100.30	72.10	15580.81	14016.95
July, 2009	83.90	56.50	15463.46	13219.99
August, 2009	96.90	63.50	16002.46	14684.45
September, 2009	106.55	83.60	17142.52	15356.72
October, 2009	107.00	81.00	17493.17	15805.20
November, 2009	126.55	77.00	17290.84	15330.56
December, 2009	124.35	101.00	17486.05	16577.78
January, 2010	150.45	120.00	17790.33	15982.08
February, 2010	146.60	121.25	16669.25	15651.99
March, 2010	134.50	108.00	17793.01	16438.45



NSE NIFTY

Month	High(Rs.)	Low(Rs.)	Nifty	
			High	Low
April, 2009	57.80	40.25	3517.25	2965.70
May, 2009	83.00	47.15	4509.40	3478.70
June, 2009	101.00	71.05	4688.95	4143.25
July, 2009	81.60	57.00	4669.75	3918.75
August, 2009	96.45	63.05	4743.75	4359.40
September, 2009	106.20	82.35	5087.60	4576.60
October, 2009	106.85	80.10	5181.95	4687.50
November, 2009	126.65	76.20	5138.00	4538.50
December, 2009	125.65	100.00	5221.85	4943.95
January, 2010	151.20	120.00	5310.85	4766.00
February, 2010	146.40	120.75	4992.00	4675.40
March, 2010	138.45	109.05	5329.55	4935.35

VII. Distribution of Shareholding as on March 31, 2010

No. of shares	No. of Shareholders		No. of shares		% of Total Shares	
	Physical	Demat	Physical	Demat	Physical	Demat
1 – 500	14822	18652	1302595	2098792	7.40	11.92
501 – 1000	145	835	104914	652777	0.59	3.71
1001 – 2000	59	330	68447	505412	0.39	1.87
2001-3000	13	129	31807	329212	0.18	1.87
3001-4000	06	59	20650	212149	0.12	1.20
4001-5000	03	45	13726	216613	0.08	1.23
5001-10000	05	77	36610	550729	0.21	3.13
10001and above	08	92	1804786	9659583	10.25	54.85
Total	15061	20219	3383535	14225267	19.22	80.78

VIII. Shareholding Pattern as on March 31, 2010

Sr. No.	Shareholders	No. of Shares Demat	No of Shares Physical	Total	% Shareholding
1.	Promoters	2982626	1805396	4788022	27.19
2.	Financial Institutions	-	9980	9980	0.06
2.	Banks	101855	3385	105240	0.60
3.	Mutual Funds	190	850	1040	0.01
4.	FIs	793320	-	793320	4.51
4.	Bodies Corporates	4659004	19054	4678058	26.56
5.	Non-Resident	65143	18840	83983	0.47
6.	General Public	5623129	1526030	7149159	40.60
	Total	14225267	3383535	17608802	100.00

IX. GDR's/ADR's

The Company has not issued any GDR's/ADR's and there are no warrants or any convertible instruments outstanding.

X. Plant Locations

Unit – I	Unit – II
Registered Office Tobacco House, S. V. Road, Vile Parle (West), Mumbai – 400 056.	At. Darjipura, P.O. Amliyera, Halol Road, Vadodara – 390022.



XI. Share Transfer System & Registrar and Transfer Agent

On receipt of the applications for transfers, deletion of names, transmission etc. in physical form and if the same are found to be in order are normally registered by our Registrar and Share Transfer Agent within the stipulated period as mentioned in the listing agreement of the stock exchanges. Also the shares under objections are returned within the stipulated time frame.

E-mail i.d. for shareholders grievance is share@goldentobacco.in and Toll Free No. is 1800 22 39 51

M/s. Link Intime India Private Ltd., have been appointed as the Registrar and Transfer Agent for Share Transfer work in physical as well as dematerialisation form with effect from 1st April, 2003.

Their address is as under:

Link Intime India Private Ltd.

Head Share Registry

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

Telephone: 25963838 Fax: 2567 2693

Email: isrl@vsnl.com

However, shareholders holding shares in the electronic mode should address all correspondence to their respective Depository Participants.

XII. Dematerialisation of Shares

As per SEBI's Circular, the Company's shares are put under compulsory trading in dematerialised form in all the Stock Exchanges where the Equity shares of your Company are listed. The electronic connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) has been established and M/s Link Intime India Private Ltd. is acting as Registrar for Electronic Connectivity with NSDL and CDSL.

The ISIN allotted to your Company is INE973A01010. As on 31st March, 2010, around 14225267 (80.78%) shares of your Company have been dematerialized.

XIII. Risk Management Framework

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are being reviewed periodically to ensure the executive management controls risk through means of a properly defined framework.

XIV. Management Discussion and Analysis Report

Management Discussion and Analysis Report given as a Separate Section after the end of the Directors' Report.

XV. Non-Mandatory Requirements:

Remuneration Committee:

The Company has set up a Remuneration Committee as per the details under Item No. II (B) of this Report.

OTHER REQUIREMENTS:

The Company is yet to adopt other Non Mandatory Requirements like maintenance of Non Executive Chairman's Office, Sending of the Half Yearly financial performance including summary of significant events in past six months to shareholders, restricting the tenure of the independent directors in the aggregate to a period of nine years on the Board of the Company, unqualified financial statements, training of Board Members, mechanism of evaluation of Non Executive Board Members and Whistle Blower Policy and would be complied with at an appropriate time. As there was no occasion during the year under review for obtaining Shareholders Approval through Postal Ballot, the Company was not required to conduct Postal Ballot.

DECLARATION BY CEO

I, J. P. KHETAN, MANAGING DIRECTOR of Golden Tobacco Limited, having Registered Office at "Tobacco House", Vile Parle (West), Mumbai- 400 056 hereby certify and acknowledge that all the members of the Board of Directors and the Senior Management Personnel of the Company have complied with the Code of Conduct of the Company and have already given the Annual Affirmation of the compliance with the Code of Conduct.

For GOLDEN TOBACCO LIMITED

J. P. KHETAN

(MANAGING DIRECTOR)

The Board of Directors of
Golden Tobacco Limited
Tobacco House, S V Road
Vile Parle (West)
Mumbai- 400 056

Date: 25th May, 2010



CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We hereby certify that for the financial year 2009-10 we have reviewed the Annual Accounts, financial statements and the Cash Flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations except to the extent explained in point 11A of schedule Q of the notes to accounts.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-10 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of internal control systems and have taken the required steps to rectify the deficiencies.
5. We further certify that:-
 - a) There have been no significant changes in internal control over financial reporting during this year.
 - b) There have been no significant changes in accounting policies during this year.
 - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

J. P. KHETAN
(Managing Director)

A. K. JOSHI
Director (Finance)

XIII. Compliance Certificate from Auditors of the Company is annexed to this Report.

J. P. KHETAN
(Managing Director) **A. K. JOSHI**
Director (Finance)

Place: New Delhi

Dated: 25th May, 2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE AS ANNEXURE TO THE REPORT OF THE DIRECTORS.

To the Members of Golden Tobacco Limited,

We have examined the compliance of the conditions of Corporate Governance by Golden Tobacco Limited ("the company") for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations given by the Management of the company, we certify that the Company has generally complied in all material with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements except that there was no Company Secretary during the year.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar and Share Transfer Agent of the Company to the Share Transfer Cum Share Holders / Investors' Grievance Committee, as on 31st March, 2010 and as per the records maintained by the Company, there were no investor grievances matters against the Company remaining unattended / pending for more than thirty days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For LODHA & CO.
Chartered Accountants

A. M. HARIHARAN
PARTNER
M.NO.38323

Place: Mumbai

Dated: 25th May, 2010



AUDITORS' REPORT

To

The Members,

Golden Tobacco Limited

1. We have audited the attached Balance Sheet of Golden Tobacco Limited as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement 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 the 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 (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (herein after referred to as the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - (b) *In accordance with the consistent practice followed by the Company, no provision has been made in the accounts in respect of the estimated total liability for future payment of gratuity of Rs. 11,21,23,631 determined on the basis of actuarial valuation. The accounting method of providing gratuity liability as and when due is not in accordance with the accounting method prescribed in Accounting Standard 15 of "Accounting for Employee Benefits" issued by Companies (Accounting Standards) Rules, 2006. (Refer Note no.11(a) in Schedule 'Q' to the accounts);*
 - (c) *Certain Sundry Debtors and Loans & Advances aggregating to Rs.3,09,91,797 which have been classified by the management as 'considered good' are, in our opinion, doubtful of recovery and require to be provided for. (Refer Note no.7 in Schedule 'Q' to the accounts).*
 - (d) Subject to what is stated in paragraph 4(b) above, 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 those books;
 - (e) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - (f) Subject to what is stated in paragraph 4(b) above, in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable ;
 - (g) On the basis of written representations received from Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director of the Company in terms of Section 274(1)(g) of the Act ;
 - (h) *We further report that, without considering the matter referred to in clause 1(b) of the Annexure to this report, the effect of which could not be determined, had the observations made by us in paragraph 4(b) and 4(c) above been considered, the loss for the year would have been Rs.25,64,81,758 (as against reported loss figure of Rs.11,33,66,330), accumulated losses would have been Rs.44,47,63,067 (as against reported figure of Rs.30,16,47,639), current assets, loans & advances would have been Rs.255,26,25,130 (as against reported figure of Rs.258,36,16,927 and current liabilities would have been Rs.148,28,21,574(as against reported figure of Rs.137,06,97,943) ;*
 - (i) *We draw attention to Note no.15(a) regarding recognizing of Rs.18,57,70,353 as "Other Income" being the differential amount between fair market value on the date of conversion and the actual cost in respect of Land situated at Guntur, Eluru, Kanchikera, Chickpet and Martur at Andhra Pradesh and transferred from fixed assets to stock-in-trade.*
 - (j) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements subject to our comments in paragraph 4(h) above and read together with Note no.2 regarding contingent liabilities and Note no.11(b) regarding amount invested in and advances due from Western Express Industries Limited, a subsidiary Company, Note no.24 regarding certain amount of remuneration payable to directors for which the Central Government approval is being obtained and other notes appearing in Schedule 'Q' of "Significant Accounting Policies and Notes to accounts" and those appearing elsewhere in the accounts, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 ;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date ; and
 - (c) in the case of the Cash Flow statement, of the Cash Flows of the Company for the year ended on that date.

For LODHA & CO.
Chartered Accountants
A.M.HARIHARAN
Partner

Membership No.38323
Firm Registration No. : 301051E

Place: New Delhi
Dated: 25th May, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of Auditors' Report of even date on the financial statements for the year ended and as on 31st March, 2010 of Golden Tobacco Limited)

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) During the year, the management has physically verified the fixed assets in accordance with a phased programme which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on such verification have been dealt with in the books of account except a Building/Flat- Gross Block Rs.66,44,825 (Net Block Rs.43,83,159) which is under the custody of third party for a long time. In view of this, we are unable to comment as to when the said Flat would be released to the Company and on the ultimate realisability of the carrying value thereof (Refer Note no. D in Schedule 'E' to the accounts).
(c) During the year, no substantial part of the fixed assets has been disposed off by the Company.
2. (a) The inventories of the Company at all its locations have been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit as on 31st March, 2010 have been verified with reference to confirmation or statement of account or correspondence obtained from the third parties and /or subsequent receipt of inventory.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company has maintained proper records of inventory and the discrepancies noticed between the physical stocks and the book records were not material considering the operations of the Company and have been properly dealt with in the books of account.
3. The Company has not taken or granted any loans, secured or unsecured, from / to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that purchase of certain items of fixed assets and inventory are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor we have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under the said Section have been so entered.
(b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 Lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any fixed deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and rules framed thereunder.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
8. As per the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products of the Company for the year under review.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable have generally been regularly deposited by the Company during the year with the appropriate authorities and there were no arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
(b) According to the records of the Company and the information and explanations given to us by the management, there are no amounts in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute except for the amounts mentioned below :

NAME OF THE STATUTES	NATURE OF DUES	PERIOD TO WHICH IT RELATES	AMOUNT (IN RS.)	FORUM WHERE DISPUTED
Tamilnadu General Sales Tax Act, 1959	Sales Tax	1993-98	6,88,531	Commissioner (Appeals)
Employees' State Insurance Act, 1948	ESIC	Various Years	1,818,839	Deputy Regional Officer
Entry Tax (Various States)	Entry Tax	Various Years	165,875,886	High Court
Entry Tax – Madhya Pradesh	Entry Tax	Various Years	4,548,609	Supreme Court
Income Tax Act, 1961	Income Tax	Various Years	1,587,428,126	Income tax Appellate Tribunal
			5,893,404,418	Commissioner (Appeals)
			9,18,06,199	Assessing Officer
Central Excise Act, 1944	Excise Duty	Various Years	301,757,161	Supreme Court
			50,356,013	High Court
			327,024,952	Customs Excise Service Tax Appellate Tribunal
			9,188,549	Upto Commissioner Level



10. The accumulated losses of the Company at the end of the financial year are more than 50% of its net worth after considering, interalia, the matters referred in para 4 (b) and 4(c) of the auditor report and without considering the matters referred to in clause 1(b) herein above, the effect of which could not be determined. The Company has incurred cash losses during the current financial year as well as in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a nidhi /mutual benefit fund/society, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are, *prima facie*, not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loan was applied for the purposes for which it was obtained.
17. According to the information and explanations given to us and on an overall examination of the Cash Flow statement and Balance Sheet of the Company, in our opinion, the funds raised on short-term basis have, *prima facie*, not been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act or in the recent past.
19. According to the information and explanations given to us, securities have been created in respect of debentures privately placed with IFCI Ltd.
20. The Company has not raised any money by way of public issue during the year or in the recent past.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For LODHA & CO.
Chartered Accountants

A.M.Hariharan
Partner
Membership No.38323
Firm Registration No. : 301051E

Place: New Delhi
Dated: 25th May, 2010



BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
I. SOURCES OF FUNDS			
1) Shareholders' Funds:			
(a) Capital	A	17,58,80,212	17,58,79,312
(b) Reserves and Surplus	B	67,38,87,899	<u>110,42,00,303</u>
		84,97,68,111	<u>128,00,79,615</u>
2) Loan Funds:			
(a) Secured Loans	C	93,06,21,675	103,73,58,606
(b) Unsecured Loans	D	4,65,00,000	<u>3,90,00,000</u>
		97,71,21,675	<u>107,63,58,606</u>
TOTAL		<u>182,68,89,786</u>	<u>235,64,38,221</u>
II. APPLICATION OF FUNDS			
1) Fixed Assets:	E		
(a) Gross Block		98,68,10,007	142,53,73,771
(b) Less: Depreciation		72,74,35,399	<u>76,78,14,488</u>
(c) Net Block		25,93,74,608	65,75,59,283
2) Investments	F	8,64,45,889	8,64,45,889
3) Current Assets, Loans and Advances:			
(a) Inventories	G	100,35,50,593	95,68,80,880
(b) Sundry Debtors	H	10,42,70,643	13,51,25,449
(c) Cash and Bank Balances	I	2,41,75,299	3,76,77,045
(d) Loans and Advances	J	145,16,20,392	<u>105,15,48,542</u>
		258,36,16,927	<u>218,12,31,916</u>
Less : Current Liabilities and Provisions:			
(a) Current Liabilities	K	137,06,97,943	72,19,39,457
(b) Provisions	L	3,34,97,334	<u>3,51,40,719</u>
		140,41,95,277	<u>75,70,80,176</u>
Net Current Assets		117,94,21,650	<u>142,41,51,740</u>
4) Profit and Loss Account (Loss)		30,16,47,639	<u>18,82,81,309</u>
TOTAL		<u>1,82,68,89,786</u>	<u>235,64,38,221</u>
Significant Accounting Policies and Notes to the Accounts	Q		

The Schedules referred to above form an integral part of the Accounts.
As per our Report of even date attached

For LODHA & CO.
Chartered Accountants

A. M. HARIHARAN
PARTNER
M.NO.38323

SANJAY DALMIA
ANURAG DALMIA
J. P. KHETAN
A. K. JOSHI
BHARAT B. MERCHANT
V. K. BHANDARI

Chairman
Vice-Chairman
Managing Director
Whole-time Director
Director
Director

Place : New Delhi
Dated : 25th May, 2010



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

	Schedule	CURRENT YEAR	PREVIOUS YEAR
		Rupees	Rupees
INCOME			
Sales		150,12,89,753	173,67,80,413
Less : Excise Duty		63,65,55,715	89,19,29,803
		86,47,34,038	84,48,50,610
Other Income	M	28,19,13,240	47,15,66,969
Variation in Stock	N	(-) 1,54,06,365	(-) 17,75,984
		113,12,40,913	131,46,41,595
EXPENDITURE			
Manufacturing, Trading and Other Expenses	O	108,97,40,933	115,74,87,222
Interest and Commitment Chares (net)	P	13,41,91,414	12,49,15,569
Depreciation/Amortisation		2,58,13,824	3,19,54,135
Less: Transferred from Revaluation Reserve		55,16,928	64,78,681
		2,02,96,896	2,54,75,454
		124,42,29,243	130,78,78,245
PROFIT/(-) LOSS BEFORE TAXATION		(-) 11,29,88,330	67,63,350
Provision for Taxation :			
Current Tax		(-) 3,78,000	(-) 11,70,000
Fringe Benefit Tax		—	(-) 30,90,000
		(-) 3,78,000	(-) 42,60,000
PROFIT/(-) LOSS AFTER TAXATION		(-) 11,33,66,330	25,03,350
Balance brought forward from previous year		(-) 18,82,81,309	(-) 19,07,84,659
Balance carried to Balance Sheet (Loss)		(-) 30,16,47,639	(-) 18,82,81,309
Basic & Diluted Earnings Per Share (Face Value of Rs. 10 each)		(6.45)	0.14
Significant Accounting Policies and Notes to the Accounts	Q		

The Schedules referred to above form an integral part of the Accounts.
As per our Report of even date attached

For LODHA & CO.
Chartered Accountants

SANJAY DALMIA

Chairman

ANURAG DALMIA

Vice-Chairman

J. P. KHETAN

Managing Director

A. M. HARIHARAN
PARTNER
M.NO.38323

A. K. JOSHI

Whole-time Director

BHARAT B. MERCHANT

Director

V. K. BHANDARI

Director

Place : New Delhi
Dated : 25th May, 2010



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

	CURRENT YEAR RUPEES	PREVIOUS YEAR RUPEES
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	(112,988,330)	6,763,350
Adjustments for :		
Depreciation	20,296,896	25,475,454
Interest Expenses	4,778,407	126,786,158
Interest received (other than investment)	(586,993)	(1,870,589)
Dividend and interest from Investment	(854,984)	(1,037,604)
(Profit) /loss on sale of fixed assets(net)	(46,040,558)	(10,130,198)
Excess / short provision of earlier years	(25,036,491)	(174,306,757)
Fixed assets discarded/written off	16,220	50,078
Surplus on Conversion of Land into Stock- in-Trade	(185,770,353)	(247,773,375)
Investment written off	-	10,000
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>(216,186,186)</u>	<u>(276,033,483)</u>
Adjustments for :		
Trade and Other receivables	(358,562,077)	158,630,140
Inventories	140,724,935	(126,992,657)
Trade payables	674,585,996	(7,023,513)
CASH GENERATED FROM OPERATIONS	<u>240,562,667</u>	<u>(251,419,513)</u>
Direct taxes paid	(15,468,037)	(10,435,860)
CASH FLOW BEFORE EXCEPITONAL ITEMS	<u>225,094,630</u>	<u>(261,855,373)</u>
NET CASH FLOW FROM/USED IN OPERATING ACTIVITIES (A)	<u>225,094,630</u>	<u>(261,855,373)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(54,485,173)	(5,235,359)
Sale of Fixed Assets	46,458,493	10,564,275
Sale of Investments	-	1,546,500
Purchase of Investments	-	(500,000)
Dividend and Interest from Investment	854,984	1,037,604
NET CASH FROM / (USED) IN INVESTING ACTIVITIES (B)	<u>(7,171,696)</u>	<u>7,413,020</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(99,236,932)	314,404,654
Share Capital	300	528
Share Premium	2,700	4,752
Interest paid	(134,778,407)	(126,786,158)
Dividend paid	(2,434,404)	(2,434,404)
Interest received (other than investment)	586,993	1,870,589
NET CASH FROM FINANCING ACTIVITIES (C)	<u>(235,859,750)</u>	<u>187,059,961</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(17,936,816)</u>	<u>(67,382,392)</u>
OPENING CASH AND CASH EQUIVALENTS	27,942,575	95,324,966
CLOSING CASH AND CASH EQUIVALENTS	10,005,759	27,942,575

Note: Previous year's figures have been regrouped wherever necessary.

As per our Report of even date attached

For LODHA & CO.
Chartered Accountants

A. M. HARIHARAN
PARTNER
M.NO.38323

SANJAY DALMIA
ANURAG DALMIA
J. P. KHETAN
A. K. JOSHI
BHARAT B. MERCHANT
V. K. BHANDARI

Chairman
Vice-Chairman
Managing Director
Whole-time Director
Director
Director

Place : New Delhi
Dated : 25th May, 2010



SCHEDULES TO THE ACCOUNTS AS AT 31ST MARCH, 2010

		CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees	Rupees
SCHEDULE A: SHARE CAPITAL			
Authorised :			
2,50,00,000	Equity Shares of Rs.10 each	250,000,000	250,000,000
10,00,000	Preference Shares of Rs.100 each	<u>100,000,000</u>	100,000,000
		<u>350,000,000</u>	350,000,000
Issued :			
1,76,08,802	(Previous Year 1,76,08,802)	176,088,020	176,088,020
	Equity Shares of Rs.10 each		
Subscribed and paid up:			
1,75,97,956	(Previous Year 1,75,97,858)	175,979,560	175,978,580
	Equity Shares of Rs.10 each		
Add : 60	(Previous Year 98)	<u>600</u>	980
	Bonus Shares allotted during the year		
		<u>175,980,160</u>	<u>175,979,560</u>
Less : Allotment/Call money unpaid - Other than Directors			
		99,948	100,248
		<u>175,880,212</u>	<u>175,879,312</u>
1. Of the above Shares :			
(i) 30,000	(Previous Year 30,000)Equity Shares of Rs.10 each were allotted as fully paid pursuant to a contract without payment being received in cash.		
(ii) 92,92,515	(Previous Year 92,92,455)Equity Shares of Rs.10 each were allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve and Securities Premium Account.		
2. 10,786	(Previous Year 10,846)Equity Share of Rs.10 each to be allotted as Bonus Shares on receipt of Allotment/Call money due on Right Shares allotted in an earlier year.		
SCHEDULE B: RESERVES AND SURPLUS			
Revaluation Reserve :			
(On revaluation of Land, Buildings and Plant and Machinery)			
As per last Balance Sheet		57,05,81,500	57,99,06,005
Less : (a) Relating to Assets sold/Discarded/ Written off/ transfer to stock in trade	42,47,97,576		28,45,824
(b) Transferred to Profit and Loss Account being the difference between depreciation for the year on revalued amount and the original cost of the Assets	<u>55,16,928</u>	<u>43,03,14,504</u>	<u>64,78,681</u>
			<u>93,24,505</u>
		<u>14,02,66,996</u>	<u>57,05,81,500</u>
Securities Premium Account :			
As per last Balance Sheet		53,45,47,835	53,45,48,815
Less : Capitalised on issue of Bonus Shares allotted	600		980
		<u>53,45,47,235</u>	<u>53,45,47,835</u>
Less : Allotment/Call money unpaid other than Directors	9,26,332		9,29,032
		<u>53,36,20,903</u>	<u>53,36,18,803</u>
		<u>67,38,87,899</u>	<u>110,42,00,303</u>



CURRENT YEAR PREVIOUS YEAR
Rupees Rupees Rupees

SCHEDULE C : SECURED LOANS

12% Secured Redeemable Non-Convertible				
Debentures of Rs. 100 each				
(Privately placed with IFCI LTD)		2,00,00,000		4,00,00,000
Add: Funded Interest term loan		—		1,72,15,172
			2,00,00,000	5,72,15,172
Loan From Scheduled Banks:				
Term Loan		1,05,09,722		—
Working Capital Facilities		43,37,38,895		43,22,15,251
Working Capital Term Loan		1,29,15,615		2,58,55,175
Funded Interest Term Loan		1,47,31,988		2,95,23,722
			47,18,96,220	48,75,94,148
From Bodies Corporate				
(Refer Note no.10 of Schedule 'Q')		43,87,25,455		49,25,49,286
		93,06,21,675		103,73,58,606

SCHEDULE D : UNSECURED LOANS

Short Term Loans From Bodies Corporate		4,65,00,000		3,90,00,000
		4,65,00,000		3,90,00,000

SCHEDULE E : FIXED ASSETS

	Land & Building (At Book value) Rupees	Plant & Machinery (At Book value) Rupees	Electric Installations (At Cost) Rupees	Furniture & Fixtures (At Cost) Rupees	Vehicles (At Cost) Rupees	Factory & Office Equipment (At Cost) Rupees	Total 31/3/10 Rupees	Total 31/3/09 Rupees
GROSS BLOCK :								
(At Cost or Book Value)								
As at 31st March'2009	656551383	694804974	3056874	7343687	13290762	50326091	1425373771	1428809717
Addition during the year	53173037	1086222	0	0	0	225914	54485173	5235359
	709724420	695891196	3056874	7343687	13290762	50552005	1479858944	1434045076
Deduction on account of Sales Transfers or adjustments during the year	492597544	0	0	0	394193	57200	493048937	8671305
As at 31st March'2010	217126876	695891196	3056874	7343687	12896569	50494805	986810007	1425373771
DEPRECIATION:								
Provided upto 31st March'2009	125742811	593884796	2661205	6543997	9155386	29826293	767814488	739859156
Provided during the year	3875959	17388977	55011	144727	1041707	3307443	25813824	31954135
	129618770	611273773	2716216	6688724	10197093	33133736	793628312	771813291
Deduction on account of Sales								
Transfer or adjustment during the year	65894974	0	0	0	256189	41750	66192913	3998803
Total provided for 31st March'2010	63723796	611273773	2716216	6688724	9940904	33091986	727435399	767814488
NET BLOCK :								
As at 31st March'2010	153403080	84617423	340658	654963	2955665	17402819	259374608	657559283
As at 31st March'2009	530808572	100920178	395669	799690	4135376	20499798	657559283	

NOTES:

- (A) Value of Land and Buildings includes a sum of Rs.25,32,043 (Previous year Rs.30,71,558) being the cost of Land/Premises on ownership basis acquired in terms of agreement to purchase.
- (B) Value of Land and Buildings includes a sum of Rs.1,250 (Previous year Rs.1,500) being the cost of shares in Co-operative societies.
- (C) Bifurcation of the Book Value of Land and Buildings is not possible in view of the non-availability of separate value of certain Land and Buildings.
- (D) Value of Fixed Assets includes a sum of Rs.3,13,21,614 (Previous year Rs.4,25,09,135) being the book value of the Assets given on Lease, Land and Building includes a Flat of Rs.66,44,825 (Previous year Rs.66,44,825); Net Block Rs.43,83,159 (Previous year Rs.44,99,368) in the possession of the heir of an Ex.Employee



		Rupees	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
SCHEDULES F : INVESTMENTS				
(Long Term Fully Paid Up)				
(At Cost-Unless Otherwise stated)				
Trade Investments-In Equity Shares				
(i) Unquoted :				
1,800 Filter and Filterails Limited of Rs.10 each (at Depreciated Value) #	1			1
20,000 J K Cigarettes Limited of Rs. 10 each (at Depreciated Value) #	1			1
		2		2
(ii) Quoted :				
3,840 ITC Limited of Rs.1 each	772			772
228 Godfrey Phillips India Limited of Rs.10 each	758			758
64 VST Industries Limited of Rs.10 each	407			407
	1,937		1,939	1,939
Other Investments				
In Equity Shares of Rs.10 each :				
(i) Quoted :				
4,16,578 GHCL Limited	4,95,90,697			4,95,90,697
1,58,400 General Export & Credit Limited	15,84,000			15,84,000
10,50,000 Bharat Explosive Limited	1,05,00,000			1,05,00,000
	6,16,74,697			6,16,74,697
(ii) Unquoted				
10,000 World Growth Fund Limited *	1			1
(at Depreciated value)				
2,00,000 WGF Financial Services Limited (at Depreciated value)	1			1
	2			2
(iii) In Subsidiary Companies (Unquoted) :				
50,000 Golden Realty & Infrastructure Limited	5,00,000			5,00,000
5,998 Golden Investment(Sikkim) Private Limited #	59,980			59,980
75,00,000 Western Express Industries Limited \$	2,31,20,000			2,31,20,000
10,000 Raigadh Papers Limited of Rs.100 each (at Depreciated value)	1			1
40 GTC INC B.V. @ 455 Euro per Share	10,89,270			10,89,270
	2,47,69,251			2,47,69,251
	8,64,43,950			8,64,43,950
	8,64,45,889			8,64,45,889
			Book Value (In Rupees)	Market Value (In Rupees)
		As at 31/03/10	As at 31/03/09	As at 31/03/10
Quoted Investments	6,16,76,634	6,16,76,634	3,04,13,793	2,39,40,483
Unquoted Investments	2,47,69,255	2,47,69,255		
	8,64,45,889	8,64,45,889		

* Share certificates are yet to be received

Shares lying with Income Tax Department:

5,998 Golden Investment(Sikkim)Pvt.Limited
1,800 Filter and Filteraids Limited
20,000 J.K.Cigarettes Limited

§ (Refer Note no.5 of Schedule 'Q')



	CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees

SCHEDULES G : INVENTORIES

(As valued, verified and certified by the Management)

Stores and Spare Parts	2,97,56,373	2,98,66,963
Raw Materials	40,06,60,047	52,76,44,459
Packing Materials	4,02,14,901	3,84,38,469
Finished Goods	6,66,78,941	8,66,21,229
Stock in Trade (Land) (Refer note no.15 of Schedule 'Q')	43,65,50,028	24,91,55,380
Work-in-Progress	2,96,90,303	2,51,54,380
	100,35,50,593	95,68,80,880

SCHEDULE H : SUNDY DEBTORS

(Unsecured Considered Good unless otherwise stated)

Debts outstanding for a period exceeding six months:		
Considered Good	3,63,74,526	1,72,47,705
Considered Doubtful	46,68,069	46,68,069
	4,10,42,595	2,19,15,774
Other Debts:		
Considered Good	67,896,116	117,877,744
	108,938,712	139,793,518
Less: Provision For Doubtful Debts	4,668,069	4,668,069
	104,270,643	135,125,449

SCHEDULE I : CASH AND BANK BALANCES

Cash on Hand	3,42,139	1,92,325
Bank Balances With Scheduled Banks :		
In Current Accounts	96,63,620	2,77,50,250
In Right Issue Collection Accounts	66,470	66,470
In Fixed Deposit/Margin Accounts	1,41,03,070	96,68,000
(Refer note no. 26 of Schedule 'Q')	2,38,33,160	3,74,84,720
	2,41,75,299	3,76,77,045

SCHEDULE J : LOANS AND ADVANCES

(Unsecured Considered Good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received:		
Considered Good	131,92,06,471	95,08,13,416
Considered Doubtful	1,71,58,422	1,71,58,422
(Refer Note no.8 of Schedule 'Q')	133,63,64,893	96,79,71,838
Balance with Excise Authorities	2,57,69,517	91,80,759
Payments of Tax		
(Net of Provisions of Rs. 32,82,32,640;	10,66,44,404	9,15,54,367
Previous year Rs.32,78,69,538)	146,87,78,814	106,87,06,964
Less: Provision for Doubtful Advances	1,71,58,422	1,71,58,422
	145,16,20,392	105,15,48,542



	CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees

SCHEDULE K : CURRENT LIABILITIES

Sundry Creditors		
Due to Micro, Small & Medium Enterprises	—	—
Due to Others	7,46,31,129	7,90,12,336
Unpaid Dividend *	1,97,62,294	2,21,96,698
Security Deposits	11,90,78,492	12,48,67,676
Other Liabilities (Refer Note no.13 of Schedule 'Q')	<u>115,72,26,028</u>	49,58,62,747
	<u>137,06,97,943</u>	<u>72,19,39,457</u>

* Payment is deferred as per the rehabilitation scheme sanctioned by the BIFR vide its order dt.16-12-2002.

SCHEDULE L : PROVISIONS

Leave Entitlement	<u>3,34,97,334</u>	3,51,40,719
	<u>3,34,97,334</u>	<u>3,51,40,719</u>

SCHEDULE M : OTHER INCOME

Income from Investments (Long Term) (Gross):

(a) From Trade Investments:		
Dividend	8,54,984	1,020,207
(b) From Other Investments :		
Interest on Tax Free Bonds	—	17,397
	<u>8,54,984</u>	10,37,604
Miscellaneous Income	1,08,75,665	2,58,92,987
Export Incentives	1,33,35,188	1,24,45,188
Profit on Sale of Assets (Net)	4,60,40,558	1,01,30,198
Surplus on conversion of Land into stock in trade	18,57,70,353	24,77,73,375
Refer Note No. 15 (a) (b) of Schedule 'Q'	—	—
Excess-Short Provision for earlier years written back (Net)	2,50,36,492	17,43,06,757
(Refer note no.12 (b) of Schedule 'Q')	<u>28,19,13,240</u>	<u>47,15,66,969</u>

SCHEDULE N : VARIATION IN STOCK

Opening Stock :

Finished Goods	8,66,21,229	9,20,96,705
Work-in-Progress	<u>2,51,54,380</u>	2,14,54,888
	<u>11,17,75,609</u>	11,35,51,593

Stock in trade (Land)

(including Rs. 18,73,94,648 during current year, previous year Rs.NIL)

Closing Stock :

Finished Goods	6,66,78,941	8,66,21,229
Work-in-Progress	<u>2,96,90,303</u>	2,51,54,380
	<u>9,63,69,244</u>	11,17,75,609

Stock in trade (Land)

(Refer note no.15 of Schedule 'Q')	<u>43,65,50,028</u>	24,91,55,380
	<u>53,29,19,272</u>	36,09,30,989
	<u>(-) 15,406,365</u>	(-) 17,75,984



	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
SCHEDULE O: MANUFACTURING, TRADING AND OTHER EXPENSES		
Materials/Goods :		
Raw Material Consumed	31,56,13,069	25,29,56,264
Purchase for Resale	17,47,75,812	15,88,54,296
Packing Materials Consumed	<u>10,68,79,445</u>	11,04,89,134
	59,72,68,326	52,22,99,694
Personnel :		
Salaries, Wages and Bonus	19,23,33,855	22,53,13,272
Gratuity	2,09,70,591	1,39,18,822
Contribution to Provident and Other Funds	2,11,71,528	2,42,28,033
Workmen and Staff Welfare Expenses	<u>1,56,00,359</u>	1,77,03,858
	25,00,76,333	28,11,63,985
Others:		
Power and Fuel	2,02,13,833	2,11,13,475
Stores and Spare Parts Consumed	1,19,69,264	1,13,02,757
Machinery Repairs and Maintenance	57,45,482	89,19,648
Excise Duty on Variation of Closing Stock	(-) 2,80,33,848	(-) 1,09,05,882
Rent	63,37,692	59,13,663
Rates and Taxes	46,61,683	17,10,725
Insurance	17,93,980	21,22,466
Building Repairs and Maintenance	56,75,468	66,99,132
Selling and Distribution Expenses (Refer note no. 27 of Schedule 'Q')	10,60,62,074	16,90,21,636
Commission on Sales	3,73,204	4,04,818
Travelling and Conveyance Expenses	2,66,69,005	3,61,31,692
Directors' Meeting Fees	3,60,000	4,55,000
Fixed Assets Discarded/Written Off	16,220	50,078
Legal & Professional Charges	3,36,14,720	4,85,26,435
Miscellaneous Expenses	<u>4,69,37,497</u>	5,25,57,900
	24,23,96,274	35,40,23,543
	108,97,40,933	115,74,87,222
SCHEDULE P: INTEREST & COMMITMENT CHARGES		
Interest and Commitment Charges	13,47,78,407	12,67,86,158
Less: Interest income on Advances and deposits etc. (Gross)		
(Tax Deducted at source Rs. 46,636; Previous Year Rs.3,71,988)	<u>5,86,993</u>	18,70,589
	13,41,91,414	12,49,15,569
(Refer Note no.28 of Schedule 'Q')		

NOTES TO THE ACCOUNTS

SCHEDULE 'Q'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

1) SIGNIFICANT ACCOUNTING POLICIES

A. The financial statements are prepared under the historical cost convention (except for revaluation of certain Fixed Assets), on the accounting principles of a going concern, in accordance with the applicable accounting standards and on accrual basis except specifically stated herebelow.

All income and expenses to the extent considered receivable / payable with reasonable certainty are accounted for on accrual basis except specifically stated herebelow.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result may some time differ from these estimates. Any revision to accounting estimates is recognized prospectively.

C. FIXED ASSETS

- I. a) Certain Land & Buildings and Plant & Machinery were revalued from time to time and are stated at updated book values less depreciation, where applicable.
- b) Other assets are stated at cost less depreciation/amortisation. Cost comprises of all expenses incurred upto commissioning/ putting the assets to use.

II. IMPAIRMENT OF ASSETS

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to the profit and loss account. If at the Balance Sheet date, there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

D. DEPRECIATION / AMORTISATION

- a) Depreciation on Fixed Assets is provided for on written down value method in accordance with Schedule XIV to the Companies Act, 1956 (hereinafter referred to as the 'Act'). In respect of assets whose actual cost does not exceed Rupees Five thousand and acquired before 01.04.1993, depreciation is continued to be provided for at the general rates applicable to them under the said Schedule and those acquired thereafter, at the rate of 100% in the year of acquisition.
- b) Depreciation on the revalued Fixed Assets is provided for on straight line method on the increased book value of the assets (Net of scrap/ salvage value) based on the balance life of the said assets as estimated by the valuer. Out of the depreciation so calculated, the amount of depreciation as stated in (a) above is charged to the Profit and Loss Account and the balance is adjusted against a like amount transferred from Revaluation Reserve.
- c) Depreciation on spares purchased subsequently for specific machinery and having irregular use is provided prospectively over the residual life of the specific machinery.

E. INVESTMENTS

Long Term investments are carried at cost less write offs, if any, for diminution other than temporary in the value of such investments, determined for each investment individually.

F. VALUATION OF INVENTORIES

- a) Inventories are valued at lower of cost and estimated net realisable value. Obsolete, defective and unserviceable stocks are provided for.
- b) Cost of Inventories is computed on moving weighted average /FIFO basis.
- c) Cost of finished goods, work-in-progress and other materials includes conversion and other costs incurred in bringing the inventories to their present location and condition.
- d) Advertisement and Sales promotion materials/items are charged to revenue as and when purchased.



G. REVENUE RECOGNITION

- a) Sale of goods is recognised when the property and all the significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales include Excise Duty and are net of Discounts / Margins (as considered appropriate by the management), Value Added Tax and Damaged & Dented stocks. Damaged & Dented stocks are accounted/ provided for as and when inspected and destroyed.
- b) Export sales are accounted for on the basis of the date of Bill of Lading / Mates Receipt.
- c) Export Benefit Claims are accounted in the year of export.

H. EMPLOYEE BENEFITS

- (a) Contributions towards provident fund and superannuation fund are made under defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner. The superannuation fund is administered by the Trustees of the GTC Management Staff Superannuation Scheme and is funded under Group Superannuation Scheme of Birla Sunlife Life Insurance Company Limited. The Company is required to contribute a specific percentage of payroll cost towards retirement benefits. The contributions are charged to Profit and Loss account in the respective year.
- (b) Leave entitlement liability is provided for on the basis of actuarial valuation carried out at the year-end. Actuarial gains and losses are recognized immediately in the profit & loss account.
- (c) Gratuity liability is paid in accordance to a defined benefit plan but is accounted for as and when employees retire and the amount is due.

I. RESEARCH AND DEVELOPMENT EXPENSES

Research & Development expenses of revenue nature are charged to the Profit and Loss Account and that of capital nature are shown as an addition to the respective Fixed Assets.

J. TRANSLATION OF FOREIGN CURRENCY ITEMS

- a) Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transaction.
- b) Assets, liabilities and capital commitments denominated in foreign currency are restated at the rate of exchange prevailing at the year end.
- c) In case of forward contracts, the premium/discount is dealt with in the Profit and Loss Account over the period of the contracts.
- d) The exchange differences are adjusted to Profit and Loss Account .

K. BORROWING COSTS

Borrowing Costs attributable to acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the date when such asset is ready for its intended use. Other borrowing costs are charged to the Profit and Loss Account.

L. TAXATION

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable/virtual certainty that these would be realized in future.

M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material, are disclosed by way of notes to accounts. Disputed show cause notices / show cause-cum-demand notices are not considered as contingent liabilities. Contingent assets are not recognized or disclosed in the financial statements.



NOTES TO ACCOUNTS:

2) Contingent liabilities not provided for in respect of:

2.1) (a) Guarantees and counter guarantees given by the Company to Banks/Financial Institutions / Others in respect of loans / guarantees to / for other companies (excluding in respect of Excise Duty referred to in Note no.(c) below) Rs.10,55,73,000 plus interest, if any (Previous Year Rs. 10,55,73,000 plus interest, if any).

(b) Guarantees given by the Bankers on behalf of the Company (excluding in respect of Excise Duty referred to in Note no.(c) below) Rs.2,99,21,519 (Previous Year Rs. 2,42,58,420).

(c) Disputed Excise claims/demands, of Rs.69,13,68,285 (Previous Year Rs. 84,03,89,773) excluding interest liability, if any, against and / or relating to the Company and counter claims by the Company are pending or otherwise being contested before the various Excise Authorities/ Courts against which the Company has paid Rs.30,41,610 (Previous Year Rs.24,35,712) (included in Loans & Advances) under protest. In the opinion of the management, appropriate provisions have been made in the books of account in respect of Excise claims/ demands that may become payable based on the legal advice/ present status of various matters. Further, various show cause notices/ show cause-cum-demand notices have been received from Excise Authorities by the Company and/ or in relation to the Company. Since, these notices are in the nature of explanations required, the Company does not consider them to constitute any liability. All these notices have been replied/ attended to and are pending at different stages.

(d) Excluding the claims/demands against the Company not acknowledged as debts as mentioned in (c) above :

(i) Income Tax in respect of earlier years under dispute for which appeals/ rectification petitions have been / are being preferred by the Company and / or pending final assessments: Rs.7,67,67,17,449 (Previous Year Rs. 7,63,35,30,754) including interest upto the date of respective demands and excluding further interest liability if any and penalty of Rs.4,89,12,56,796 (Previous Year Rs.4,88,02,87,956)

(ii) Other Income Tax proceedings in respect of earlier years decided in the Company's favour by the Appellate Authorities against which the Department is in further appeals excluding further interest liability, if any : Rs.100,16,18,582 (Previous Year Rs.100,16,18,582).

(e) Pursuant to BIFR Order dated 16th December, 2002, the Company has made applications to Excise / Income Tax Departments to waive the interest and penalties included in the demand as referred in para (c) and (d) above and those as may arise during the scheme period.

(f) The Company expects to succeed in all the pending disputes, as per the expert opinions obtained by the management.

2.2) Other amounts for which the Company is contingently liable :

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
i) Disputed demands of employees/ex-employees	33,06,337	31,79,471
ii) Disputed Sales Tax	7,48,721	7,48,721
iii) Disputed Entry Tax	20,36,37,402	19,37,22,068
iv) Disputed Land Revenue Tax	3,14,823	3,14,823
v) Disputed Employees' State Insurance Corporation	18,18,839	17,35,993
vi) Services/materials suppliers and other business related disputed claims (excluding differential interest, if any, payable to a finance company-amount unascertainable)	9,53,63,532	8,43,03,515
vii) The Company has received notices from certain States in USA with regard to claims against cigarettes sold in those States. However, as per an expert legal opinion obtained, the Company is not liable for claims, whatsoever-amount unascertainable .		

3) Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs.2,89,81,552 (Previous Year Rs.568,78,940) (Net of advances of Rs.1,71,88,636; Previous Year of Rs.5,32,30,709)

4) Land & Buildings and Plant & Machinery were revalued as on 30th June, 1980, 30th June, 1984, 30th June, 1986 (only Land and Buildings), 30th June, 1988 and 31st March,1993. The total increase as a result of these revaluations were transferred to Revaluation Reserve in the respective years. All the above stated revaluations were carried out by an external approved valuer on the basis of market/replacement value of similar assets, using standard indices and after considering the obsolescence and age of individual assets. The revalued amounts, net of withdrawals, of Rs.16,72,14,822 for Land & Buildings and Rs.66,76,63,587 for Plant & Machinery (Previous Year Rs. 65,98,12,366 and Rs.66,76,63,587, respectively) remain substituted for the historical costs in the gross block of Fixed Assets (Schedule 'E').

5) There is a substantial diminution in the carrying value of certain long term quoted investment as compared to its market value which in the opinion of the management is temporary and therefore, no provision is considered necessary at this stage as the same are long term and strategic in nature.

6) The Company has provided excise duty/customs duty of Rs.3,17,55,444 (Previous Year Rs.6,25,50,643) on the goods lying in bonded premises as on the Balance Sheet date and included the same in the inventory value.

7) No provision has been considered necessary in respect of certain overdue sundry debtors and loans and advances aggregating to Rs.3,09,91,797(Previous Year Rs. Nil) since the Management has taken suitable measures to recover the said dues and is hopeful of recovery in due course of time.



8) Advances recoverable in cash or in kind or for value to be received-considered good include :

- capital advances of Rs.1,71,88,636 (Previous Year Rs.5,32,30,709) towards purchase of fixed assets.
- receivable from subsidiary companies Rs.1,10,90,58,172 (Previous Year Rs. 11,20,88,721).

9) (a) The Accounts of certain Debtors, Creditors, Non-operative Banks / Lenders and Loans & Advances are subject to confirmations, reconciliations, and adjustments, if any, having consequential impact on the loss for the year, assets and liabilities, the amounts whereof are presently not ascertainable. However, the management does not expect any material difference affecting the current year's financial statements.

(b) In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business unless otherwise stated. Provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonable necessary.

10) Nature of security in respect of Secured Loans and terms of redemption of Debentures :

I) 12% Secured Redeemable Non-Convertible Debentures privately placed with IFCI Limited and Funded Interest Term Loan :

- Secured by a First Mortgage of land situated at village Dhanot in the State of Gujarat and a first charge by way of hypothecation of the Company's movable properties subject to prior charge on specified movables in favour of the Company's Bankers for Working Capital facilities and is further secured by equitable mortgage of the Company's immovable properties at Baroda Gujarat having pari passu with the Bankers who have given working capital term loan.
- Redemption terms of Debentures :
These Debentures are repayable as per the scheme sanctioned by the BIFR Order and according to which the earliest two half yearly installments of Rs.100 lacs each are payable in the year 2010-2011.

II) Loan from Scheduled Banks :

- Working capital facilities and non fund based limits of Rs.1000 Lacs (Previous Year Rs.1000 Lacs) are secured by hypothecation of inventories and book debts and further secured by mortgage by way of third charge on immovable property at Baroda.
- Working Capital Term Loan is secured by first charge by way of mortgage of property at Baroda ranking pari passu with lender mentioned above in I (a).
- Funded Interest Term Loans are secured by second charge by way of mortgage of property at Baroda.
- Guarantees given by the Company's Bankers are secured/ to be secured by hypothecation of stocks, book debts, fixed deposits with banks and certain machineries, equitable mortgage of certain immovable properties at Baroda subject to prior charge in favour of Trustees for the debenture holders and/ or pledge of fixed deposit receipts.
- Term loan availed from a Bank is secured by way of Deposit of title deeds of property situated at Palghar, Dist- Thane, Maharashtra.

III) Loan from Bodies Corporate :

- of Rs.13,11,32,236 (Previous Year Rs.16,56,87,771) is secured by way mortgage of immovable property of Marol, Mumbai.
- of Rs.30,75,93,219 (previous year Rs.32,68,62,515) is secured by way of charge of property to be constructed at Hyderabad.

11) a) No provision has been made in the accounts in respect of estimated total liability for future payment of gratuity of Rs.11,21,23,631 (Previous Year Rs.13,09,11,370) determined on the basis of actuarial valuation, as the Company's practice is to account for the same as and when due for payment.

(b) The Company has given an advance of Rs.11,22,95,185 (Previous Year Rs. 11,06,54,585) to and made an investment of Rs.2,31,20,000 (Previous Year Rs.2,31,20,000) in Western Express Industries Limited (WEIL), a wholly owned subsidiary Company, come which has accumulated losses far in excess of its paid up capital and reserves & surplus. However, the management is hopeful of recovering / realising the same in due course of time in view of expected revival of activities / developments in the said subsidiary.
Further, as a nominee of the Company, WEIL had acquired 100% ownership of Raigadh Papers Limited (RPL) for a consideration of Rs.1,20,00,000 in the year 2007. RPL is having extensive land at Raigadh, whose value, based on an independent valuer's opinion exceeds the aggregate amount of advance given/investment made. The acquisition of ownership of RPL has strengthened the asset base of WEIL significantly and has provided adequate financial coverage to the aforesaid advance and investment by the Company in WEIL. In view of what is stated above, no provisioning has been considered necessary.

12) (a) Miscellaneous Income under the head "Other Income" include Rs. Nil (Previous Year Rs.1,80,00,000) towards compensation receivable from an associate on account of termination of contract for purchase of property.

(b) "Excess-short provision for earlier years written back (Net)" under the head Miscellaneous Income includes the following:

Particulars	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
Liability written back/(provided) in respect of Conversion charges	2,14,16,840	-
Liability written back/(provided) in respect of Entry Tax	-	15,19,00,030
Liability written back/(provided) in pertaining to Excise Duty (Net)	-	2,96,13,537
Liability written back/(provided) under an Arbitration award against the Company	-	(89,37,064)
Total	2,14,16,840	17,25,76,503

13) (a) Other Liabilities include :

- (i) Rs.31,45,585 (Previous Year Rs.31,81,596) payable to Subsidiary Companies and
- (ii) Rs.3,07,90,749 (Previous Year Rs.1,95,49,818) on account of income tax refund received pertaining to earlier years as the disputed matters are yet to be decided.

(b) (i) There are no Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly, no additional disclosures have been made.

(ii) The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

14) As a matter of prudence, the following net] deferred tax asset as on 31st March,2010 has not been recognised

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
Deferred Tax Assets:		
Unabsorbed loss and depreciation	31,99,55,622	17,67,62,918
Expenses allowable U/s. 43B of Income Tax Act, 1961 on payment basis	5,34,61,890	8,79,91,934
Depreciation	<u>1,04,69,954</u>	54,23,471
Net Deferred Tax Assets	<u>38,38,87,466</u>	<u>27,01,78,323</u>

15) The Company as a part of development activities of Realty Division :-

- (a) During the year, some of the Land situated at Andhra Pradesh hitherto held as fixed assets, were converted into "Stock-in-Trade" at an amount of Rs.18,61,51,280 being the fair market value on the date of conversion i.e. 30th June,2009, 30th Sep,2009 and 31st March,2010.The fair market value was determined based on the card rates maintained by the Stamp Authorities. Consequent to conversion of land at fair market value, the surplus of Rs.18,57,70,353 being the difference between the fair market value and book value arising on this account is transferred to Profit & Loss account and shown under the head "Other Income".
- (b) Land situated at Marol, hitherto held as fixed asset, was converted into "stock-in-trade" at an amount of Rs. Nil (Previous Year Rs.24,91,15,900) being the fair market value on the date of conversion i.e.25th June, 2008. The fair market value was determine and certified by a government approved valuer Consequent to conversion of land at fair market value, the surplus of Rs. Nil (Previous year Rs.24,77,73,375) being the difference between the fair market value and book value arising on this account is transferred to Profit & Loss account and shown under the head "Other Income".
- (c) (i) During the year, the Company has entered into a Memorandum Of Understanding (MOU) with reputed developers to jointly develop its Vile Parle property (subject to necessary approvals/clearances/permissions) and partly received Rs.75,00,00,000 upto 31st March, 2010 and Rs.25,00,00,000 after the close of the year.
(ii) The said property has been converted into stock in trade (held hitherto as Fixed Assets) at book value.
- (d) During the year the Company has assigned advance of Rs.53,50,00,000 to M/s Golden Realty & Infrastructure Limited, a subsidiary company and also given advance of Rs.46,05,39,481 for acquiring the development rights
- (e) In September, 2007 the Company transferred its land of the cost of Rs.39,480 at Hyderabad to stock in trade and entered into agreement with a builder for joint development of commercial complex to be completed in thirty six months. As per the agreement, the Company would be entitled to receive around 50% of the constructed saleable area as consideration.

16) Related Party Disclosures :

Related party disclosures as required by AS – 18 "Related Party Disclosures" are given below :

I. List of related parties :

1. Parties where Control Exists – Subsidiary Companies :
 - Western Express Industries Limited
 - Golden Investment (Sikkim) Private Limited.
 - Golden Realty & Infrastructure Limited
 - GTC Inc B.V, Netherland
 - Raigadh Papers Limited –Fellow Subsidiary
2. Associates/Joint Ventures with whom the Company has entered into transaction during the year :
 - GHCL Limited
 - M/s Ashoka Developers & Builders Ltd
3. Other Parties with whom the Company has entered into transactions during the year :
 - (i) Key Management Personnel
 - Mr. J. P. Khetan – Managing Director
 - Mr. Viney Mehra – Whole Time Director
 - Mr. A. K. Joshi – Whole Time Director
 - (ii) Relatives of Key Management Personnel
 - Mrs. Madhu Khetan – Wife of Managing Director
 - Mr. Amit Joshi – Son of Whole Time Director
 - Mr. Ashwin Joshi – Son of Whole Time Director



II. During the year, the following transactions were carried out with the related parties in the ordinary course of business :

	Associates	Joint Venture	Subsidiaries						Key Management Personnel	Relatives of Key Management Personnel	Total
			Golden Realty & Infrastructure Limited	Western Express Industries Industries	Golden Investment (Sikkim) Private Limited	GTC Inc B.V.	Raigadh Papers Limited				
Expenses :											
Remuneration	—	—	—	—	—	—	—	1,70,73,083 (2,39,69,542)	—	—	1,70,73,083 (2,39,69,542)
Rent	(—)	—	—	—	—	—	—	—	—	11,40,480 (—)	11,40,480 (—)
Car hire Charges	—	—	—	—	—	—	—	—	—	3,30,000 (3,30,000)	3,30,000 (3,30,000)
Income :											
Compensation Received	—	—	—	—	—	—	—	—	—	—	—
	(1,80,00,000)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(1,80,00,000)
Finance & Investment :											
Loans & Advances given	—	—	46,04,91,736 (14,34,136)	16,40,600 (10,02,195)	—	—	—	—	—	—	46,21,32,336 (24,36,331)
Assignment of Advances	—	—	53,50,00,000 (—)	—	—	—	—	—	—	—	53,50,00,000 (—)
Purchase of Fixed Assets	5,00,00,000	—	—	—	—	—	—	—	—	—	5,00,00,000 (—)
Investment	—	—	—	—	—	—	—	—	—	—	—
	(—)	(—)	(5,00,000)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(5,00,000)
Security Deposit received	(—)	—	—	—	—	—	—	—	—	—	—
	(—)	(2,50,00,000)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(2,50,00,000)
Amount repaid	8,00,00,000	—	—	—	12,200	248414	—	—	—	—	8,02,60,614 (14,200)
Outstandings :											
Payable	—	5,00,00,000 (5,00,00,000)	—	—	31,45,585 (31,57,785)	— (23,811)	—	7,67,840 (74,68,939)	1,17,019 (—)	5,40,30,444 (6,06,50,535)	
Receivable	1,80,00,000 (14,80,00,000)	—	99,54,92,686 (14,34,136)	11,22,95,185 (11,06,54,585)	—	13,10,301 (—)	—	—	—	—	112,70,98,172 (26,00,88,721)
Investments	4,95,90,697 (4,95,90,697)	—	5,00,000 (5,00,000)	2,31,20,000 (2,31,20,000)	59,980 (59,980)	10,89,270 (10,89,270)	1 (1)	—	—	—	7,43,59,948 (743,59,948)
Guarantee provided	—	—	—	—	—	—	7,50,000 (7,50,000)	—	—	—	7,50,000 (7,50,000)

Notes :

1. Related parties have been identified by the management and relied upon by the auditors.
2. No amount pertaining to Related Parties has been provided for as doubtful debts. Also, no amount has been written off/written back in respect of aforesaid parties during the year.
3. Details relating to remuneration to the above Key Management Personnel have been disclosed in Note no.24 herein below.
4. Maximum balance of loan due from Western Express Industries Limited at any time during the year Rs.11,22,95,185 (Previous Year Rs. 11,06,54,585). Golden Realty Infrastructure Limited Rs. 99,54,92,686. (Previous Year Rs.14,34,136), GTC Inc. B.V. Rs.13,10,301 (Previous Year Rs. NIL)
5. Figures in brackets pertain to previous year.



17) The computation of Earnings per Share :

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
(a) Numerator :		
Net Profit/Loss as per Profit and Loss Account (after tax)	(11,33,66,330)	25,03,350
(b) Denominator :		
Number of weighted average Equity Shares outstanding		
For Basic & diluted Earning per share	1,75,88,021	1,75,87,931
(c) Earnings per Equity Share		
Basic and diluted	(6.45)	0.14
(d) Nominal value per Equity Share		
	Rs.10	Rs.10

18) Disclosure in respect of Operating Leases :

Assets taken on lease :

- (a) The Company has taken various residential / commercial premises under cancelable Operating Leases. The Lease Agreements are usually renewable by mutual consent on mutually agreeable terms.
- (b) The rental expense in respect of Operating Leases are charged as rent under Schedule 'O'.
- (c) The rental income in respect of Operating Leases is included in "Miscellaneous Income" amounting to Rs.24,47,649 (Previous Year Rs.22,50,271) shown under Schedule 'M'.

19) Research and Development Expenses/ Cost charged :

a) to appropriate heads of expenses	78,62,003	1,02,54,593
b) to Miscellaneous Expenses, amongst		
Other expenses, include the following :		
Salaries, Wages and Bonus	51,67,412	50,32,967
Contribution to Provident and Other Funds	3,86,502	3,77,011
Workmen and Staff Welfare Expenses	92,059	1,02,132
Stores & Spare parts Consumed	30,413	3,040
Machinery Repairs and Maintenance	50,390	64,798

20) Personnel Expenses include Rs.5,16,558 (Previous Year Rs.9,85,320) paid on account of Early Voluntary Retirement Scheme and Rs.2,84,45,813 (Previous Year Rs.Nil) paid on account of Voluntary Retirement Scheme.

21) Expenses incurred for purchase of Tobacco, amongst other incidental expenses and maintenance charges of purchasing centers and depots, include :

Salaries, Wages and Bonus	1,04,89,648	1,30,31,338
Contribution to Provident and Other Funds	14,51,919	17,13,093
Gratuity	13,27,038	18,70,850
Workmen and Staff Welfare Expenses	51,939	74,428
Power and Fuel	4,93,263	5,69,626
Building Repairs and Maintenance	4,81,846	6,77,437
Rates and Taxes	10,83,336	11,13,882
Insurance	5,48,118	7,13,902
Rent	1,93,350	2,51,025

22) Excise Duty is exclusive of the Duty Charged to Packing Materials 1,02,485 1,23,739



	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
23) The respective consumption figures are net of the following sales and profit/loss, if any, remains adjusted therein:		
(a) Raw Materials	7,56,04,651	3,34,20,747
Packing Materials	1,29,34,271	1,67,23,598
Stores & Spare Parts	8,93,576	10,22,152
(b) Consumption of raw materials, packing materials and stores & spare parts includes write-offs/diminutions in the value of stocks on account of unserviceability obsolescence / damages / shortages.		
(c) Consumption of raw materials, packing materials and stores & spare parts has been arrived at on the basis of opening Stock plus purchases less closing stock as physically verified and sale, if any.		
24) Managerial Remuneration to Directors :#		
(a) Salaries*	1,10,72,880	1,17,49,080
Perquisites	42,58,379	1,03,74,310
Contribution to Provident and Other Funds	17,41,824	18,46,152
	1,70,73,083	2,39,69,542
Meeting Fees	3,60,000	4,55,000
	1,74,33,083	2,44,24,542
* Excludes leave entitlement and gratuity liability which are determined on an overall basis.		
# includes Rs.20,12,945 (Previous year Rs.68,77,089) for which the Central Government approval is awaited .		
(b) In view of the accumulated losses, no commission is payable to Directors/ Managing Director and hence, computation of Net Profit in accordance with Section 349 of the Companies Act,1956 has not been given.		
25) Payments to Auditors:		
(i) Audit Fees	7,50,000	7,50,000
(ii) In other capacity for :		
(a) Company Law matters / Management Services	1,92,000	1,92,000
(b) Tax Audit	1,50,000	1,50,000
(c) Certification fees	3,30,000	3,30,000
	14,22,000	14,22,000
(iii) Reimbursement of expenses (including service tax of Rs.1,61,563; Previous Year Rs.1,92,633)	3,08,143	3,29,154
	17,30,143	17,51,154
26) Fixed Deposit include deposits of Rs.1,41,03,070 (Previous Year Rs. 96,68,000) pledged with Banks against Guarantees and Credit facilities and with Government authorities for VAT/Entry Tax registration.		
27) Selling and Distribution Expenses includes :		
Rent	1,64,100	3,56,155
Insurance	2,03,728	1,66,972
Entry Tax/Octroi/Toll Tax	20,00,159	35,65,238
28) 'Interest and Commitment charges' includes Rs.8,61,97,199 (Previous year Rs. 9,68,26,405) being interest and commitment charges on fixed loans and debenture.		
29) The amount of exchange difference (net) debited to the Profit and Loss Account : Rs.59,92,595 [Previous Year (net) debited. Rs. 28,70,934]		



30) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE ACT.

A. Information in respect of Sales :

	Unit of Quantity	Quantity	Value (in Rupees)
(a) Cigarettes	Million	1805 (1906)	1,22,51,66,437 (1,45,82,45,100)
(b) Cigar	Million	4 (NIL)	82,46,593 (NIL)
(c) Raw Tobacco	M.Ton	1472 (1905)	16,51,83,531 (20,18,23,339)
(d) Processed Tobacco	M.Ton	847 (607)	10,19,09,210 (7,61,10,536)
(e) Others			7,83,982 (7,01,438)
			1,50,12,89,753 (1,73,67,80,413)

B. Sales include transfer for own consumption of cigarettes

(At sales value)	Numbers	41,500 (53,950)	82,218 (1,03,552)
------------------	---------	--------------------	----------------------

C. Information in respect of goods manufactured : (as certified by the management)

Particulars	Units of Quantity	Licensed Capacity	Installed Capacity	Actual Production	Purchase for Resale		Opening Stock As at 01.04.2009	Closing Stock As at 31.03.2010
					Qty	Value in Rupees		
Cigarettes	Million	14500	18012	1782	NIL	NIL	128	86397229
Raw Tobacco	M.T.	(14500) NIL	(18012) NIL	(1950) 1472	(NIL) 164380674	(NIL) NIL	(110) NIL	(92096705) NIL
Cigarette Pill	Box	NIL	NIL	NIL	NIL	NIL	250	224000
Cigar	Million	(NIL) NIL	(NIL) NIL	(NIL) 18	(250) 10395138	(224000) NIL	(NIL) NIL	(250) 14
Processed Tobacco	M.T.	(NIL) N.A. (N.A.)	(NIL) N.A. (N.A.)	(NIL) 847 (607)	(NIL) NIL (NIL)	(NIL) NIL (NIL)	(NIL) NIL (NIL)	(NIL) NIL (NIL)
						174775812 (158854296)	86621229 (92096705)	66678941 (86621229)

NOTES :

- Licensed capacity is exclusive of concessions, either through enactment or by notification.
- Installed capacity is on the basis of three shifts working, as certified by the Management and being a technical matter, relied upon by the Auditors without verification.
- Actual production of Cigarettes include production for own consumption.
- The difference in quantities is on account of breakages/wastages/damages/unserviceability.



D. Raw Materials Consumed @ : (As certified by the Management)

	Unit of Quantity	Quantity	Value (in Rupees)
Tobacco	M.Ton	2248	21,04,58,223
		(2,390)	(15,33,63,228)
Cigarette Paper	Bobbin	58756	3,10,86,773
		(80184)	(3,31,12,745)
Filter Rods	Million	364	5,50,71,053
		(358)	(4,67,67,590)
Others	M. Ton	106	1,89,97,020
		(105)	(1,97,12,701)
			<u>31,56,13,069</u>
			(25,29,56,264)

@ Only data relating to the Company's principal products and main materials have been indicated above.

E. Value of Imports calculated on C.I.F. basis :

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
(a) Capital Goods	8,48,398	37,70,240
(b) Raw Materials	10,45,20,306	8,06,67,751
(c) Stores and Spare Parts	22,80,306	33,783
(d) Packing Materials	1,10,02,334	83,73,359

F. Value of Imported and Indigenous Raw Materials, Stores and Spare Parts consumed and percentage thereof to the total consumption. (As certified by the Management)

	Raw Materials		Stores and Spare Parts	
	Rupees	%	Rupees	%
Imported	3,54,24,864	11.22	20,27,383	16.94
	(4,14,71,424)	(16.39)	(1,31,011)	(1.16)
Indigenous	28,01,88,205	88.78	99,41,881	83.06
	(21,14,84,840)	(83.61)	(1,11,71,746)	(98.84)
	31,56,13,069	100.00	1,19,69,264	100.00
	(25,29,56,264)	(100.00)	(1,13,02,757)	(100.00)

(Figures in brackets in Note no. A, B, C, D and F pertain to Previous Year)

G. Expenditure in Foreign Currency : (On actual payment basis)

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
Travelling, Legal & Professional and Subscription etc.	12,79,921	22,62,267
Advertisement Expenses	10,54,614	31,16,959
Commission	3,73,204	4,04,818
Research & Development	—	22,67,483

H. Earnings in Foreign Exchange (Excluding Nepal and including bilateral countries) :

(a) Exports of Goods on F.O.B. basis (including exports through/by third parties)	39,13,08,096	40,18,16,332
(b) Recovery towards Freight and Insurance on Export	21,53,436	19,48,545
	<u>39,34,61,532</u>	<u>40,37,64,877</u>



31) Foreign Currency exposures that are not hedged by derivative instruments or otherwise are as follows :

Particulars	As at 31-03-2010			As at 31-3-2009	
	Type of Currency	Amount in foreign currency	Amount in Rs.	Amount in foreign currency	Amount in Rs.
Sundry Debtors	US\$	8,208	3,68,457	1,30,907	66,33,083
Current liabilities and provisions	US\$	7,25,232	3,29,32,786	7,01,660	3,60,44,262
	EURO	7,310	4,45,057	39,253	26,70,348

32) (i) After the resignation of Company Secretary in the month of January 2009, the Company is making concerted efforts to appoint a Company Secretary required to be appointed under section 383 A of the Companies Act,1956.

(ii) As per Accounting Standards (AS) 17 "Segment Reporting", Segment information has been provided in the notes to consolidated financial statements.

33) The Previous Year's figures have been rearranged, reinstated and/or regrouped wherever necessary to conform to the Current Year's presentation.

Signature to Schedules 'A' to 'Q'

SANJAY DALMIA	Chairman
ANURAG DALMIA	Vice-Chairman
J. P. KHETAN	Managing Director
A. K. JOSHI	Whole-time Director
BHARAT B. MERCHANT	Director
V. K. BHANDARI	Director

Place: New Delhi
Dated: 25th May, 2010



ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registraton No.	9584/TA
State Code	11
Balance Sheet Date	31-03-2010

II. CAPITAL RAISED DURING THE YEAR

	(Amount in Rs.'000')
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement (Including Premium)	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	3,231,085
Total Assets	3,231,085
SOURCE OF FUNDS	
Paid up Capital	175,880
Reserves & Surplus	673,888
Secured Loans	930,622
Unsecured Loan	46,500
APPLICATION OF FUNDS	
Net Fixed Assets	259,374
Investments	86,446
Net Current Assets	1,179,422
Miscellaneous Expenditure	0
Accumulated Losses	301,648

IV. PERFORMANCE OF COMPANY

Turnover (Including Other Income)	1,783,203
Total Expenditure	1,896,191
Profit/(Loss) Before Tax	(112,988)
Profit/(Loss) After Tax	(113,366)
Earning Per Share in Rs.	(6.44)
Dividend %	—

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Product Description	Item code No.(ITC code)
i) Cigarettes containing tobacco	2402.206
ii) Processed Tobacco	2403.000

For and on behalf of the Board of Directors

SANJAY DALMIA	Chairman
ANURAG DALMIA	Vice-Chairman
J. P. KHETAN	Managing Director
A. K. JOSHI	Whole-time Director
BHARAT B. MERCHANT	Director
V. K. BHANDARI	Director

Place: New Delhi
Dated: 25th May, 2010



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956, RELATING TO SUBSIDIARY COMPANIES NAMED BELOW:

(Amount in Rs.)

PARTICULARS	GOLDEN INVESTMENT (SIKKIM) PVT.LIMITED	WESTERN EXPRESS INDUSTRIES LIMITED	RAIGADH PAPERS LIMITED	GTC INC B.V	GOLDEN REALTY & INFRASTRUCTURE LIMITED
1 The Financial Year of the Company ending on	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010
2 Fully paid Equity Shares of the Subsidiary Companies of Rs. held by Golden Tobacco Limited, the Holding Co. %	5,998 10 each (99.97)	7,500,000 10 each (100.00)	150,000 100 each (100.00)	40 27231.75 each * (100.00)	50,000 10 each (100.00)
3 The net aggregate Profit (Loss) of the Subsidiary Company Dealt with in the accounts of the Holding Company					
i) For the Financial year (Rs.)	Nil	Nil	Nil	Nil	Nil
ii) For the Previous Financial years (Rs.)	4,948,350	47,545,000	Nil	Nil	Nil
4 Not dealt with in the accounts of the Holding Company in so far as it relates to the Company					
i) For the Financial year (Rs.)	(14,676)	(764,000)	(650,740)	(999,855)	(1,234,658)
ii) For the Previous Financial years (Rs.)	3,025,240	(156,687,317)	(16,623,281)	(1,201,490)	(341,053)
5 a) Change of interest of the Company in the Subsidiaries between the end of the financial year of the Subsidiaries and the financial year of the Company	Nil	Nil	Nil	Nil	Nil
b) Material Changes between the end of the financial year of the Subsidiaries and the end of financial year of the Company					
i) Fixed Assets	Nil	Nil	Nil	Nil	Nil
ii) Investments	Nil	Nil	Nil	Nil	Nil
iii) Monies lent by the Subsidiary	Nil	Nil	Nil	Nil	Nil
iv) Monies borrowed by the Subsidiary other than for meeting current liabilities	Nil	Nil	Nil	Nil	Nil

* Represents 455 Euro per share.

For and on behalf of the Board of Directors

SANJAY DALMIA	Chairman
ANURAG DALMIA	Vice-Chairman
J. P. KHETAN	Managing Director
A. K. JOSHI	Whole-time Director
BHARAT B. MERCHANT	Director
V. K. BHANDARI	Director

Place : New Delhi
Dated : 25th May, 2010



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors of
GOLDEN TOBACCO LIMITED

1. We have audited the attached Consolidated Balance Sheet of GOLDEN TOBACCO LIMITED (the 'Parent Company') and its subsidiaries as at March 31, 2010, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Parent Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding its subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of 3 subsidiaries included in the consolidated financial statements, whose financial statements reflect the total assets of Rs.1,21,82,651 as at March 31, 2010 and total revenue for the year ended March 31, 2010 of Rs. Nil. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Parent Company's management in accordance with the requirements of the Accounting Standards (AS) 21 - Consolidated Financial Statements prescribed by Companies (Accounting Standards) Rules, 2006 as amended from time to time.
5. *No provision has been made in the accounts in respect of the estimated total liability for future payment of gratuity of Rs. 112,123,631 determined on the basis of actuarial valuation. (Refer Note no.10 in Schedule 'Q' to the accounts);*
6. *Certain Sundry Debtors, Loans and Advances aggregating to Rs.3,09,91,797 which have been classified by the management as 'considered good' are, in our opinion, doubtful of recovery and require to be provided for. (Refer Note no.7 in Schedule 'Q' to the accounts).*
7. *We draw attention to Note no.15(a) regarding recognizing of Rs.18,57,70,353 as "Other Income" being the differential amount between fair market value on the date of conversion and the actual cost in respect of Land situated at Guntur, Eluru, Kanchikera, Chickpet and Martur at Andhra Pradeshpet and Martur at ANdhra and transferred from fixed assets to stock-in-trade.*
8. *We further report that, had the observations made by us in paragraph 5 and 6 above been considered, the loss for the year would have been Rs.26,01,91,169(as against reported loss figure of Rs.11,70,75,741), accumulated losses would have been Rs.62,03,00,479 (as against reported figure of Rs.47,71,85,051), current assets, loans & advances would have been Rs.246,99,63,684 (as against reported figure of Rs.250,09,55,481 and current liabilities would have been Rs.148,28,12,723 (as against reported figure of Rs.137,06,89,092);*
9. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the said Consolidated Financial Statements *subject to our comments in paragraph 8* above and read together with Note no.2 in Schedule 'Q' of "Significant Accounting Policies and Notes to Accounts" regarding contingent liabilities and other notes appearing in the said Schedule and those appearing elsewhere in the accounts give a true and fair view in conformity with the accounting principles generally accepted in India:



- (i) in the case of Consolidated Balance Sheet, of the state of affairs of the Golden Tobacco Limited and its subsidiaries as at March 31, 2010;
- (ii) in the case of Consolidated Profit and Loss account, of the loss of the Golden Tobacco Limited and its subsidiaries for the year ended on that date; and
- (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the Golden Tobacco Limited and its subsidiaries for the year ended on that date.

For LODHA & CO.
Chartered Accountants

A.M. Hariharan
Partner
Membership No. 38323
Firm Registration No: 301051E

Place: New Delhi
Date: 25th May, 2010



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	CURRENT YEAR	PREVIOUS YEAR
		Rupees	Rupees
I. SOURCES OF FUNDS			
1) Shareholders' Funds :			
(a) Capital	A	175,880,212	175,879,312
(b) Reserves and Surplus	B	749,334,324	1,179,620,177
		<u>925,214,536</u>	<u>1,355,499,489</u>
2) Minority Interest		1,023	1,028
3) Loan Funds :			
(a) Secured Loans	C	930,621,675	1,037,358,606
(b) Unsecured Loans	D	47,056,000	39,556,000
		<u>977,677,675</u>	<u>1,076,914,606</u>
TOTAL		<u>1,902,893,235</u>	<u>2,432,415,123</u>
II. APPLICATION OF FUNDS			
1) Fixed Assets:	E		
(a) Gross Block		993,524,705	1,432,088,469
(b) Less: Depreciation		<u>727,463,749</u>	<u>767,842,206</u>
(c) Net Block		266,060,956	664,246,263
2) Investments	F	62,878,173	62,878,173
3) Current Assets, Loans And Advances :			
(a) Inventories	G	1,003,550,593	956,880,880
(b) Sundry Debtors	H	104,270,643	135,125,449
(c) Cash and Bank Balances	I	56,191,842	37,806,474
(d) Loans and Advances	J	1,336,942,402	971,349,870
		<u>2,500,955,481</u>	<u>2,101,162,673</u>
Less : Current Liabilities and Provisions :			
(a) Current Liabilities	K	1,370,689,092	722,049,184
(b) Provisions	L	33,497,334	35,140,719
		<u>1,404,186,426</u>	<u>757,189,903</u>
Net Current Assets		1,096,769,055	1,343,972,770
4) Profit and Loss Account (Loss)		477,185,051	360,109,310
5) Miscellaneous Expenses to the extent not w/off		-	1,208,607
TOTAL		<u>1,902,893,235</u>	<u>2,432,415,123</u>
Significant Accounting Policies and Notes to the Accounts	Q		

The Schedules referred to above form an integral part of the Accounts.
As per our Report of even date attached

For LODHA & CO.
Chartered Accountants

SANJAY DALMIA
ANURAG DALMIA
J. P. KHETAN
A. K. JOSHI
BHARAT B. MERCHANT
V. K. BHANDARI

Chairman
Vice-Chairman
Managing Director
Whole-time Director
Director
Director

A. M. HARIHARAN
PARTNER
M.NO.38323

Place: New Delhi
Dated: 25th May, 2010



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

	Schedule	CURRENT YEAR	PREVIOUS YEAR
		Rupees	Rupees
INCOME			
Sales		1,501,289,753	1,736,780,413
Less : Excise Duty		636,555,715	891,929,803
		864,734,038	844,850,610
Other Income	M	281,894,277	471,586,109
Variation in Stock	N	(15,406,365)	(1,775,984)
		1,131,221,951	1,314,660,735
EXPENDITURE			
Manufacturing, Trading and Other Expenses	O	1,093,430,754	1,159,312,071
Interest and Commitment Charges (net)	P	134,191,414	124,557,846
Depreciation/Amortisation		25,814,456	31,954,870
Less: Transferred from Revaluation Reserve		5,516,928	6,478,681
		20,297,528	25,476,189
		1,247,919,696	1,309,346,106
PROFIT/(LOSS) BEFORE TAXATION			
Provision for Taxation :			
Current Tax (Including Wealth Tax)		(378,000)	(1,376,033)
Fringe Benefit Tax		—	(3,090,000)
		(378,000)	(4,466,033)
PROFIT/(LOSS) AFTER TAXATION			
Minority Interest (Loss)		5	5
NET PROFIT/(LOSS)		(117,075,741)	848,601
Balance brought forward from previous year		(360,109,310)	(360,957,911)
BALANCE CARRIED TO BALANCE SHEET (LOSS)		(477,185,051)	(360,109,310)
Basic & Diluted Earnings Per Share (Face Value of Rs.10 each)		(6.66)	0.05
Significant Accounting Policies and Notes to the Accounts	Q		

The Schedules referred to above form an integral part of the Accounts.
As per our Report of even date attached

For LODHA & CO.
Chartered Accountants

SANJAY DALMIA
ANURAG DALMIA
J. P. KHETAN
A. K. JOSHI
BHARAT B. MERCHANT
V. K. BHANDARI

Chairman
Vice-Chairman
Managing Director
Whole-time Director
Director
Director

A. M. HARIHARAN
PARTNER
M.NO.38323

Place : New Delhi
Dated : 25th May, 2010



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

	CURRENT YEAR RUPEES	PREVIOUS YEAR RUPEES
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	(116,697,748)	5,314,629
Adjustments for :		
Depreciation	20,297,528	25,476,189
Interest Expenses	134,778,407	126,786,158
Interest received (other than investment)	(586,993)	(2,228,312)
Dividend and interest from Investment	(874,892)	(1,037,604)
(Profit) /loss on sale of fixed assets(net)	(46,040,558)	(10,130,198)
Excess / short provision of earlier years	(24,997,620)	(17,43,06,757)
Surplus on Conversion of Land into Stock in Trade	(185,770,353)	(247,773,375)
Preliminary Expenses	1,208,607	(12,08,607)
Investment written off	—	20,000
Effects of Foreign Currency translation	26549	(30,204)
Fixed assets discarded/written off	16,220	50,078
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(218,640,853)	(279,068,003)
Adjustments for :		
Trade and Other receivables	(324,082,758)	160,724,473
Inventories	140,724,935	(126,992,657)
Trade payables	674,428,548	(6,857,831)
CASH GENERATED FROM OPERATIONS	272,429,872	(252,194,018)
Direct taxes paid	(15,468,037)	(10,600,868)
CASH FLOW BEFORE EXCEPTIONAL ITEMS	256,961,835	(262,794,886)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	256,961,835	(262,794,886)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(54,485,173)	(5,235,359)
Sale of Fixed Assets	46,458,493	10,564,275
Sale of Investments	—	1,546,500
Dividend and Interest from Investment	874,892	1,037,604
NET CASH FROM / (USED) IN INVESTING ACTIVITIES (B)	(7,151,788)	7,913,020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(99,236,931)	314,404,654
Share Capital	300	528
Share Premium	2,700	4,752
Interest paid	(134,778,407)	(126,786,158)
Dividend paid	(2,434,404)	(2,434,404)
Interest received (other than investment)	586,993	2,228,312
NET CASH FROM FINANCING ACTIVITIES (C)	(235,859,749)	187,417,684
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	13,950,298	(67,464,182)
OPENING CASH AND CASH EQUIVALENTS	28,072,004	95,536,186
CLOSING CASH AND CASH EQUIVALENTS	42,022,302	28,072,004

Note: Previous year's figures have been regrouped wherever necessary.

As per our Report of even date attached

For LODHA & CO.

Chartered Accountants

SANJAY DALMIA

Chairman

ANURAG DALMIA

Vice-Chairman

J. P. KHETAN

Managing Director

A. K. JOSHI

Whole-time Director

BHARAT B. MERCHANT

Director

V. K. BHANDARI

Director

A. M. HARIHARAN

PARTNER

M.NO.38323

Place: New Delhi

Dated: 25th May, 2010



SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

	Rupees	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
SCHEDULE A : SHARE CAPITAL			
AUTHORISED :			
2,50,00,000 Equity Shares of Rs. 10 each		25,00,00,000	25,00,00,000
10,00,000 Preference Shares of Rs. 100 each		10,00,00,000	10,00,00,000
		35,00,00,000	35,00,00,000
Issued :			
1,76,08,802 (Previous Year 1,76,08,802)		17,60,88,020	17,60,88,020
Equity shares of Rs.10 each			
Subscribed and paid up:			
1,75,97,956 (Previous Year 1,75,97,858)		17,59,79,560	17,59,78,580
Equity shares of Rs.10 each			
Add : 60 (Previous Year 98)Bonus	600		980
Shares allotted during the year.		17,59,80,160	17,59,79,560
Less: Allotment/Call money unpaid other than Directors.		99,948	1,00,248
		17,58,80,212	17,58,79,312
SCHEDULE B : RESERVES AND SURPLUS			
Revaluation Reserve :			
(On revaluation of Land, Buildings and Plant and Machinery)			
As per last Balance Sheet		57,05,81,500	57,99,06,005
Add : Of a subsidiary on Consolidation		435,231	435,231
Less : a) Relating to Assets sold/Discarded/ Written off/ transfer to stock in trade	42,47,97,576		28,45,824
(b) Transferred to Profit and Loss Account being the difference between depreciation for the year on revalued amount and the original cost of the Assets			
	55,16,928		64,78,681
		43,03,14,504	93,24,505
			14,07,02,227
			57,10,16,731
Securities Premium Account :			
As per last Balance Sheet		53,45,47,835	53,45,48,815
Less : Capitalised on issue of Bonus Shares allotted	600		980
		53,45,47,235	53,45,47,835
Less : Allotment/Call money unpaid other than Directors		9,26,332	9,29,032
		53,36,20,903	53,36,18,803
Capital Reserve :			
a) On Profit on Sale of Investments		10,848,900	10,848,900
b) On account of monies received against forfeited shares		90,000	90,000
c) Capital Reserve on Consolidation:			
i) Reserves Capitalised by a Subsidiary Company on issue of bonus shares		25,000,000	25,000,000
ii) Goodwill Capitalised in view of write off by the subsidiary		26,880,000	26,880,000
iii) In respect of investment made by subsidiary company		2,457,673	2,457,673
iv) General Reserve of a subsidiary Company		4,021,711	4,021,711
v) Investment Allowance Reserve of a subsidiary company		5,657,500	5,657,500
Foreign Currency Translation Reserve		55,410	28,859
		749,334,324	1,179,620,177



	Rupees	Rupees	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
SCHEDULE C : SECURED LOANS				
12% Secured Redeemable Non-Convertible				
Debentures of Rs. 100 each				
(Privately placed with IFCI LTD)		20,000,000		40,000,000
Add : Funded interest term loan		—		17,215,172
		20,000,000		57,215,172
Loan From Scheduled Banks:				
Term Loan		1,05,09,722		—
Working Capital Facilities		43,37,38,895		43,22,15,251
Working Capital Term Loans		1,29,15,615		2,58,55,175
Funded Interest Term Loans		1,47,31,988		2,95,23,722
		47,18,96,220		48,75,94,148
From Bodies Corporate		43,87,25,455		49,25,49,286
		93,06,21,675		103,73,58,606

Note : The Securities against these loans are set out in the financial statements of the holding Company

SCHEDULE D : UNSECURED LOANS

Short Term Loans and Advances othe than banks	47,000,000	39,500,000
Add :Interest accrued and due	56,000	56,000
	47,056,000	39,556,000

SCHEDULE E : FIXED ASSETS

FIXED ASSETS	Land & Building (At Book value) Rupees	Plant & Machinery (At Book value) Rupees	Electric Installations (At Cost) Rupees	Furniture & Fixtures (At Cost) Rupees	Vehicles (At Cost) Rupees	Factory & Office Equipment (At cost) Rupees	Total 31/3/10 Rupees	Total 31/3/09 Rupees
GROSS BLOCK : (At Cost or Book Value)								
As at 31st March'2009	663233816	694804974	3056874	7343687	13290762	50358356	1432088469	1435524415
Addition during the year	53173037	1086222	0	0	0	225914	54485173	5235359
	716406853	695891196	3056874	7343687	13290762	50584270	1486573642	1440759774
Deduction on account of Sales Transfers or adjustments during the year	492597544	0	0	0	394193	57200	493048937	8671305
As at 31st March'2010	223809309	695891196	3056874	7343687	12896569	50527070	993524705	1432088469
DEPRECIATION:								
Provided upto 31st March'2009	125742810	593884796	2661204	6543998	9155388	29854010	767842206	739886139
Provided during the year	3875959	17388977	55011	144727	1041707	3308075	25814456	31954870
	129618769	611273773	2716215	6688725	10197095	33162085	793656662	771841009
Deduction on account of Sales Transfer or adjustment during the year	65894974	0	0	0	256189	41750	66192913	3998803
Total provided for 31st March'2010	63723795	611273773	2716215	6688725	9940906	33120335	727463749	767842206
NET BLOCK :								
As at 31st March'2010	160085514	84617423	340659	654962	2955663	17406735	266060956	664246263
As at 31st March'2009	537491006	100920178	395670	799689	4135374	20504346	664246263	

SCHEDULE F : INVESTMENTS

(Long Term Fully paid-up)
(At Cost-Unless Otherwise stated)

Trade Investments in Equity Shares

(i) Unquoted :

		Rupees	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
1,800	Filter and Filterails Limited of Rs.10 each (at Depreciated Value) #	1		1
20,000	J K Cigarettes Limited of Rs. 10 each (at Depreciated Value) #	1		1
40,000	Premier Paper Mills Ltd of Rs.100 each (at Depreciated Value)	5		5
			7	7

(ii) Quoted :

7,680	ITC Limited of Rs.1 each	1,544		1,544
456	Godfrey Phillips India Limited of Rs.10 each	1,515		1,515
64	VST Industries Limited of Rs.10 each	407		407
		3,466	3,473	3,473

Other Investments

In Equity Shares of Rs.10 each (Unless otherwise stated)

(i) Quoted :

4,16,578	GHCL Limited	49,590,697		49,590,697
1,58,400	General Export & Credit Limited	1,584,000		1,584,000
10,50,000	Bharat Explosive Limited	10,500,000		10,500,000
		61,674,697		61,674,697

(ii) Unquoted:

10,000	World Growth Fund Limited * (at Depreciated value)	1		1
2,00,000	WGF Financial Services Limited (at Depreciated value)	1		1
1,20,000	Equity Sahres of Dalmia Finance Limited of Rs.10 each	1,200,000		1,200,000
311	Equity Shares of Tendong Services Pvt.Ltd. of Rs.100 each (at depreciated value)	1		1
		1,200,003	62,874,700	62,874,700
			62,878,173	62,878,173

* Share certificates are yet to be received

Shares lying with Income Tax Department:

1,800	Filter and Filterails Ltd
20,000	J.K.Cigarettes Limited

SCHEDULE G : INVENTORIES (As Valued, Verified & Certified by the Management)

Stores and Spare Parts	29,756,373	29,866,963
Raw Materials	400,660,047	527,644,459
Packing Materials	40,214,901	38,438,469
Finished Goods	66,678,941	86,621,229
Stock in Trade (Land) (Refer Note no. 15 of Schedule 'Q')	436,550,028	249,155,380
Work-in-Progress	29,690,303	25,154,380
	1,003,550,593	956,880,880

SCHEDULE H: SUNDAY DEBTORS

(Unsecured Considered Good unless otherwise stated)

Debts outstanding for a period exceeding six month :

Considered Good	36,374,527	17,247,705
Considered Doubtful	4,668,069	4,668,069
	41,042,596	21,915,774

Other Debts:

Considered Good	6,78,96,117	11,78,77,744
	10,89,38,712	13,97,93,518
	46,68,069	46,68,069

Less: Provision For Doubtful Debts

10,42,70,643	13,51,25,449
--------------	--------------



	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
--	------------------------	-------------------------

SCHEDULE I : CASH AND BANK BALANCES

Cash on Hand	343,966	195,662
Bank Balances With Scheduled Banks :		
In Current Accounts	41,678,336	27,876,342
In Right Issue Collection Accounts	66,470	66,470
In Fixed Deposit/Margin Accounts	14,103,070	9,668,000
	<u>55,847,876</u>	<u>37,610,812</u>
	<u><u>56,191,842</u></u>	<u><u>37,806,474</u></u>

SCHEDULE J : LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

Loans To :		
Others (Considered Doubtful)	723,410	723,410
Advances recoverable in cash or in kind or for value to be received:		
Secured Loan	27,145,000	27,145,000
Considered Good	1,173,810,349	839,896,612
Considered Doubtful	17,324,161	17,324,160
(Refer Note no. 9 of schedule 'Q')		
	<u>1,191,134,510</u>	<u>857,220,772</u>
Balance with Excise Authorities	25,769,516	9,180,759
Payments of Tax		
(Net of Provisions of Rs.33,51,24,897		
Previous year Rs.33,47,46,897)	<u>110,217,536</u>	<u>95,127,499</u>
	<u>1,354,989,972</u>	<u>989,397,440</u>
	<u>18,047,570</u>	<u>18,047,570</u>
Less: Provision for Doubtful Advances	<u><u>1,336,942,402</u></u>	<u><u>971,349,870</u></u>

SCHEDULE K:CURRENT LIABILITIES

Sundry Creditors	39,831,421	80,239,921
Unpaid Dividend \$	19,762,294	22,196,698
Security Deposits	119,078,492	124,867,676
Other Liabilities	1,192,016,885	494,744,889
	<u>1,370,689,092</u>	<u>722,049,184</u>

\$ As per rehabilitation Scheme sanctioned by the
BIFR vide its order dt.16-12-2002.

SCHEDULE L:PROVISIONS

Leave Entitlement	33,497,334	35,140,719
	<u><u>33,497,334</u></u>	<u><u>35,140,719</u></u>

SCHEDULE M : OTHER INCOME

Income from Investments (Long Term) (Gross):		
(a) From Trade Investments:		
Dividend	874,892	1,020,207
(b) From Other Investments :		
Interest on Tax Free Bonds	<u>874,892</u>	<u>17,397</u>
	<u>874,892</u>	<u>1,037,604</u>
Miscellaneous Income	10,875,665	25,892,987
Export Incentives	13,335,188	12,445,188
Profit on Sale of Fixed Assets (Net)	46,040,558	10,130,198
Surplus on conversion of Land into stock in trade	185,770,353	247,773,375
Excess-Short Provision for earlier years written back (Net)	24,997,620	174,306,757
	<u>281,894,277</u>	<u>471,586,109</u>



	CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees

SCHEDULE N: VARIATION IN STOCK

Opening Stock :

Finished Goods	86,621,229	92,096,705
Work-in-Progress	25,154,380	21,454,888
	<u>111,775,609</u>	<u>113,551,593</u>
Stock in trade (Land)	436,550,028	249,155,380
	<u>436,550,028</u>	<u>362,706,973</u>
	548,325,637	362,706,973
Closing Stock :		
Finished Goods	66,678,941	86,621,229
Work-in-Progress	29,690,303	25,154,380
	<u>96,369,244</u>	<u>111,775,609</u>
Stock in trade (Land)	436,550,028	249,155,380
	<u>436,550,028</u>	<u>360,930,989</u>
	32,919,272	360,930,989
	<u>(15,406,365)</u>	<u>(1,775,984)</u>

SCHEDULE O: MANUFACTURING, TRADING AND OTHER EXPENSES

Materials/Goods :

Raw Materials Consumed	315,613,069	252,956,264
Purchase for resale	174,775,811	158,854,296
Packing Materials Consumed	106,879,444	110,489,134
	<u>597,268,324</u>	<u>522,299,694</u>

Personnel :

Salaries, Wages and Bonus	192,791,531	225,801,108
Gratuity	20,970,592	13,918,822
Contribution to Provident and Other Funds	21,171,528	24,228,033
Workmen and Staff Welfare Expenses	15,600,359	17,703,858
	<u>250,534,010</u>	<u>281,651,821</u>

Others:

Power and Fuel	20,213,833	21,113,475
Stores and Spare Parts Consumed	11,969,264	11,302,757
Machinery Repairs and Maintenance	5,745,482	8,919,648
Excise Duty on Variation of Closing Stock	(28,033,848)	(10,905,882)
Rent	6,346,092	5,922,063
Rates and Taxes	4,814,150	1,713,725
Insurance	1,793,980	2,122,466
Building Repairs and Maintenance	5,675,468	6,699,132
Advertisement, Selling and Distribution expenses	106,062,074	169,021,636
Commission on Sales	373,204	404,818
Travelling and Conveyance	26,669,005	36,131,692
Directors' Meeting Fees	437,447	455,000
Fixed Assets Discarded/Written off	16,220	50,078
Legal & Professional Charges	34,877,700	48,703,102
Miscellaneous Expenses	48,668,349	53,706,846
	<u>245,628,420</u>	<u>355,360,556</u>
	<u>1,093,430,754</u>	<u>1,159,312,071</u>

SCHEDULE P: INTEREST & COMMITMENT CHARGES

Interest and Commitment Charges	134,778,407	126,786,158
Less: Interest income on Advances and deposits etc. (Gross)	586,993	2,228,312
	<u>134,191,414</u>	<u>124,557,846</u>



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

SCHEDULE 'Q'

1) SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Consolidation

The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard – 21 on "Consolidated Financial Statements" prescribed by Companies (Accounting Standards) Rules 2006.

B. Principles of Consolidation

The Consolidated Financial Statements relate to Golden Tobacco Limited, (The Holding Company) and its subsidiaries. The name, country of incorporation and proportion of ownership interest are as under :

Name of the Subsidiary Company	Country of Incorporation	Share Holding Percentage
1 Golden Investment (Sikkim) Pvt. Limited	India	99.97 %
2 GTC INC.B.V	Netherland	100.00 %
3 Golden Realty & Infrastructure Limited	India	100.00 %
4 Western Express Industries Limited	India	100.00 %
5 Raigadh Papers Limited	India	100.00 %

C. Consolidation Procedures

For preparation of Consolidated Financial Statements, the financial statements of the Holding Company and its Subsidiaries have been combined on a line to line basis by adding together like items of assets, liabilities, income and expenses. Impact of Inter-Company transactions has been eliminated on consolidation.

D. The accounting policies followed by the holding Company and its subsidiaries are disclosed in their respective financial statements.

NOTES TO ACCOUNTS :

2) Contingent liabilities not provided for in respect of :

- 2.1 (a) Guarantees and counter guarantees given by the holding Company to Banks/Financial Institutions/Others in respect of loans / guarantees to / for other companies (excluding in respect of Excise Duty referred to in Note no.(c) below) : Rs.10,55,73,000 plus interest, if any (Previous Year Rs.10,55,73,000 plus interest, if any).
- (b) Guarantees given by the Bankers on behalf of the holding Company (excluding in respect of Excise Duty referred to in Note no.(c) below) : Rs.2,99,21,519 (Previous Year Rs. 2,42,58,420).
- (c) Disputed Excise claims/demands, of Rs. 69,14,68,285 (Previous Year Rs. 84,04,89,773) excluding interest liability, if any, against and / or relating to the holding Company and its subsidiaries and counter claims by the holding Company are pending or otherwise being contested before the various Excise Authorities/ Courts against which the holding Company has paid Rs.30,41,610 (Previous Year Rs. 24,35,712) (included in Loans & Advances) under protest. In the opinion of the Management, appropriate provisions have been made in the books of accounts in respect of Excise claims/ demands that may become payable based on the legal advice / present status of various matters. Further, various show cause notices / show cause cum-demand notices have been received from Excise Authorities by the holding Company and / or in relation to the holding Company. Since, these notices are in the nature of explanations required, the holding Company does not consider them to constitute any liability. All these notices have been replied / attended to and are pending at different stages.
- (d) Excluding the claims/demands against the holding Company and its subsidiaries not acknowledged as debts as mentioned in (c) above :
 - (i) Income Tax in respect of earlier years under dispute for which appeals/ rectification petitions have been/ are being preferred by the holding Company and subsidiaries and / or pending final assessments Rs.7,68,10,28,271 (Previous Year Rs. 7,63,78,41,576) including interest upto the date of respective demands and excluding further interest liability if any and penalty of Rs.4,89,12,56,796 (Previous Year Rs. 4,88,37,81,002).
 - (ii) Other Income Tax proceedings in respect of earlier years decided in the holding Company's favour by the Appellate Authorities against which the Department is in further appeals excluding further interest liability, if any : Rs.100,16,18,582 (Previous Year Rs. 100,16,18,582).
- (e) Pursuant to BIFR Order dated 16th December, 2002, the holding Company has made applications with Excise / Income Tax Departments to waive the interest and penalties included in the demand as referred in para (c) and (d) above and those as may arise during the scheme period.
- (f) The holding Company and its subsidiaries expects to succeed in all the pending disputes, as per the expert opinions obtained by the management.

3) (a) Other Contingent Liabilities :

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
i) Disputed demands of employees/ex-employees of holding Company	33,06,337	31,79,471
ii) Disputed Sales Tax	8,00,209	8,00,209
iii) Disputed Entry Tax of holding Company	20,36,37,402	19,37,22,068
iv) Disputed Land Revenue & other Taxes of holding Company	3,14,823	3,14,823
v) Disputed Employees' State Insurance Corporation	18,18,839	17,35,993
vi) Services/materials suppliers and other business related disputed claims(excluding differential interest, if any, payable to a finance company-amount unascertainable)	10,88,14,361	9,60,94,309
(b) The holding Company has received notices from certain States in USA with regard to claims against cigarettes sold in those States. However, as per an expert legal opinion obtained, the Company is not liable for any claims, whatsoever-amount unascertainable.		
4) Estimated amount of Contracts remaining to be executed on Capital account in holding Company and not provided for Rs. 2,89,81,552 (Previous Year Rs. 5,68,78,940) (Net of Advances of Rs. 1,71,88,638; Previous Year Rs. 532,30,709).		
5) Land & Buildings and Plant & Machinery were revalued as on 30 th June, 1980, 30th June, 1984, 30th June, 1986 (only Land and Buildings), 30th June, 1988 and 31st March, 1993. The total increase as a result of these revaluations were transferred to Revaluation Reserve in the respective years. All the above stated revaluations were carried out by an external approved valuer on the basis of market/replacement value of similar assets, using standard indices and after considering the obsolescence and age of individual assets. The revalued amounts, net of withdrawals, of Rs.16,72,14,822 for Land & Buildings and Rs.66,76,63,587 for Plant & Machinery (Previous Year Rs. 65,98,12,366 and Rs.66,76,63,587, respectively) remain substituted for the historical costs in the gross block of Fixed Assets (Schedule 'E').		
6) There is a substantial diminution in the carrying value of certain long term quoted investment as compared to its market value which in the opinion of the management is temporary and therefore, no provision is considered necessary at this stage as the same are long term and strategic in nature.		
7) No provision has been considered necessary in respect of certain overdue sundry debtors and loans and advances of holding Company aggregating to Rs.3,09,91,797(Previous Year Rs. Nil) since the Management has taken suitable measures to recover the said dues and is hopeful of recovery in due course of time.		
8) Advances recoverable in cash or in kind or for value to be received - considered good include capital advances of Rs. 1,71,88,636 (Previous Year Rs. 5,32,30,709) towards purchase of fixed assets.		
9) (a) The Accounts of certain Debtors, Creditors, Non-operative Banks / Lenders and Loans & Advances are subject to confirmations, reconciliations, and adjustments, if any, having consequential impact on the loss for the year, assets and liabilities, the amounts whereof are presently not ascertainable. However the Management does not expect any material difference affecting the current year's financial statements.		
(b) In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business unless otherwise stated. Provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonable necessary.		
10) No provision has been made in the holding Company accounts in respect of estimated total liability for future payment of gratuity of Rs.11,21,23,631 (Previous Year Rs.13,09,11,370) determined on the basis of actuarial valuation, as the holding Company's practice is to account for the same as and when due for payment.		
11) (a) Miscellaneous Income under the head "Other Income" include Rs.Nil (Previous Year Rs. 1,80,00,000) towards compensation receivable from an associate on account of termination of contract for purchase of property in the holding Company.		
(b) "Excess-short provision for earlier years written back (Net)" under the head Miscellaneous Income includes the following:		

Particulars	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
Liability written back/(provided) in respect of Conversion charges	2,14,16,840	—
Liability written back/(provided) in respect of Entry Tax	—	15,19,00,030
Liability written back/(provided) in pertaining to Excise Duty (Net)	—	2,96,13,537
Liability written back/(provided) under an Arbitration award against the Company	—	(89,37,064)
Total	<u>2,14,16,840</u>	<u>17,25,76,503</u>



	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
12) Payments to Auditors :		
(i) Audit Fees	7,50,000	7,50,000
(ii) In other capacity for :		
(a) Company Law matters / Management Services	1,92,000	1,92,000
(b) Tax Audit	1,50,000	1,50,000
(c) Certification fees	3,30,000	3,30,000
	<hr/> 14,22,000	<hr/> 14,22,000
(iii) Reimbursement of expenses (including service tax Rs.1,61,563; Previous Year Rs. 1,92,633)	3,08,143	3,29,154
	<hr/> 17,30,143	<hr/> 17,51,154

13) The amount of exchange difference (net) debited to the Profit and Loss Account Rs.59,92,595 (Previous Year (net) debited Rs. 28,70,934)

14) As a matter of prudence the net deferred tax asset in respect of holding Company as on 31st March, 2010 has not been recognized and in respect of a subsidiary company deferred tax assets arising relating to unabsorbed depreciation and losses have also not been recognized.

15) The holding Company as a part of development activities of Realty Division :-

- (a) During the year, some of the Land situated at Andhra Pradesh hitherto held as fixed assets, were converted into "Stock-in-Trade" at an amount of Rs.18,61,51,280 being the fair market value on the date of conversion i.e. 30th June,2009, 30th Sep,2009 and 31st March,2010. The fair market value was determined based on the card rates maintained by the Stamp Authorities. Consequent to conversion of land at fair market value, the surplus of Rs.18,57,70,353 being the difference between the fair market value and book value arising on this account is transferred to Profit & Loss account and shown under the head "Other Income".
- (b) Land situated at Marol, hitherto held as fixed asset, was converted into "stock-in-trade" at an amount of Rs.24,91,15,900 being the fair market value on the date of conversion i.e.25th June, 2008. The fair market value was determined and certified by a government approved valuer consequent to conversion of land at fair market value, the surplus of Rs.Nil (Previous year Rs.24,77,73,375) being the difference between the fair market value and book value arising on this account is transferred to Profit & Loss account and shown under the head "Other Income".
- (c) (i) During the year, the holding Company has entered into a Memorandum of Understanding (MOU) with reputed developers to jointly develop its Vile Parle property (subject to necessary approvals/clearances/permissions) and partly received Rs.75,00,00,000 upto 31st March 2010 and Rs.25,00,00,000 after the close of the year.
(ii) The said property has been converted into stock in trade (held hitherto as Fixed Assets) at book value.
- (d) Pursuant to the Development agreement entered with the certain land owners, the group has advanced the sum of Rs. 96,25,00,000 for acquiring the development rights for construction of property.
- (e) In September, 2007 the holding Company transferred its land of the cost of Rs.39,480 at Hyderabad to stock in trade and entered into agreement with a builder for joint development of commercial complex to be completed in thirty six months. As per the agreement, the holding Company would be entitled to receive around 50% of the constructed saleable area as consideration.

16 Segment Reporting

The holding Company considers business segment as primary segment in the context of AS-17. The Business segment has been identified and reported taking into account, the differing risk and returns, the organization structure and internal financial reporting system.

- (a) Business Segment :
 1. Tobacco Products
 2. Realty Division

Particulars	Amount in Rs	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Segment Revenue :		
(a) Tobacco Products	86,47,34,038	84,48,50,610
(b) Realty Division	—	—
(c) Others/Unallocable	—	—
Total	86,47,34,038	84,48,50,610
Add : Other Income		
(a) Tobacco Products	28,10,19,385	45,25,48,505
(b) Realty Division	—	1,80,00,000
(c) Others/Unallocable	8,74,892	10,37,604
Total	28,18,94,277	47,15,86,109
Net/Sales income from operations	114,66,28,315	131,64,36,719
Segment Results Profit/(Loss) before tax and interest from segment :		
(a) Tobacco Products	2,12,03,080	11,57,46,264
(b) Realty Division	(12,34,658)	1,78,78,683
(c) Others/Unallocable	(24,74,758)	(37,52,472)
Total	1,74,93,664	12,98,72,475
Less: Interest expenses	13,41,91,415	12,45,57,846
Provision for Taxation	3,78,000	44,66,033
Total Profit/(Loss) after taxation	(11,70,75,746)	8,48,596
Minority Interest (loss)	5	5
Net Profit / (Loss)	(11,70,75,741)	8,48,601
Segment Assets :		
(a) Tobacco Products	179,80,42,349	207,84,12,681
(b) Realty Division	101,24,64,380	63,30,39,479
(c) Others/Unallocable	1,93,87,880	11,80,43,556
Total Assets	282,98,94,609	282,94,95,716
Segment Liabilities :		
(a) Tobacco Products	144,25,91,497	128,66,93,446
(b) Realty Division	93,87,25,455	54,35,63,743
(c) Others/Unallocable	5,47,150	38,47,321
Total Liabilities	2,38,18,64,102	183,41,04,510
Capital Expenditure :		
(a) Tobacco Products	5,44,85,173	52,35,359
(b) Realty Division	—	—
(c) Others/Unallocable	—	—
Total Capital Expenditure	5,44,85,173	52,35,359
Depreciation/Amortisation :		
(a) Tobacco Products	2,02,96,896	2,54,75,454
(b) Realty Division	—	—
(c) Others/Unallocable	632	735
Total Depreciation/Amortisation	2,02,97,528	2,54,76,189

(b) The Group has its operating activities in India and all its assets are mostly located in India.

17) Related Party Disclosures :
Related party disclosures as required by AS - 18 "Related Party Disclosures" are given below:

A. List of related parties :

(i) Key Management Personnel

Mr. J. P. Khetan	– Managing Director
Mr. Viney Mehra	– Whole Time Director
Mr. A. K. Joshi	– Whole Time Director

(ii) Associates/Joint Ventures with whom the holding Company has entered into transactions during the year :
GHCL Limited

M/s Ashoka Developers & Builders Ltd

(iii) Relatives of Key Management Personnel

Mrs. Madhu Khetan	– Wife of Managing Director
Mr. Amit Joshi	– Son of Whole Time Director
Mr. Ashwin Joshi	– Son of Whole Time Director



B. During the year, the following Transactions were carried out with the related parties in the ordinary course of business :

(Amount in Rs.)

	Associates/ GHCL Ltd	JointVenture M/s Ashoka Developers &Builders Ltd	Key Management Personnel	Relatives of Key Management Personnel	Total
Expenses :					
Remuneration	—	—	1,70,73,083	—	1,70,73,083
Rent	(—)	(—)	(2,39,69,542)	(—)	(2,39,69,542)
Car Hire charges	—	—	—	11,40,480	11,40,480
	(—)	(—)	(—)	(—)	(—)
Income :					
Compensation receivable	—	—	—	—	—
	(1,80,00,000)	(—)	(—)	(—)	(1,80,00,000)
Finances & Investments :					
Purchase of Fixed Assets	5,00,00,000	—	—	—	5,00,00,000
Security Deposit Received	(—)	(—)	(—)	(—)	(—)
Amount repaid	8,00,00,000	(2,50,00,000)	(—)	(—)	(2,50,00,000)
	(—)	—	—	—	8,00,00,000
Outstandings :					
Payable	—	5,00,00,000	7,67,840	1,17,019	5,08,84,859
	(—)	(5,00,00,000)	(74,68,939)	(—)	(5,74,68,939)
Receivable	1,80,00,000	—	—	—	1,80,00,000
	(14,80,00,000)	(—)	(—)	(—)	(14,80,00,000)
Investments	4,95,90,697	—	—	—	4,95,90,697
	(4,95,90,697)	(—)	(—)	(—)	(4,95,90,697)

NOTES:

1. Related parties have been identified by the management and relied upon by the auditors.
2. No amount pertaining to Related Parties has been provided for as doubtful debts. Also, no amount has been written off/written back in respect of aforesaid parties during the year.
3. Figures in brackets pertain to previous year.

18) The computation of Earnings per Share :

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
(a) Numerator :		
Net Profit/(Loss) as per Profit and Loss Account (after tax)	(11,70,75,746)	8,48,601
(b) Denominator :		
Weighted average number of Equity Shares outstanding for Basic and Diluted Earning per share	1,75,88,021	1,75,87,931
(c) Earnings per Equity Share Basic and Diluted	(6.66)	0.05
(d) Nominal value per Equity Share	Rs.10	Rs.10

19) The Previous Year's figures have been rearranged, reinstated and / or regrouped wherever necessary to conform the Current Year's presentation.

Signatures to Schedules 'A' to 'Q'

SANJAY DALMIA	Chairman
ANURAG DALMIA	Vice-Chairman
J.P. KHETAN	Managing Director
A. K. JOSHI	Whole-time Director
BHARAT B. MERCHANT	Director
V.K.BHANDARI	Director

Place: New Delhi,
Dated: 25th May,2010.



INFORMATION ON SUBSIDIARY COMPANIES AS PER APPROVAL RECEIVED FROM THE MINISTRY OF COMPANY AFFAIRS, GOVERNMENT OF INDIA, UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 2010.

(Amount in Rs.)

Sr. No.	Particulars	Golden Investment (Sikkim) Pvt. Limited	Western Express Industries Limited	Raigadh Papers Limited *	GTC Inc B. V.	Golden Realty & Infrastructure Limited
1	Capital	60,000	75,000,000	15,000,000	1,089,270	500,000
2	Reserves	3,011,468	10,938,900	10,114,443	62,223	NIL
3	Total Assets	3,394,268	201,954,081	25,842,383	2,418,041	996,039,481
4	Total Liabilities	3,394,268	201,954,081	25,842,383	2,418,041	996,039,481
5	Details of Investment (except investment in subsidiaries)	2	1,201,533	NIL	NIL	NIL
6	Turnover	NIL	19,908	NIL	NIL	NIL
7	Profit / (Loss) before Taxation	(14,680)	(764,000)	(650,740)	(1,006,468)	(1,273,528)
8	Provision for Taxation	NIL	NIL	NIL	NIL	NIL
9	Profit / (Loss) after Taxation	(14,680)	(764,000)	(650,740)	(1,006,468)	(1,273,528)
10	Proposed Dividend	NIL	NIL	NIL	NIL	NIL

* Subsidiary of Western Express Industries Limited

For and on behalf of the Board of Directors

SANJAY DALMIA	Chairman
ANURAG DALMIA	Vice-Chairman
J.P.KHETAN	Managing Director
A.K.JOSHI	Whole-time Director
BHARAT B. MERCHANT	Director
V. K. BHANDARI	Director

Place: New Delhi
Date: 25th May, 2010



This page has been kept intentionally blank

Form 2B
(See rules 4 CCC and 5 D)

NOMINATION FORM

(To be filled in by individual applying singly or jointly)
(if jointly, only up to two persons)

I / We, _____ and _____ the holder(s) of Shares / Debentures / Deposits bearing Folio / Receipt Number(s) _____ and accruals thereon of _____ wish to make a nomination and do hereby
(Name of the Company)
nominate the following person in whom all rights of transfer and / or amount payable in respect of Shares / Debentures / Deposits shall vest in the event of my / our death.

Name and Address of Nominee

Name : _____
Address : _____
_____ Pin code : _____

Date of Birth : _____

(To be furnished in case
the nominee is minor)

Signature of Nominee
(Optional)

* The nominee is a minor whose Guardian is
Name and Address of Guardian _____

Signature(s) of Holder(s)

Signature : _____
(1st Holder)

Signature : _____
(2nd Holder)

Name : _____

Name : _____

Address : _____

Address : _____

Date : _____

Date : _____

Signature of Two Witness :

Name and Address

Signature with Date

1. _____
2. _____

Instructions:

1. The Nomination can be made only by individuals applying / holding shares / debentures on their own behalf singly or jointly up to two persons. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the securities are held jointly, all joint holders will sign the Nomination Form.
2. A minor can be nominated by holder(s) of shares / debentures / deposits and in that event the name and address of the Guardian shall be given by the holder(s).
3. The nominee shall not be a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a nominee on repatriable basis provided RBI approval granted to the nominee is registered with the Company.
4. Nomination shall stand rescinded upon transfer of shares / debentures or repayment / renewal of deposits made.
5. Transfer of shares / debentures in favour of a nominee and repayment of amount of deposit to nominee shall be valid discharge by the Company against the legal heir.

FOR OFFICE USE ONLY

Nomination Regn. No. _____

Date of Registration _____

Checked by _____



54th AGM



GOLDEN TOBACCO LIMITED

Registered Office : Tobacco House, Vile Parle (West), Mumbai - 400 056.

Fifty-fourth Annual General Meeting to be held on 18th September, 2010 at 3.00 p.m.

PROXY FORM

I / We
of being a member / members of
GOLDEN TOBACCO LIMITED hereby appoint
of or failing him
of as my / our proxy to attend and vote for me / us on my / our behalf at
the Fifty-fourth Annual General Meeting of the Company to be held on Saturday, 18th September, 2010 at 3.00 p.m. and at any
adjournment thereof.

In witness whereof

I / We have signed

in this day of 2010.

Reg. Folio No. :

Revenue
Stamp
of
Re. 1

*DP Id :

* Client Id :

This Proxy Form duly completed must be received at the Company's Registered Office at least 48 hours before the meeting.

* Applicable for Investors holding shares in Electronic form.

54th AGM



GOLDEN TOBACCO LIMITED

Registered Office : Tobacco House, Vile Parle (West), Mumbai - 400 056.

Fifty-fourth Annual General Meeting to be held on 18th September, 2010 at 3.00 p.m.

ADMISSION SLIP

Reg. Folio No. :

*DP Id :

* Client Id :

NAME & ADDRESS

I / We certify that I am / We are
Member(s) / Proxy of the Members
of the Company; holding
..... shares.

Signature of the member(s) / proxy

- A member / proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance.
- A member intending to appoint a proxy may please complete the above proxy form and deposit at the Company's Registered Office, at least 48 hours before the meeting.

* Applicable for Investors holding shares in Electronic form

Name of the Proxy in Block letters

Proxy's Signature

BOOK-POST

If undelivered, please return to :

GOLDEN TOBACCO LIMITED
Tobacco House, S. V. Road,
Vile Parle (West),
Mumbai - 400 056.

GOLDEN TOBACCO LIMITED

54th ANNUAL GENERAL MEETING

Date	:	18th September, 2010
Day	:	Saturday
Time	:	3:00 p.m.
Venue	:	Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development, Vile Parle (West), Mumbai - 400 056.
Book Closure	:	11th September to 18th September, 2010
Dates		(both days inclusive)

Board of Directors

Chairman
Sanjay Dalmia
Vice-Chairman
Anurag Dalmia
Managing Director
J. P. Khetan
Directors
R. R. Kumar
Bharat B. Merchant
V. Anish Babu - IFCI Nominee
V. K. Bhandari
Viney Mehra – Whole Time Director
A. K. Joshi – Whole Time Director
Rishabh Jain

Company Secretary (w.e.f. 26.07.2010)
Narendra Rahalkar

Auditors
Lodha & Co., Mumbai
Solicitors
Khaitan Jayakar Sud & Vohra (KJSV)

Bankers
Canara Bank
Syndicate Bank
Vijaya Bank
State Bank of Bikaner & Jaipur
Allahabad Bank

Registered Office
Tobacco House,
S. V. Road, Vile Parle (West),
Mumbai - 400 056.
Phone : 2671 3951
Fax : 2671 5481

Investors' Cell
Toll Free No. 1800 22 3951
email : share@goldentobacco.in

Registrar & Transfer Agent
Link Intime India Private Ltd.
C-13, Pannalal Silk Mills Compound, L.
B. S. Road, Bhandup (West), Mumbai
- 400078.

Phone : 2596 3838 (Extn. 2293)
Fax : 2569 2693
email : isrl@vsnl.com

Contents

	Page
Notice -----	01
Directors' Report-----	04
Annexure to the Directors' Report -----	07
Management Discussion & Analysis Report -----	09
Report on Corporate Governance -----	11
Certification by CEO & CFO -----	18
Auditors' Report -----	19
Balance Sheet -----	22
Profit & Loss Account -----	23
Cash Flow Statement -----	24
Schedules to the Accounts -----	25
Balance Sheet Abstract -----	42
Statement Pursuant to Section 212 ----- of the Companies Act, 1956	43
Consolidated Accounts -----	46
Subsidiaries Information -----	59
Nomination Form -----	61

Stock Exchanges where Company's shares are listed

National Stock Exchange of India Ltd.
Bombay Stock Exchange Ltd.