

55th
Annual Report
2010-2011



Golden Tobacco Limited

GOLDEN TOBACCO LIMITED

BOARD OF DIRECTORS

CHAIRMAN

Sanjay Dalmia

VICE CHAIRMAN

Anurag Dalmia

MANAGING DIRECTOR

J. P. Khetan

DIRECTORS

| | |
|--------------------|-----------------------|
| R. R. Kumar | Director |
| Bharat B. Merchant | Director |
| A. K. Joshi | Whole Time Director |
| V. K. Bhandari | Director |
| Rishabh Jain | Director |
| V. Anish Babu | Nominee Director-IFCI |

COMPANY SECRETARY

Manoj Kumar Srivastava (w.e.f. 16th June, 2011)

STATUTORY AUDITORS

Lodha & Co., Mumbai

SOLICITORS

Khaitan Jayakar Sud & Vohra (KJSV)

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BANKERS

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

REGISTERED OFFICE

Darjipura, Post-Amaliyara
Vadodara-390022, Gujarat, INDIA.
Tel.: 0265-2540116
Fax : 0265-2541025

INVESTORS' CELL

Toll Free No 1800223951
Email: share@goldentobacco.in

REGISTRAR & TRANSFER AGENT

M/s Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup(W), Mumbai-400078
Phone : 022-25963838
Fax : 022-25946969
Email : mumbai@linkintime.co.in

55th ANNUAL GENERAL MEETING

Date : 17th December, 2011
Day : Saturday
Time : 3:30 p.m.
Venue : Darjipura,
Post-Amaliyara,
Vadodara - 390022,
Gujarat, INDIA.
Book Closure Date : 10th December to
17th December, 2011
(both days inclusive)

STOCK EXCHANGES WHERE COMPANY'S SHARES ARE LISTED

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



NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY- FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF GOLDEN TOBACCO LIMITED WILL BE HELD ON SATURDAY, DECEMBER 17, 2011 AT 3.30 P.M. AT DARJIPURA, POST –AMALIYARA, DIST. VADODARA GUJARAT-390022 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri R.R. Kumar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Rishabh Jain who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Lodha & Co. Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

Place: Mumbai
Date : 14th November, 2011

By Order of the Board of Directors,

Manoj Kumar Srivastava
Company Secretary

Registered Office:
Darjipura, Post-Amaliyara
Dist- Vadodara, Gujarat-390022

NOTES:

1. **MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will be closed from 10th December 2011 to 17th December 2011 (both days inclusive).
3. The relevant details as required by Clause 49 of Listing Agreements entered into with the stock exchanges, of persons seeking appointments/reappointment as Directors under item no.2 and 3 of the Notice are annexed herewith and the same are open for inspection of the members at the registered office of the Company on all working days between 11.00 am to 1.00 pm up to the date of Annual General Meeting and during the time of meeting.
4. Pursuant to Section 205 A and 205C and other applicable provisions, if any of the Companies Act, 1956 all unpaid /unclaimed dividend up to 1993-94 declared by the company have been transferred to the Investor Education and Protection Fund (IEPF) established by Central Government of India .Unpaid dividend pertaining to the year 1994-95 is being paid as per schedule fixed by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 16.12.2002. Further the modified scheme of 16/12/2002 is pending for consideration before the Hon'ble BIFR.
5. The Ministry of Corporate Affairs (vide circular nos 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering /updating their email address, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with M/s. Link Intime India Pvt. Ltd.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Services (NECS) Electronic Clearing Services (ECS), mandates, nominations, power of attorney change of address, change of name and email address, etc. to their Depository Participants only and not to the Company Registrar and



Transfer Agents (R&TA). Changes Intimated to the Depository Participant will then be automatically reflected in the Company's record which will help the Company and R & T A to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Company's Registrar and Transfer Agent M/s Link Intime India Pvt. Ltd.

7. Members holding shares in dematerialized form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or Link Intime India Pvt. Ltd. for assistance in this regards.
8. Members desiring any information as regards the accounts are requested to write to the Registered Office of the Company at an early date so as to enable the management to keep the information ready at the meeting.
9. Members /proxies attending the meeting are requested to bring the copy of Annual Report as no separate copies shall be given at the time of Annual General Meeting.

Details of Directors Seeking Appointment / Reappointment at the Annual General Meeting:

| Particulars | Shri R.R.Kumar | Shri Rishabh Jain |
|--|---|---|
| Date of Birth | 15.11.1925 | 07.02.1980 |
| Date of Appointment | 30.12.2002 | 22.05.2008 |
| Qualifications | B.A.LL.B. | B.Com.,C A. |
| Expertise in specific functional areas | He is former Chairman and Managing Director of Union Bank of India, is having good financial and accounting background. He is having vast experience of over 49 years in Banking and Finance. | He is having good knowledge and experience in the field of finance and accounting and more then eight years in industry experience. |
| Directorships held in other public companies\$ | <ul style="list-style-type: none">● Golden Realty & Infrastructure Ltd.● Haldyn Glass Ltd.● Rolta India Ltd.● Eastern Medikit Ltd.● KJMC Financial Services Ltd.● IVP Ltd. | NIL |
| Chairmanship/membership of committees of other public companies@ | <ul style="list-style-type: none">● Rolta India Ltd.● Haldyn Glass Ltd. | NIL |
| Number of shares held in the Company | NIL | NIL |

\$ Directorship in private companies, foreign companies and associates are excluded.

@ Represents Membership/Chairmanships of Audit Committee and Shareholders'/Investors Grievance Committee only.

By Order of the Board of Directors,

Manoj Kumar Srivastava
Company Secretary

Place: Mumbai
Date: 14th November, 2011

Registered Office:
Darjipura, Post-Amaliyara
Dist- Vadodara, Gujarat-390022



DIRECTORS' REPORT

To,

The Members,

The Directors submit the Fifty-fifth Annual Report of the Company along with the Audited Statements of Accounts for the Financial year ended 31st March, 2011.

SUMMARY OF FINANCIAL RESULTS

Rs. in Lacs

| | For the year Ended 31.03.2011 | For the year Ended 31.03.2010 |
|--|----------------------------------|----------------------------------|
| Loss for the year before Interest, Depreciation, Exceptional Items and Tax | (1554.55) | 414.99 |
| Interest - Net | 1679.66 | 1341.91 |
| Depreciation | 152.52 | 202.96 |
| Profit/(Loss) before Taxation | (3386.73) | (1129.88) |
| Provision for Taxation: | | |
| Current Tax including (Wealth Tax) | 1.60 | 3.78 |
| Profit/(Loss) after Taxation | (3388.33) | (1133.66) |
| Balance brought forward from last year | (3016.48) | (1882.81) |
| Balance of loss carried over to Balance Sheet | (6404.81) | (3016.48) |

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE & DIVIDEND

Though there was no change in the excise duty structure, but the grey market cigarettes continue to be a major threat for the organized sector especially economy brands. Industry continues representing to the Government without any positive outcome & grey market continue to grow at a rapid rate resulting sharp drop in your company's volume.

The new Cigar with the brand name of Golden Cigaro launched last year from the stables of Golden Tobacco was received favourably and was rolled out across the country. Due to some classification issues production was stalled, which took lot of time to settle. The production of the same is expected to start now since the matter stands sorted out.

Further, the Company plans to launch aromatic cigarettes - few of them as variant of Chancellor and Panama shortly in current financial year. The first two are Koffee & Pan Aroma.

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

STATUS OF REHABILITATION SCHEME BY BIFR

The rehabilitation Scheme sanctioned by Hon'ble BIFR was in operation up to March, 2011. However, owing to the continuing losses still being suffered by the Company it has filed an Application for the extension of the said Scheme in order to complete the un-implemented part of the same but was not considered favourably by Hon'ble BIFR. Consequently, the Company has appealed against the same to Hon'ble AAIFR and the Company is very much hopeful to succeed.

SHIFTING OF PRODUCTION FACILITY

The manufacturing operation at Mumbai have been discontinued and shifted to existing plant at Vadodara. Pursuant to the Voluntary Retirement Scheme (VRS), offered by the Company, all 352 workers have accepted the same and were paid accordingly.

Also, in order to continue to utilize the Manufacturing License in the State of Maharashtra, the Company is in the process of setting up a manufacturing facility at Palghar, Thane, where the requisite land has already been acquired.

REAL ESTATE DEVELOPMENTS

The Company had started the Real Estate Business in the year 2007-08, when its Hyderabad property was offered for Joint Development with a reputed builder. Besides, the Company had entered into a Memorandum of Understanding (MOU) in the year 2009-10 with the reputed developers to jointly develop its Vile Parle, Mumbai property.

Similarly, the Company is also exploring the possibility of development/sale of some other properties.

However, Income Tax & Central Excise Departments took coercive actions against the Company by defying the provisions of sanctioned Scheme of Hon'ble BIFR. Consequently the Company approached the Hon'ble BIFR and the matter was decided ultimately in Company's favour. The Management is hopeful to resume normal functioning of Real Estate Division in the current financial year.



SHIFTING OF THE REGISTERED OFFICE OF THE COMPANY

In view of the production facilities of the Mumbai Plant already shifted to the existing Plant at Vadodara, as approved by the Members of the Company unanimously, the Company has taken the necessary steps to shift the Registered Office from State of Mumbai (erstwhile State of Bombay), to State of Gujarat by seeking the approval from the Company Law Board.

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 R R Kumar and Shri Rishabh Jain, Directors, will be liable to retire by rotation at the forthcoming Annual General Meeting. Being eligible, the re-appointment of Shri R R Kumar and Shri Rishabh Jain is recommended by the Board of 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:

- i. followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- ii. 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.
- iii. 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 further clarify that: -

- 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. 576,46,424/- which is determined on the basis of actuarial valuation.
- The company has not made any provision with regard to the overdue Sundry Debtors and Loans & Advances aggregating to Rs 493,09,336/-, since the Management has taken suitable measures to recover the said dues, it is hopeful of recovery in due course of time.
- Regarding Inventories including Rs. 104,94,596/- which should be provided for, because of its obsolescence, the Management treats the same as usable in normal course of operations.



It is pertinent to note that the Company is very much hopeful of succeeding in the Appeal for the continuation of the Hon'ble BIFR Scheme filed by it before Hon'ble AAIFR against the order of Hon'ble BIFR and in that case it will be very much convenient for the Company to take care of aforesaid observations of the auditors.

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 re-appointment 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: Mumbai

Dated: 25th May, 2011



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, 2011.

| | | |
|----|------|---|
| 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 up gradation 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: |
| | (a) | Developing blends of Cigars, Tipped Cigars, Pipe Tobacco and Smoking Mixture as per requirement and quality standard of International market. |
| | (b) | 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. |
| | (c) | On going development in Packaging in enhancing the appearance in line with 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. |
| | (a) | An appreciable enhancement in export volume, Cigars, & Cigarillos made in various categories of Fruity Flavors resulted in very wide acceptance in the Global Market. |
| | (b) | Resulted a significant entry in the world of highly demanding Slims and Super Slims cigarettes. |
| | (c) | Improved product consistency, yield and minimized fluctuations in tobacco chemistry. |
| | (d) | 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 126.34 lacs |
| | (b) | 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 3284.73 lacs |
| | 2. | During the year under review 892 million sticks were exported. |
| | 3. | Total foreign exchange used |
| | | Travel & Other Expenses : Rs. 29.59 lacs |
| | | Total foreign Exchange Earned |
| | | Cigarettes : Rs. 3284.73 lacs |
| | | Tobacco : Rs. NIL |

D PARTICULARS OF EMPLOYEES :

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PERSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH, 2011.

| Sr No. | Name | Designation / Nature of Duties | Remuneration (Rupees) | Qualifications | Experience (years) | Date of Commencement of Employment | Age (year) | Last Employment held before joining this Company & also the desig. & no. of yrs put in there |
|--------|-------------------|-----------------------------------|-----------------------|--|--------------------|------------------------------------|------------|--|
| 1 | Mr J P Khetan | Managing Director | 5438713 | Inter Arts | 47 | 10.02.1979 | 68 | Dalmia Industries Ltd, as Commercial Manager, 7 years |
| 2 | Mr A K Joshi | Director (Finance) | 5820407 | B.Com., FCA | 31 | 01.02.1993 | 53 | Chinar Exports Ltd, Sr.Manager-Finan.& Accts, 2 years |
| 3 | Dr. Abhijit De | Sr Vice President (R & D) | 5874484 | M.Sc. Phd. | 34 | 11.04.1986 | 59 | Godfrey Philips India Ltd, R & D Manager, 7 years |
| 4 | Mr. Sudhee Ranjan | Sr Vice President (Sales & Mrktg) | 4177040 | B.E. Electro & Comp., Dip. In Busi. Admin. | 32 | 01.08.2007 | 56 | Punjab Agro Tractor, External resource to Client Companies |
| 5 | Mr S V Makhija | Vice President Commercial | 5254412 | B.com (Hons.) A.C.A | 33 | 05.11.1979 | 58 | Sharp & Tannan Audit Assistant , 1 year |

| Employees for part of the year | | | | | | | | |
|--------------------------------|-----------------------|---------------------------|---------|--------------------------|----|------------|----|--|
| 1 | Mr Viney Mehra | Director (Technical) | 4462574 | Dip. In Prod. Engg. | 45 | 19.11.1984 | 64 | ITC Ltd, Asst.Production Manager, 18 Years |
| 2 | Mr GSK Prasad | General Manager TPD | 1650922 | B.Sc. | 38 | 17.01.1986 | 59 | Goyal Traders Leaf Buying Executive, 4 years |
| 3 | Mr Vinayak B Pawaskar | Sr. GM Works | 2301101 | Dip. In Mechanical Engg. | 32 | 08.10.1978 | 50 | N.A. |
| 4 | Mr Jaskaran S Khurana | C O O - Cigarette & Cigar | 1052416 | MBA | 16 | 1.11.2010 | 38 | Dalmia (Bros.) Pvt Ltd. as Executive Assistant to Chairman |

Notes:

- 1) Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, House Rent, Medical, Insurance, Re-imbursment 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 hold by themselves or along with their spouse and dependent children, 2 % or more of the equity shares of the Company.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The cigarette industry remained flat in the year 2010-2011, though there was minor increase in the excise duty. During this period, the cigarette industry marginally grew by 1%, but, plain cigarettes declined by another 15% this year.

The government gave some relief to mini plain segment and introduced mini filter to correct the early years situation of bringing the price of mini plain cigarettes on par with the regular filter segment, but in vain. The grey market products remained at the same levels. In grey market regular filter cigarettes are being sold at Rs.1/- per stick, whereas excise, Vat and other levies alone are more than Rs.1/- per stick. This didn't allow mini plain segment to benefit and the losses to the segment continued. Thus our volumes were affected.

Many states have increased VAT rates which may effect the margin of the Tobacco Industry adversely.

Our Company being the leader in mini plains segment, we retained some volumes despite all adversities. The volume converted to variants of Panama continued in control. The marketing strategy continues to create engines for growth in the regular filter and image driver in kings segment.

Our launch of new Cigar with the brand name of Golden Cigaro was received well, but for classification issues we could not benefit last year. This being a life style product, we feel now it could add to our portfolio.

Restructuring of sales and distribution resulted in huge savings and high productivity, which will have recurring benefits.

OPPORTUNITIES, THREATS AND FUTURE OUTLOOK:

The grey segment continues to be the biggest threat to the cigarette industry. These hundreds of units which have come up in small scale sector across the country are estimated by the trade to be 20-30% of the total industry. The management has taken up this issue with the Government at the highest level.

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 facilities 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 to ensure efficient operation of the business enterprise.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

Your Company endeavors to move ahead with its most valuable resources, 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 two units of Baroda and Guntur. We pledge to continue to maintain these good industrial relations through concerted positive efforts.

The Company had 490 employees as on 31st March, 2011 as compared to 906 at the beginning of the year, comprising of 120 in management / supervisory cadres, 56 in the staff cadres and 314 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. 15280.50 Lacs as against Rs.15012.89 Lacs of the previous year. The Net Profit/(loss) before tax for the year under review was Rs.(3386.33) lacs as against Rs.(1129.88) Lacs. After making adjustments for various tax provisions the Net Profit/(Loss) after tax was Rs. (3388.33) Lacs as against Rs.(1133.66) 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 2010-11 is given below:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company firmly believes in and has consistently endeavored to practice good Corporate Governance. It endeavors 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 on 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 shareholders, 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 nine Directors on its Board of which two are executive Directors, i.e. Managing Director and one Whole-Time Director; one Nominee Director of the Industrial and Financial Corporation of India (IFCI), a lender of the Company and six non-executive directors.

The present strength of the Board is nine Directors; consisting of two 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, 2011 as required under the code is as follows:

| Name of The Director | Category | No. of Board Meetings Attended out of 6 Board Meetings held during the year 2010-11 | Whether Attended AGM held on 18.9.2010 | 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 | 2 | Yes | 1 | - | - | - |
| Shri Anurag Dalmia | Non-executive Non-Independent | 2 | Yes | - | 1 | - | - |
| Shri R.R. Kumar | Non-executive Independent | 5 | Yes | 1 | 5 | 3 | 3 |
| Shri J.P. Khetan | Managing Director Non-Independent | 6 | Yes | - | 1 | - | - |
| Shri A.K. Joshi | Whole-Time Director Non-Independent | 5 | Yes | - | 1 | - | - |
| Shri V.K. Bhandari | Non-executive Independent | 6 | Yes | - | 8 | 6 | 6 |
| Shri Bharat B. Merchant | Non-executive Independent | 6 | Yes | - | 1 | - | - |
| Shri V.Anish Babu | IFCI Nominee Independent | 5 | Yes | - | 2 | - | - |
| Shri Rishabh Jain | Non-executive Independent | 1 | No | - | - | - | - |

* 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, executive director, Shri Bharat B. Merchant, non-executive independent director and Shri V.K. Bhandari, non-executive independent director who hold 1950, 100 and 80 shares respectively in the Company.

Number of Board meetings held during the year ended 31st March, 2011 and Dates of the Meetings.

During the year under review, Six Board Meetings were held and the gap between two meetings did not exceed four months. The dates of which Board meetings were held are 25th May, 2010, 23rd June, 2010, 29th July, 2010, 18th September, 2010, 4th November, 2010 and 11th February, 2011 respectively.



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 31st March, 2011 comprised of three members viz. Shri R.R.Kumar (as Chairman), Shri Bharat B. Merchant and Shri 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 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 Vijender Kumar Singhal, Sr. G.M. (Accounts) is the Compliance Officer of the Company.

During the year ended 31st March, 2011, four meetings of the Audit Committee were held on 25th May, 2010, 29th July, 2010, 4th November, 2010 and 11th February, 2011 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 four meetings except Shri V. Anish Babu who had attended only three meetings. The Director (Finance), the Head of the Internal Audit and the representative 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 2010-11.

The Committee inter alia dealt with accounting / audit matters, review of financial reporting systems, internal control 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 31st March 2011 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 provision of Schedule XIII and any other provisions, if any, of the Companies Act, 1956. Meetings of the Remuneration Committee was held on 23rd June'2010 & 11th February'2011.

Remuneration to Directors:

Details of Remuneration paid to the Directors for the year ended 31st March, 2011

| S.N. | Name of the Directors | Salaries | Perquisites Rs.## | PF & Superannuation Fund | Sitting fees (incl Committee Meetings)Rs. | Total Rs. | Stock Option |
|------|-------------------------|----------|-------------------|--------------------------|---|-----------|--------------|
| 1. | Shri Sanjay Dalmia | - | - | - | 10000 | 10000 | - |
| 2. | Shri Anurag Dalmia | - | - | - | 10000 | 10000 | - |
| 3. | Shri R.R. Kumar | - | - | - | 110000 | 110000 | - |
| 4. | Shri Bharat B. Merchant | - | - | - | 50000 | 50000 | - |
| 5. | Shri V.K.Bhandari | - | - | - | 30000 | 30000 | - |
| 6. | Shri Rishabh Jain | - | - | - | 10000 | 10000 | - |
| 7. | Sri V.Anish Babu | - | - | - | 30000 | 30000 | - |
| 8. | Shri A.K.Joshi | 4070160 | 1221479 | 528768 | - | 5820407 | - |
| 9. | Shri Viney Mehra | 678360 | 3696086 | 88128 | - | 4462574 | - |
| 10 | Shri J.P.Khetan | 2932560 | 1821865 | 684288 | - | 5438713 | - |
| | TOTAL | 7681080 | 6739430 | 1301184 | 250000 | 15971694 | - |

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 2010-11.

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 investor 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 meeting attended by the Directors are given below:

| Name of Member | Category | No. of meetings attended Out of 18 meetings held during the year 2010-11 |
|--------------------------|------------------------------------|---|
| Shri R.R. Kumar-Chairman | Non-Executive Independent Director | 18 |
| Shri Viney Mehra | Executive non-Independent Director | 2 |
| Shri A.K. Joshi | Executive non-Independent Director | 18 |

Share Transfer details meeting-wise:

| Date of Meeting | Total No. of Shares Transferred | Date of Meeting | Total No. of Shares Transferred |
|-----------------|---------------------------------|-----------------|---------------------------------|
| 01.04.2010 | 5959 | 18.10.2010 | 530 |
| 16.04.2010 | 241 | 08.11.2010 | 36901 |
| 03.05.2010 | 145 | 03.12.2010 | 745 |
| 26.05.2010 | 1095 | 22.12.2010 | 630 |
| 10.06.2010 | 1800 | 22.01.2011 | 2125 |
| 30.06.2010 | 960 | 21.02.2011 | 1993 |
| 14.07.2010 | 6205 | 28.03.2011 | 2485 |
| 10.08.2010 | 1365 | | |
| 27.08.2010 | 1420 | | |
| 02.09.2010 | 630 | | |
| 28.09.2010 | 1270 | | |

All transfers received have been processed within the prescribed time with no pending transfers as on 31st March, 2011. The Company has received 31 complaints during the financial year ended 31st March, 2011 and all are resolved during the year and there are no pending complaints 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 last three Annual General Meetings of the Company were held on Saturday the 18th September, 2010 at 3.30 p.m., Tuesday the 15th September, 2009 at 3.30p.m., and Monday, the 14th July, 2008 at Shri Bhaidas Maganlal Sabhagriha, U-1, Development Scheme, Vile Parle (West), Mumbai 400 056.

(ii)

| Year | Particulars of Special Resolutions Passed |
|------|--|
| 2010 | Postal Ballots pursuant to Section 192A of the Companies Act,1956 read with the Companies(Passing of the Resolution by Postal Ballot) Rules,2001 for consent of the Members for shifting of Registered Office of the Company from the State of Bombay to the State of Gujarat. |
| 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. |

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

- (iv) No special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.



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 Minimization 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 un-audited 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 un-audited financial results are normally published in one English and one local language Newspaper i.e. Nav Shakti and Free Press Journal.
 - d) The quarterly un-audited 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 investor or analysts has been made during the year ended 31st March, 2011.

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 the possession of unpublished price sensitive information in relation to the Company. Shri Vijender Kumar Singhal, Sr.Gen.Manager (Accounts) 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 2010-11.

VIII. General Shareholders Information

Shri Manoj Kumar Srivastava is the Compliance Officer to monitor the share transfer process, shareholders' grievance and complaints, and to liaise with regulatory authorities. His address and contact details are as given below:

Address : Darjipura, Post-Amaliyara
Vadodara-390022, Gujarat,INDIA.

Phone : 0265-2540116

Fax : 0265-2541025

I 55th Annual General Meeting

The Annual General Meeting for the year ended 31st March, 2011 is scheduled to be held on Saturday the 17th day of December, 2011, at 3.30 p.m. At Darjipura, Post-Amaliyara, Vadodara - 390022, Gujarat, INDIA.

II Appointment/Re-Appointment of Directors

Shri R.R. Kumar and Shri Rishabh Jain will be liable for retirement by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. Following is the brief profile of the Directors.



Shri R.R. Kumar – Professional Director

Shri R.R.Kumar is a former Chairman and Managing Director of Union Bank of India, is having good financial and accounting background. He is having a vast experience of over 49 years in Banking and Finance.

Shri Rishabh Jain – Professional Director

Shri Rishabh Jain is a Chartered Accountant and he has a total industry experience of more than 8 years.

III. Financial Calendar

Calendar of events for the Financial Year 2011-12 as under:

| | |
|---|------------------------------------|
| Audited Annual Results for Previous Year ended 31 st March, 2011 | Within 30 th May, 2011 |
| Unaudited First Quarter Results | By 15 th August, 2011 |
| Unaudited Second Quarter Results | By 15 th November, 2011 |
| Unaudited Third Quarter Results | By 15 th February, 2012 |
| Audited Fourth Quarter Results | By May, 2012 |

IV. Date of Book Closure

Saturday the 10th to Saturday 17th December, 2011 (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. Phiroz 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 2011-12 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'2010 | 128.00 | 103.00 | 18047.86 | 17276.80 |
| May'2010 | 121.95 | 97.10 | 17536.86 | 15960.15 |
| June'2010 | 118.00 | 98.60 | 17919.62 | 16318.39 |
| July,2010 | 112.20 | 101.00 | 18237.56 | 17395.58 |
| August, 2010 | 125.40 | 101.50 | 18475.27 | 17819.99 |
| September'2010 | 106.35 | 98.40 | 20267.98 | 18027.12 |
| October'2010 | 104.80 | 86.55 | 20854.55 | 19768.96 |
| November'2010 | 97.70 | 71.00 | 21108.64 | 18954.82 |
| December' 2010 | 92.00 | 76.40 | 20552.03 | 19074.57 |
| January'2011 | 93.75 | 83.05 | 20664.80 | 18038.48 |
| February'2011 | 98.00 | 81.00 | 18690.97 | 17295.62 |
| March'2011 | 91.50 | 79.00 | 19575.16 | 17792.17 |



NSE - NIFTY

| Month | High(Rs.) | Low(Rs.) | Sensex | |
|----------------|-----------|----------|---------|---------|
| | | | High | Low |
| April'2010 | 128.00 | 108.05 | 5400.00 | 5160.90 |
| May 2010 | 122.00 | 98.05 | 5278.70 | 4786.45 |
| June 2010 | 117.00 | 98.45 | 5366.75 | 4961.05 |
| July 2010 | 112.20 | 101.10 | 5477.50 | 5225.60 |
| August 2010 | 125.35 | 101.50 | 5549.80 | 5348.90 |
| September 2010 | 106.90 | 98.15 | 6073.50 | 5403.05 |
| October 2010 | 104.80 | 86.50 | 6284.10 | 5937.10 |
| November 2010 | 100.90 | 70.00 | 6338.50 | 5690.35 |
| December 2010 | 91.70 | 62.00 | 6147.30 | 5721.15 |
| January 2011 | 94.20 | 83.50 | 6181.05 | 5416.65 |
| February 2011 | 98.90 | 81.20 | 5599.25 | 5177.70 |
| March 2011 | 91.50 | 73.00 | 5872.00 | 5348.20 |

VII. Distribution of Shareholding as on March 31, 2011

| No. of shares | No. of Shareholders | | No. of Shares | | % of Total Shares | |
|-----------------|---------------------|-------|---------------|----------|-------------------|-----------|
| | Physical | Demat | Physical | Demat | Physical | Demat |
| 1-500 | 14368 | 18454 | 1244704 | 2133311 | 38.06121 | 14.87817 |
| 501-1000 | 140 | 805 | 101209 | 629370 | 3.09482 | 4.38936 |
| 1001-2000 | 44 | 348 | 60997 | 530923 | 1.86520 | 3.70277 |
| 2001-3000 | 14 | 125 | 34407 | 317549 | 1.05212 | 2.21465 |
| 3001-4000 | 6 | 53 | 20650 | 186924 | 0.63145 | 1.30365 |
| 4001-5000 | 2 | 48 | 8926 | 224570 | 0.27294 | 1.56620 |
| 5001-10000 | 4 | 56 | 30910 | 409295 | 0.94518 | 2.85451 |
| 10001 and above | 7 | 98 | 1768466 | 9906591 | 54.07708 | 69.09069 |
| TOTAL | 14585 | 19987 | 3270269 | 14338533 | 100.00000 | 100.00000 |

VIII. Shareholding pattern as on March 31, 2011

| Sr. No. | Shareholders | No. of Shares Demat | No. of Shares Physical | Total | % Shareholding |
|---------|------------------------|---------------------|------------------------|----------|----------------|
| 1. | Promoters | 2909946 | 1769076 | 4679022 | 26.57 |
| 2. | Financial Institutions | - | 9480 | 9480 | 0.05 |
| 2. | Banks | 106755 | 2585 | 109340 | 0.62 |
| 3. | Mutual Funds | 172787 | 850 | 173637 | 0.99 |
| 4. | FIs | 495877 | - | 495877 | 2.82 |
| 4. | Bodies Corporates | 5593881 | 18514 | 5612395 | 31.87 |
| 5. | Non-Resident | 54147 | 18240 | 72387 | 0.41 |
| 6. | General Public | 5004165 | 141524 | 6455689 | 36.66 |
| 7. | Trusts | 975 | - | 975 | 0.01 |
| | Total | 14338533 | 1960269 | 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: |
|---|
| At. Darjipura, P.O. Amliyara, Halol Road, Vadodara – 390 022 |

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 dematerialization from 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: 2594 6969

Email: mumbai@linkintime.co.in

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 dematerialized 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, 2011, around 14338533 (81.43%) 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. During the year under review, the company has conducted Postal Ballot (Passing of Resolution by Postal Ballot Rules 2001 for Shareholders approval in respect of ordinary resolution and a special resolution.

DECLARATION BY CEO

I, J.P.KHETAN, MANAGING DIRECTOR of Golden Tobacco Limited, having 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 2011



CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We hereby certify that for the financial year 2010-11 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 2010-11 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: Mumbai
Dated: 25th May, 2011

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, 2011, 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 statement 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, 2011 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, 2011



AUDITORS' REPORT

To

The Members,

Golden Tobacco Limited

1. We have audited the attached Balance Sheet of Golden Tobacco Limited as at 31st March, 2011, 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. 57,646,424 determined on the basis of actuarial valuation as on March 31, 2011. 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)
 - (i) *Certain Sundry Debtors and Loans & Advances aggregating to Rs. 4,93,09,336 which, have been classified by the management as 'considered good' are, in our opinion, doubtful of recovery and are therefore required to be provided for as doubtful debts. (Refer Note no.7(i) in Schedule 'Q' to the accounts).*
 - (ii) *Inventories include Rs. 1,04,94,596 which in our opinion needs to be provided for because of its obsolescence. (Refer Note no. 7(ii) 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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. 45,62,83,831 (as against reported loss figure of Rs.33,88,33,475), accumulated losses would have been Rs. 75,79,31,470 (as against reported figure of Rs. 64,04,81,114), current assets, loans & advances would have been Rs. 333,82,80,968 (as against reported figure of Rs. 339,80,84,900 and current liabilities and provisions would have been Rs. 205,67,63,762 (as against reported figure of Rs.199,91,17,338) ;*
 - (i) We draw attention to Note no. 14(a) regarding recognizing of Rs.12,91,63,685 as "Other Income" being the differential amount between fair market value on the date of conversion and the actual cost in respect of conversion of property (fixed assets) into stock in trade at fair value considered by the stamp authorities.
 - (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 , Note no.11(b) regarding amount invested in and advances due from a subsidiary Company, Note no.23 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,2011 ;
 - (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 : Mumbai

Dated : May 25, 2011



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, 2011 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 Flat-Gross Block of Rs.6,644,825 (Net Block Rs.4,266,950) as on 31st March, 2011 which, as explained by the Management, is in the wrongful possession of the family member of an ex- employee for a long time. The Company has already initiated legal proceedings against the said ex- employee and on his demise, the names of his family members were substituted. The Company is rigorously following litigation so that flat can be vacated at the earliest. We are, however, 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, 2011 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 explanation 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 and 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 lacs 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, 2011 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 | Sales Tax Commissioner (Appeals) |
| Employees' State Insurance Act, 1948 | E.S.I.C. | Various Years | 18,71,197 | Deputy Regional Officer |
| Entry Tax (Various States) | Entry Tax | Various Years | 16,88,73,143 | High Court |
| Entry Tax – Madhya Pradesh | Entry Tax | Various Years | 45,84,065 | Supreme Court |
| Income Tax Act, 1961 | Income Tax | Various Years | 78,38,13,545 | Income tax Appellate Tribunal |
| | | | 670,19,33,640 | Income tax commissioner (Appeals) |
| Central Excise Act, 1944 | | | 8,34,41,266 | Assessing Officer |
| | Excise Duty | Various Years | 301,757,161 | Supreme Court |
| | | | 50,356,013 | High Court |
| | | | 32,68,10,740 | Customs Excise Service Tax |
| | | | 1,27,83,817 | Appellate Tribunal |
| | | | | 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, inter alia, the matters referred in para 4 (b) and 4(c) of the auditors' 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 banks and debenture holder except dues aggregating to Rs. 100 lacs payable to a debenture holder as of March 31, 2011.
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

Place : Mumbai
Dated : 25th May, 2011

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



BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | CURRENT YEAR | | PREVIOUS YEAR | |
|---|----------|----------------------|-----------------------------|----------------------|-----------------------------|
| | | Rupees | Rupees | Rupees | Rupees |
| I. SOURCES OF FUNDS | | | | | |
| 1) Shareholders' Funds: | | | | | |
| (a) Capital | A | 17,58,80,212 | | 17,58,80,212 | |
| (b) Reserves and Surplus | B | <u>66,26,14,754</u> | | <u>67,38,87,899</u> | |
| | | | 83,84,94,966 | | 84,97,68,111 |
| 2) Loan Funds: | | | | | |
| (a) Secured Loans | C | 150,60,86,240 | | 93,06,21,675 | |
| (b) Unsecured Loans | D | <u>2,50,00,000</u> | | <u>4,65,00,000</u> | |
| | | | 153,10,86,240 | | 97,71,21,675 |
| TOTAL | | | <u>236,95,81,206</u> | | <u>182,68,89,786</u> |
| II. APPLICATION OF FUNDS | | | | | |
| 1) Fixed Assets: | E | | | | |
| (a) Gross Block | | 96,21,39,381 | | 98,68,10,007 | |
| (b) Less: Depreciation | | <u>71,84,52,740</u> | | <u>72,74,35,399</u> | |
| (c) Net Block | | | 24,36,86,641 | | 25,93,74,608 |
| 2) Investments | F | | 8,64,45,889 | | 8,64,45,889 |
| 3) Current Assets, Loans and Advances: | | | | | |
| (a) Inventories | G | 100,63,19,158 | | 100,35,50,593 | |
| (b) Sundry Debtors | H | 16,64,84,918 | | 10,42,70,643 | |
| (c) Cash and Bank Balances | I | 3,41,33,011 | | 2,41,75,299 | |
| (d) Loans and Advances | J | <u>219,11,47,813</u> | | <u>145,16,20,392</u> | |
| | | 339,80,84,900 | | 258,36,16,927 | |
| Less : Current Liabilities and Provisions: | | | | | |
| (a) Current Liabilities | K | 197,77,67,674 | | 137,06,97,943 | |
| (b) Provisions | L | <u>2,13,49,664</u> | | <u>3,34,97,334</u> | |
| | | 199,91,17,338 | | 140,41,95,277 | |
| Net Current Assets | | | 139,89,67,562 | | 117,94,21,650 |
| 4) Profit and Loss Account (Loss) | | | 64,04,81,114 | | 30,16,47,639 |
| TOTAL | | | <u>236,95,81,206</u> | | <u>182,68,89,786</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
J. P. KHETAN
A. K. JOSHI
R.R. KUMAR
BHARAT.B.MERCHANT

Chairman
Managing Director
Whole-Time Director
Director
Director

Place : Mumbai
Dated : 25TH MAY 2011



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

| | Schedule | CURRENT YEAR | | PREVIOUS YEAR | |
|--|----------|------------------|-------------------------|------------------|-------------------------|
| | | Rupees | Rupees | Rupees | Rupees |
| INCOME | | | | | |
| Sales | | | 152,80,49,824 | | 150,12,89,753 |
| (Refer Note no.30 (A) of Schedule `Q` | | | | | |
| Less : Excise Duty | | | 60,20,57,964 | | 63,65,55,715 |
| | | | <u>92,59,91,860</u> | | <u>86,47,34,038</u> |
| Other Income | M | | 21,67,88,745 | | 28,19,13,240 |
| Variation in Stock | N | | (-) 11,41,50,465 | | (-) 1,54,06,365 |
| | | | <u>102,86,30,140</u> | | <u>113,12,40,913</u> |
| EXPENDITURE | | | | | |
| Manufacturing, Trading and Other Expenses | O | | 118,40,85,612 | | 108,97,40,933 |
| Interest and Commitment Charges (net) | P | | 16,79,66,052 | | 13,41,91,414 |
| Depreciation | | 1,83,71,005 | | 2,58,13,824 | |
| Less: Transferred from Revaluation Reserve | | <u>31,19,054</u> | | <u>55,16,928</u> | |
| | | | <u>1,52,51,951</u> | | <u>2,02,96,896</u> |
| | | | <u>136,73,03,615</u> | | <u>124,42,29,243</u> |
| PROFIT/(-) LOSS BEFORE TAXATION | | | (-) 33,86,73,475 | | (-) 11,29,88,330 |
| Provision for Taxation : | | | | | |
| Current Tax | | | (-) 1,60,000 | | (-) 3,78,000 |
| PROFIT/(-) LOSS AFTER TAXATION | | | (-) 33,88,33,475 | | (-) 11,33,66,330 |
| Balance brought forward from previous year | | | (-) 30,16,47,639 | | (-) 18,82,81,309 |
| Balance carried to Balance Sheet (Loss) | | | <u>(-) 64,04,81,114</u> | | <u>(-) 30,16,47,639</u> |
| Basic & Diluted Earnings Per Share (Face Value of Rs. 10 each) | | | (19.27) | | (6.45) |
| 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

Place : Mumbai
Dated : 25TH MAY 2011

SANJAY DALMIA
J. P. KHETAN
A. K. JOSHI
R.R. KUMAR
BHARAT.B.MERCHANT

Chairman
Managing Director
Whole-Time Director
Director
Director



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

| | CURRENT YEAR | PREVIOUS YEAR |
|--|----------------------|----------------------|
| | Rupees | Rupees |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS | (338,673,475) | (112,988,330) |
| Adjustments for : | | |
| Depreciation | 15,251,951 | 20,296,896 |
| Interest Expenses | 168,705,369 | 134,778,407 |
| Interest received (other than investment) | (739,317) | (586,993) |
| Dividend and interest from Investment | (879,176) | (854,984) |
| (Profit) /loss on sale of fixed assets(net) | (163,591) | (46,040,558) |
| Excess / short provision of earlier years | (50,120,138) | (25,036,492) |
| Fixed assets discarded/written off | 49,838 | 16,220 |
| Surplus on Conversion of Land into Stock- in-Trade | (129,163,685) | (185,770,353) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | (335,732,224) | (216,186,187) |
| Adjustments for : | | |
| Trade and Other receivables | (801,307,174) | (358,562,078) |
| Inventories | 126,731,435 | 140,724,935 |
| Trade payables | 644,882,199 | 674,585,996 |
| CASH GENERATED FROM OPERATIONS | (365,425,764) | 240,562,666 |
| Direct taxes paid | (655,335) | (15,468,037) |
| CASH FLOW BEFORE EXCEPTONAL ITEMS | (366,081,099) | 225,094,629 |
| NET CASH FLOW FROM/USED IN OPERATING ACTIVITIES (A) | (366,081,099) | 225,094,629 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (11,348,282) | (54,485,173) |
| Sale of Fixed Assets | 288,591 | 46,458,493 |
| Dividend and Interest from Investment | 879,176 | 854,984 |
| NET CASH FROM / (USED) IN INVESTING ACTIVITIES (B) | (10,180,515) | (7,171,696) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term borrowings | 553,964,565 | (99,236,932) |
| Share Capital | - | 300 |
| Share Premium | - | 2,700 |
| Interest paid | (168,705,369) | (134,778,407) |
| Dividend paid | - | (2,434,404) |
| Interest received (other than investment) | 739,317 | 586,993 |
| NET CASH FROM FINANCING ACTIVITIES (C) | 385,998,513 | (235,859,750) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 9,736,899 | (17,936,817) |
| OPENING CASH AND CASH EQUIVALENTS | 10,005,759 | 27,942,575 |
| CLOSING CASH AND CASH EQUIVALENTS | 19,742,658 | 10,005,759 |

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

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements" prescribed by the Companies (Accounting Standard) Rules, 2006.
- Fixed Deposit Accounts of Rs.1,43,23,883 (as at Mar 31, 2010 - Rs. 1,41,03,070) and monies lying in Right Issue Collection Accounts of Rs.66,470 (as at Mar 31, 2010 - Rs 66,470) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.

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
J. P. KHETAN
A. K. JOSHI
R.R. KUMAR
BHARAT.B.MERCHANT

Chairman
Managing Director
Whole-Time Director
Director
Director

Place : Mumbai
Dated : 25TH MAY 2011



SCHEDULES TO THE ACCOUNTS AS AT 31ST MARCH, 2011

| | CURRENT YEAR | | PREVIOUS YEAR | |
|---|---|----------------------------|---------------|----------------------------|
| | Rupees | Rupees | Rupees | 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 |
| | | <u>35,00,00,000</u> | | <u>35,00,00,000</u> |
| Issued : | | | | |
| 1,76,08,802 | (Previous Year 1,76,08,802) Equity shares of Rs.10 each | <u>17,60,88,020</u> | | <u>17,60,88,020</u> |
| Subscribed and paid up: | | | | |
| 1,75,98,016 | (Previous Year 1,75,97,956) Equity shares of Rs.10 each | 17,59,80,160 | | 17,59,79,560 |
| Add : | Nil(Previous Year 60) Bonus Shares allotted during the year. | -- | | 600 |
| | | <u>17,59,80,160</u> | | <u>17,59,80,160</u> |
| Less : | Allotment/Call money unpaid other than Directors. | 99,948 | | 99,948 |
| | | <u>17,58,80,212</u> | | <u>17,58,80,212</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 92,92,515) Equity Shares of Rs.10 each paid up by way of Bonus Shares by capitalisation of General Reserve and Securities Premium Account. | | | |
| 2. | 10,786 (Previous Year 10,786) 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 | | | | |
| | | 14,02,66,996 | | 57,05,81,500 |
| Less : | (a) Relating to Assets sold/Discarded/ Written off/ transfer to stock in trade | 81,54,091 | | 42,47,97,576 |
| | (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>31,19,054</u> | | 55,16,928 |
| | | <u>1,12,73,145</u> | | 43,03,14,504 |
| | | 12,89,93,851 | | 14,02,66,996 |
| Securities Premium Account : | | | | |
| As per last Balance Sheet | | | | |
| | | 53,45,47,235 | | 53,45,47,835 |
| Less : | Capitalised on issue of Bonus Shares allotted | - | | 600 |
| | | <u>53,45,47,235</u> | | <u>53,45,47,235</u> |
| Less : | Allotment/Call money unpaid other than Directors | 9,26,332 | | 9,26,332 |
| | | <u>53,36,20,903</u> | | <u>53,36,20,903</u> |
| | | <u>66,26,14,754</u> | | <u>67,38,87,899</u> |



SCHEDULES TO THE ACCOUNTS AS AT 31ST MARCH, 2011

| | 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) | 1,00,00,000 | 2,00,00,000 |
| Loan From Scheduled Banks : | | |
| Working Capital Facilities | 42,27,20,123 | 43,37,38,895 |
| Term Loan | 3,01,78,041 | 1,05,09,722 |
| Working Capital Term Loans | - | 1,29,15,615 |
| Funded Interest Term Loans | - | 1,47,31,988 |
| | <u>45,28,98,164</u> | <u>47,18,96,220</u> |
| From Bodies Corporate | 104,31,88,076 | 43,87,25,455 |
| (Refer Note no.10 of Schedule 'Q') | <u>150,60,86,240</u> | <u>93,06,21,675</u> |

Schedule D : UNSECURED LOANS

Short Term Loans From Bodies Corporate

| | |
|--------------------|--------------------|
| 2,50,00,000 | 4,65,00,000 |
| <u>2,50,00,000</u> | <u>4,65,00,000</u> |

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 31/03/11 Rupees | Total 31/03/10 Rupees |
|--|--|--|---|---|---------------------------------|---|-----------------------------|-----------------------------|
| GROSS BLOCK : (At Cost or Book Value) | | | | | | | | |
| As at 31st March'2010 | 217126876 | 695891196 | 3056874 | 7343687 | 12896569 | 50494805 | 986810007 | 1425373771 |
| Addition during the year | 10050374 | 1165458 | 0 | 0 | 0 | 132450 | 11348282 | 54485173 |
| | 227177250 | 697056654 | 3056874 | 7343687 | 12896569 | 50627255 | 998158289 | 1479858944 |
| Deduction on account of Sales Transfers or adjustments during the year | 20516632 | 11451954 | 0 | 0 | 1878394 | 2171928 | 36018908 | 493048937 |
| As at 31st March'2011 | 206660618 | 685604700 | 3056874 | 7343687 | 11018175 | 48455327 | 962139381 | 986810007 |
| DEPRECIATION: | | | | | | | | |
| Provided upto 31st March'2010 | 63723796 | 611273773 | 2716216 | 6688724 | 9940904 | 33091986 | 727435399 | 767814488 |
| Deduction on account of Sales Written off during the year | 1975774 | 12762298 | 47357 | 118540 | 764058 | 2702978 | 18371005 | 66192913 |
| | 65699570 | 624036071 | 2763573 | 6807264 | 10704962 | 35794964 | 745806404 | 701621575 |
| Transfer or adjustment during the year | 12368118 | 11090897 | 0 | 0 | 1771999 | 2122650 | 27353664 | 25813824 |
| Total provided for 31st March'2011 | 53331452 | 612945174 | 2763573 | 6807264 | 8932963 | 33672314 | 718452740 | 727435399 |
| NET BLOCK : | | | | | | | | |
| As at 31st March'2011 | 153329166 | 72659526 | 293301 | 536423 | 2085212 | 14783013 | 243686641 | 259374608 |
| As at 31st March'2010 | 153403080 | 84617423 | 340658 | 654963 | 2955665 | 17402819 | 259374608 | |

NOTES:

- (A) Value of Land and Buildings includes a sum of Rs.2530760 (Previous year Rs.2532043) 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.250 (Previous year Rs.1250) 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.Nil (Previous year Rs.31321614) being the book value of the Assets given on Lease, Land and Building includes a Flat of Rs. 6644825 (Previous Year Rs. 6644825); Net Block Rs. 42,66,950 (Previous Year Rs. 4383159). In the possession of the heir of an Ex-Employee.

SCHEDULES TO THE ACCOUNTS AS AT 31ST MARCH, 2011

| | CURRENT YEAR | | PREVIOUS YEAR | | |
|--|--|-------------------------------|---------------|---------------------------------|-------------|
| | Rupees | Rupees | Rupees | Rupees | |
| SCHEDULE F: INVESTMENTS | | | | | |
| (Long Term, Fully paid-up) | | | | | |
| (At Cost-Unless Otherwise stated) | | | | | |
| Trade Investments-In Equity Shares | | | | | |
| (i) Unquoted : | | | | | |
| 1,800 | Filter and Filteraids 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 : | | | | | |
| 7,680 | (Previous Year 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 | | 1,937 | |
| | | | 1,939 | 1,939 | |
| (B) In Equity Shares of Rs.10 each :(Unless otherwise stated) | | | | | |
| (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 * (at Depreciated value) | 1 | | 1 | |
| 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 | As at | As at | As at |
| | | 31/03/11 | 31/03/10 | 31/03/11 | 31/03/10 |
| | Quoted Investments | 6,16,76,634 | 6,16,76,634 | 2,99,02,448 | 3,04,13,793 |
| | Unquoted Investments | 2,47,69,255 | 2,47,69,255 | | |
| | Total | 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')



SCHEDULES TO THE ACCOUNTS AS AT 31ST MARCH, 2011

| | CURRENT YEAR | | PREVIOUS YEAR |
|---|---------------|----------------------|----------------------|
| | Rupees | Rupees | Rupees |
| Schedule G:INVENTORIES | | | |
| (As valued,verified and certified by the Management) | | | |
| Stores and Spare Parts | | 3,28,42,537 | 2,97,56,373 |
| Raw Materials | | 36,98,05,256 | 40,06,60,047 |
| Packing Materials | | 5,54,02,558 | 4,02,14,901 |
| Finished Goods | | 10,08,25,830 | 6,66,78,941 |
| Stock in Trade (Immovable Property) (Refer Note No.14 of schedule 'Q') | | 41,31,98,748 | 43,65,50,028 |
| Work-in-Progress | | 3,42,44,229 | 2,96,90,303 |
| | | <u>100,63,19,158</u> | <u>100,35,50,593</u> |
| Schedule H:SUNDRY DEBTORS | | | |
| (Unsecured-Considered Good unless otherwise stated) | | | |
| Debts outstanding for a period exceeding six months: | | | |
| (Refer Note No.7 of schedule 'Q') | | | |
| Considered Good | 5,85,62,681 | | 3,63,74,526 |
| Considered Doubtful | 46,68,069 | | 46,68,069 |
| | | 6,32,30,750 | 4,10,42,595 |
| Other Debts: | | | |
| Considered Good | 10,79,22,237 | | 6,78,96,117 |
| | | 17,11,52,987 | 10,89,38,712 |
| Less: Provision For Doubtful Debts | | 46,68,069 | 46,68,069 |
| | | <u>16,64,84,918</u> | <u>10,42,70,643</u> |
| Schedule I:CASH AND BANK BALANCES | | | |
| Cash on Hand | | 2,05,309 | 3,42,139 |
| Bank Balances With Scheduled Banks: | | | |
| In Current Accounts | 1,95,37,349 | | 96,63,620 |
| In Right Issue Collection Accounts | 66,470 | | 66,470 |
| In Fixed Deposit Accounts | 1,43,23,883 | | 1,41,03,070 |
| (Refer Note no.25 of Schedule 'Q') | | | |
| | | 3,39,27,702 | 2,38,33,160 |
| | | <u>3,41,33,011</u> | <u>2,41,75,299</u> |
| 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 | 207,71,73,526 | | 131,92,06,471 |
| Considered Doubtful | | | |
| (Refer Note no.7 of Schedule 'Q') | 1,71,58,422 | | 1,71,58,422 |
| | | 209,43,31,948 | 133,63,64,893 |
| Balance with Excise Authorities | | 66,74,548 | 2,57,69,517 |
| Payments of Tax (Net of Provisions of Rs.32,80,27,840: Previous year Rs.32,82,32,640) | | 10,72,99,739 | 10,66,44,404 |
| | | 220,83,06,235 | 146,87,78,814 |
| Less: Provision for Doubtful Advances | | 1,71,58,422 | 1,71,58,422 |
| | | <u>219,11,47,813</u> | <u>145,16,20,392</u> |



SCHEDULES TO THE ACCOUNTS AS AT 31ST MARCH, 2011

| | CURRENT YEAR | | PREVIOUS YEAR |
|---|---------------------|-------------------------|-----------------------|
| | Rupees | Rupees | Rupees |
| Schedule K:CURRENT LIABILITIES | | | |
| Sundry Creditors | | | |
| Due to Micro,Small,& Medium Enterprises | | -- | -- |
| Due to Others | | 8,60,47,442 | 7,46,31,129 |
| Unpaid Dividend * | | 1,97,62,294 | 1,97,62,294 |
| Security Deposits | | 11,44,63,492 | 11,90,78,492 |
| Other Liabilities | | 165,74,94,446 | 115,72,26,028 |
| (Refer Note no.14 of Schedule 'Q') | | | |
| | | <u>197,77,67,674</u> | <u>137,06,97,943</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>2,13,49,664</u> | <u>3,34,97,334</u> |
| | | <u>2,13,49,664</u> | <u>3,34,97,334</u> |
| Schedule M:OTHER INCOME | | | |
| Income from Investments (Long Term) (Gross): | | | |
| From Trade Investments: | | | |
| Dividend | | 8,79,176 | 8,54,984 |
| Miscellaneous Income | | 1,43,63,295 | 1,08,75,665 |
| Export Incentives | | 2,20,98,860 | 1,33,35,188 |
| Profit on Sale of Assets (Net) | | 1,63,591 | 4,60,40,558 |
| Surplus on Conversion of Land in to Stock in Trade (Refer Note no.14 of Schedule 'Q') | | 12,91,63,685 | 18,57,70,353 |
| Excess-Short Provision for earlier years written back(Net) (Refer Note no.14(d) of Schedule 'Q') | | 5,01,20,138 | 2,50,36,492 |
| | | <u>21,67,88,745</u> | <u>28,19,13,240</u> |
| Schedule N:VARIATION IN STOCK | | | |
| Opening Stock : | | | |
| Finished Goods | 6,66,78,941 | | 8,66,21,229 |
| Work-in-Progress | <u>2,96,90,303</u> | | <u>2,51,54,380</u> |
| | 9,63,69,244 | | 11,17,75,609 |
| Stock in trade (Immovable Property) | <u>56,60,50,028</u> | | <u>43,65,50,028</u> |
| | | 66,24,19,272 | 54,83,25,637 |
| Closing Stock : | | | |
| Finished Goods | 10,08,25,830 | | 6,66,78,941 |
| Work-in-Progress | <u>3,42,44,229</u> | | <u>2,96,90,303</u> |
| | 13,50,70,059 | | 9,63,69,244 |
| Stock in Trade (Immovable Property) (Refer note no.14 of Schedule 'Q') | <u>41,31,98,748</u> | | <u>43,65,50,028</u> |
| | | 54,82,68,807 | 53,29,19,272 |
| | | <u>(-) 11,41,50,465</u> | <u>(-)1,54,06,365</u> |



SCHEDULES TO THE ACCOUNTS AS AT 31ST MARCH, 2011

| | CURRENT YEAR | PREVIOUS YEAR |
|---|-----------------------------|-----------------------------|
| | Rupees | Rupees |
| Schedule O:MANUFACTURING,TRADING AND OTHER EXPENSES | | |
| Materials/Goods : | | |
| Raw Material Consumed | 26,59,11,082 | 31,56,13,069 |
| Purchase for Resale | 11,53,38,111 | 17,47,75,812 |
| Packing Materials Consumed | <u>11,00,16,448</u> | <u>10,68,79,445</u> |
| | 49,12,65,641 | 59,72,68,326 |
| Personnel : | | |
| Salaries, Wages and Bonus | 31,89,70,027 | 19,23,33,855 |
| Gratuity | 6,71,92,503 | 2,09,70,591 |
| Contribution to Provident and Other Funds | 1,08,22,598 | 2,11,71,528 |
| Workmen and Staff Welfare Expenses | <u>1,04,12,464</u> | <u>1,56,00,359</u> |
| | 40,73,97,592 | 25,00,76,333 |
| Others: | | |
| Power and Fuel | 1,43,64,110 | 2,02,13,833 |
| Stores and Spare Parts Consumed | 77,50,242 | 1,19,69,264 |
| Machinery Repairs and Maintenance | 55,94,860 | 57,45,482 |
| Excise Duty on Variation of Closing Stock | 2,57,46,314 | (-) 2,80,33,848 |
| Rent | 79,47,484 | 63,37,692 |
| Rates and Taxes | 14,56,143 | 46,61,683 |
| Insurance | 21,93,083 | 17,93,980 |
| Building Repairs and Maintenance | 41,58,019 | 56,75,468 |
| Selling and Distribution Expenses (Refer note no 26 of Schedule 'Q') | 9,21,72,885 | 10,60,62,074 |
| Commission on Sales | 7,77,575 | 3,73,204 |
| Travelling and Conveyance Expenses | 2,11,14,827 | 2,66,69,005 |
| Directors' Meeting Fees | 2,50,000 | 3,60,000 |
| Fixed Assets Discarded/Written Off | 49,838 | 16,220 |
| Legal & Professional Charges | 4,21,06,116 | 3,36,14,720 |
| Miscellaneous Expenses | <u>5,97,40,883</u> | <u>4,69,37,497</u> |
| | 28,54,22,379 | 24,23,96,274 |
| | <u>118,40,85,612</u> | <u>108,97,40,933</u> |
| Schedule P:INTEREST & COMMITMENT CHARGES | | |
| Interest and Commitment Charges | 16,87,05,369 | 13,47,78,407 |
| Less : Interest income on Advances and Deposits etc. (Gross) (Tax Deducted at source Rs.28,776; Previous Year Rs.46,636) | 7,39,317 | 5,86,993 |
| (Refer Note no.27 of Schedule 'Q') | <u>16,79,66,052</u> | <u>13,41,91,414</u> |

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, 2011

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 here below.

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

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, than 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) (i) Stock in Trade-Immovable Properties is valued at estimated market value as per the expert opinion received in the matter.
(ii) Other 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 GTL Management Staff Superannuation Scheme and is funded under Group Superannuation Scheme of 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 up to 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.3,54,51,041 (Previous Year Rs. 2,99,21,519).
- (c) Disputed Excise claims/demands, of Rs.69,46,15,026 (Previous Year Rs. 69,13,68,285) 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.29,07,295 (Previous Year Rs.30,41,610) (in cluded 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.7,67,76,44,439 (Previous Year Rs. 7,67,67,17,449) including interest up to the date of respective demands and excluding further interest liability if any and penalty of Rs.4,88,75,07,440 (Previous Year Rs.4,89,12,56,796)
- (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) (i) 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. Further interest on delayed payment as per BIFR order, the amount whereof is not ascertainable presently.
- (ii) BIFR Scheme period for revival of the Company got over in March' 2011. Application for extention beyond the aforesaid period was not considered favourably by BIFR inspite of continuously operating losses as also loss of time due to certain coercive measures initiated by the Income Tax and Excise Departments. The Company's appeal before Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the aforesaid BIFR Order is pending. However, as an interim relief, Hon'ble AAIFR has ordered to maintain status quo.
- (f) The Company expects to succeed in all the pending disputes, as per the expert opinions obtained by the management.
- 2.2) Other disputed amounts for which the Company is contingently liable :

| | CURRENT YEAR Rupees | PREVIOUS YEAR Rupees |
|---|------------------------|-------------------------|
| i) Disputed Demands of employees/ex-employees | 34,58,527 | 33,06,337 |
| ii) Disputed Sales Tax | 7,48,721 | 7,48,721 |
| iii) Disputed Entry Tax | 21,25,81,897 | 20,36,37,402 |
| iv) Disputed Land Revenue Tax | 3,14,823 | 3,14,823 |
| v) Disputed E.S.I.C (Employees' State Insurance) | 18,71,197 | 18,18,839 |
| vi) Services/materials suppliers and other business related disputed matters) | 15,17,18,049 | 9,53,63,532 |

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.2,97,38,896 (Previous Year Rs.2,89,81,552) (Net of advances of Rs. 3,84,83,046 (Previous Year of Rs.1,71,88,636)
- 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. 14,66,98,190 for Land & Buildings and Rs 65,62,11,633 for Plant & Machinery (Previous Year Rs.16,72,14,822 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.5,03,01,293 (Previous year Rs.3,17,55,444) on the goods lying in bonded premises as on the Balance Sheet date and included the same in the inventory value.
- 7) (i) No provision has been considered necessary in respect of certain overdue sundry debtors and loans and advances aggregating to Rs. 4,93,09,336 (Previous Year 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.
- (ii) No provision has been considered necessary in respect of certain old inventory aggregating to Rs. 1,04,94,596 since the management is confident of using the same in due course of time and also that it would realize at least equal to the amount being carried.
- 8) Advances recoverable in cash or in kind or for value to be received-considered good include :
- (a) Capital advances of Rs.3,84,83,046 (Previous Year Rs.1,71,88,636) towards purchase of fixed assets.
- (b) receivable from subsidiary companies Rs.1,85,52,85,189 (Previous Year Rs. 1,10,90,98,172).
- 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:
- (a) 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 ranking pari passu with the Bankers who have given working capital term loan.
- (b) Redemption terms of Debentures :
- These Debentures were due for redemption in March, 2011 as per the scheme sanctioned by the BIFR Order. Reference is invited to Note no. 2.1 (e) (ii) above.
- II) Loan from Scheduled Banks :
- (a) 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 properties at Baroda.
- (b) 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).
- (c) Funded Interest Term Loans are secured by second charge by way of mortgage of property at Baroda.
- (d) 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.
- (e) 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 :
- (a) of Rs.75,59,67,903 (Previous Year Rs.13,11,32,236) is secured by way mortgage of immovable property situated at Marol, Mumbai.

- (b) of Rs.28,72,20,173 (previous year Rs.30,75,93,219) 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. 5,76,46,424 (Previous Year Rs.11,21,23,631) 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 10,14,86,007 (Previous Year Rs. 11,22,95,185) 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, 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) Other Liabilities includes :
- (i) Rs.31,32,285 (Previous Year Rs.31,45,585) payable to Subsidiary Companies and
- (ii) Rs. 3,07,90,749 (Previous Year Rs.3,07,90,749) 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.
- 13) As a matter of prudence, the following net deferred tax asset as on 31st March,2011 has not been recognized

| | CURRENT YEAR | PREVIOUS YEAR |
|--|----------------------------|----------------------------|
| | Rupees | Rupees |
| Deferred Tax Assets: | | |
| Unabsorbed loss and depreciation | 37,95,11,072 | 31,99,55,622 |
| Expenses allowable U/s. 43B of Income Tax Act, 1961 on payment basis (including VRS) | 7,61,44,885 | 5,34,61,890 |
| Deferred Tax Liability: | | |
| Depreciation | (96,39,951) | (1,04,69,954) |
| Net Deferred Tax Assets | <u>46,60,16,006</u> | <u>36,29,47,558</u> |

- 14) The Company as a part of development activities of Realty Division :-
- (a) (i) During the year, certain Flats situated at Mumbai, hitherto held as fixed assets having book value of Rs. 2,02,888, were converted into "Stock-in-Trade" at an amount of Rs.2,70,00,000 being the fair market value on the dates of conversion i.e. 30th June,2010. The fair market value was determined based on the relevant reckoner maintained by the Stamp Authorities. Consequent to conversion of flat at fair market value, the surplus of Rs.2,67,97,112 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".
- (ii) Also some of the Land & Building situated at Andhra Pradesh, hitherto held as fixed assets having book value of Rs. 1,33,427, were converted into "Stock-in-Trade" at an amount of Rs.10,25,00,000 being the fair market value on the dates of conversion i.e. 16th Feb,2011. The fair market value was determined based on the relevant card rates maintained by the Stamp Authorities. Consequent to conversion at fair market value, the surplus of Rs.10,23,66,573 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) The Company had entered into a Memorandum Of Understanding (MOU) in the year 2009-2010, with reputed developers to jointly develop its Vile Parle property (subject to necessary approvals/clearances/permissions) and partly received Rs.1,32,00,00,000 (Previous Year Rs. 75,00,00,000).



- (c) 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 and as per Supplemental Agreement dated October 31, 2008 to be completed in 37 months effective from June 25, 2008. As per the agreement, the Company would be entitled to receive around 50% of the constructed saleable area as consideration. However, development work is yet to commence.
- (d) Miscellaneous Income under the head "Other Income" includes Rs. 5,00,00,000 (Previous Year Rs.Nil) being the advance amount received in the year 2009-2010 and forfeited due to non fulfillment of substantial terms and conditions of the relevant Memorandum Of Understanding (MOU) by the buyer of the certain property of the Company. Matter for termination of this MOU is however, pending with the Hon'ble Mumbai High Court, hence the aforesaid amount has been included in Contingent Liabilities (Refer note no. 2.2 (vi) above).
- (e) Reference is however, invited to note no. 2.1(e)(ii) in respect of interim relief granted by Hon'ble AAIFR.
- (f) The Company has given advances aggregating to Rs. 1,72,55,00,000 (Previous Year Rs. 96,25,00,000) to Golden Realty & Infrastructure Ltd. a subsidiary of the company to acquire certain development rights in the land situated in Delhi for joint development.

15) 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 :

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 (up to 31/05/2010) |
| 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 :
(Amount in Rs.)

| | Associates | | Subsidiaries | | | | | Key Management Personnel | | Total |
|--------------------------|---------------|--------------------------------------|--|------------------------------------|--|--------------|------------------------|---------------------------------------|-------------|------------------------------|
| | GHCL Ltd | M/s Ashoka Developers & Builders Ltd | Golden Realty & Infrastructure Limited | Western Express Industries Limited | Golden Investment (Sikkim) Private Limited | GTC Inc B.V. | Raigadh Papers Limited | Relatives of Key Management Personnel | | |
| Expenses : | | | | | | | | | | |
| Remuneration | --- | --- | --- | --- | --- | --- | --- | 1,22,23,774 (1,70,73,083) | --- | 1,22,23,774 (1,70,73,083) |
| Rent | --- | --- | --- | --- | --- | --- | --- | --- | 15,60,000 | 15,60,000 |
| Car hire Charges | --- | --- | --- | --- | --- | --- | --- | --- | (11,40,480) | (11,40,480) |
| Finance & Investment : | | | | | | | | | 3,30,000 | 3,30,000 |
| Loans & Advances given | --- | --- | 75,67,83,000 | 15,90,822 | --- | 2,13,195 | --- | --- | --- | 75,85,87,017 |
| | --- | --- | (46,04,92,686) | (16,40,600) | --- | (2,48,414) | --- | --- | --- | (46,23,81,700) |
| Assignment of Advances | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | --- | --- | (53,50,00,000) | --- | --- | --- | --- | --- | --- | (53,50,00,000) |
| Purchase of Fixed Assets | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | (5,00,00,000) | --- | --- | --- | --- | --- | --- | --- | --- | (5,00,00,000) |
| Amount repaid | --- | --- | --- | 1,24,00,000 | 13,300 | --- | --- | --- | --- | 1,24,13,300 |
| | (8,00,00,000) | --- | --- | --- | (12,200) | --- | --- | --- | --- | (8,00,12,200) |
| Outstandings : | | | | | | | | | | |
| Payable | --- | 5,00,00,000 | --- | --- | 31,32,285 | --- | --- | 22,25,400 | 1,54,220 | 5,55,11,905 |
| | --- | (5,00,00,000) | --- | --- | (31,45,585) | --- | --- | (7,67,840) | (1,17,019) | (5,40,30,444) |
| Receivable | 1,80,00,000 | --- | 1,75,22,75,686 | 10,14,86,007 | --- | 15,23,496 | --- | --- | --- | 1,87,32,85,189 |
| | (1,80,00,000) | --- | (99,54,92,686) | (11,22,95,185) | --- | (13,10,301) | --- | --- | --- | (112,70,98,172) |
| Investments | 4,95,90,697 | --- | 5,00,000 | 2,31,20,000 | 59,980 | 10,89,270 | 1 | --- | --- | 7,43,59,948 |
| | (4,95,90,697) | --- | (5,00,000) | (2,31,20,000) | (59,980) | (10,89,270) | (1) | --- | --- | (7,43,59,948) |
| 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 Subsidiaries at any time during the year: Western Express Industries Limited Rs.11,22,95,185 (Previous Year Rs 11,22,95,185), Golden Realty & Infrastructure Limited Rs. 1,75,22,75,686 (Previous Year Rs. 99,54,92,686) and GTC Inc. B.V. Rs. 15,23,496 (Previous Year Rs. 13,10,301).
5. Figures in brackets pertain to previous year.



16) 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) | (33,88,33,475) | (11,33,66,330) |
| (b) Denominator : Number of weighted average Equity Shares outstanding For Basic & diluted Earning per share | 1,75,88,021 | 1,75,88,021 |
| (c) Earnings per Equity Share Basic and diluted | (19.27) | (6.45) |
| (d) Nominal value per Equity Share | Rs.10 | Rs.10 |

17) 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. 10,99,397 (Previous Year Rs. 24,47,649) shown under Schedule 'M'.

18) Research and Development Expenses/ Cost charged

| | | |
|---|------------------|-----------|
| (a) to appropriate heads of expenses | 62,66,765 | 78,62,003 |
| (b) to Miscellaneous Expenses, amongst Other expenses, include the following : | | |
| Salaries, Wages and Bonus | 42,02,655 | 51,67,412 |
| Gratuity | 17,85,577 | --- |
| Contribution to Provident and Other Funds | 2,76,191 | 3,86,502 |
| Workmen and Staff Welfare Expenses | 26,969 | 92,059 |
| Stores & Spare parts Consumed | 4,131 | 30,413 |
| Machinery Repairs and Maintenance | 71,231 | 50,390 |

19) (a) Personnel Expenses include Rs.18,01,38,843 (Previous Year Rs.1,50,17,242) paid on account of Voluntary Retirement Scheme.

(b) Miscellaneous Expenses include Rs. 1,44,23,000 (Previous Year Rs. Nil) shifting expenses from Mumbai to Vadodara Plant.

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

| | | |
|---|------------------|-------------|
| Salaries, Wages and Bonus | 93,38,333 | 1,04,89,648 |
| Contribution to Provident and Other Funds | 9,16,566 | 14,51,919 |
| Gratuity | 28,40,422 | 13,27,038 |
| Workmen and Staff Welfare Expenses | 44,867 | 51,939 |
| Power and Fuel | 4,29,199 | 4,93,263 |
| Building Repairs and Maintenance | 4,14,325 | 4,81,846 |
| Rates and Taxes | 9,68,926 | 10,83,336 |
| Insurance | 4,43,225 | 5,48,118 |
| Rent | 1,63,450 | 1,93,350 |

21) Excise Duty is exclusive of the Duty Charged to Packing Materials **68,772** 1,02,485

22) The respective consumption figures are net of the following sales and profit/loss, if any, remains adjusted therein:

| | | |
|----------------------|------------------|-------------|
| (a) Raw Materials | 66,70,539 | 7,56,04,651 |
| Packing Materials | 26,48,032 | 1,29,34,271 |
| Stores & Spare Parts | 6,83,116 | 8,93,576 |

(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.

23) Managerial Remuneration to Directors :

| | CURRENT YEAR Rupees | PREVIOUS YEAR Rupees |
|---|------------------------|-------------------------|
| (a) Salaries* | 84,03,960 | 1,10,72,880 |
| Perquisites | 32,41,510 | 42,58,379 |
| Contribution to Provident and Other Funds | 5,78,304 | 17,41,824 |
| Total# | <u>1,22,23,774</u> | <u>1,70,73,083</u> |
| Meeting Fees | <u>2,50,000</u> | <u>3,60,000</u> |
| | <u>1,24,73,774</u> | <u>1,74,33,083</u> |

* Excludes leave entitlement and gratuity liability which are determined on an overall basis.

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.

24) 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 | <u>3,30,000</u> | <u>3,30,000</u> |
| | <u>14,22,000</u> | <u>14,22,000</u> |
| (iii) Reimbursement of expenses (including service tax of Rs.1,46,466 (Previous Year Rs.1,61,563)) | <u>2,87,153</u> | <u>3,08,143</u> |
| | <u>17,09,153</u> | <u>17,30,143</u> |

25) Fixed Deposit include deposits of Rs.1,43,23,883 (Previous Year Rs.1,41,03,070) pledged with Banks against Guarantees and Credit facilities and with Government authorities for VAT/Entry Tax registration.

26) "Selling and Distribution Expenses" includes :

| | | |
|---------------------------|------------------|------------------|
| Rent | 68,447 | 1,64,100 |
| Insurance | 1,83,403 | 2,03,728 |
| Entry Tax/Octroi/Toll Tax | <u>27,22,064</u> | <u>20,00,159</u> |

27) 'Interest and Commitment charges' includes Rs.13,77,94,930 (Previous year Rs. 8,61,97,199) being interest and commitment charges on fixed loans and debenture.

28) The amount of exchange difference (net) debited to the Profit and Loss Account: Rs. 70,836 [Previous Year (net) debited Rs. 59,92,595]

29) 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 | 1508 (1805) | 1,16,37,05,353 (1,22,51,66,437) |
| (b) Cigar | Million | - (4) | 1,70,930 (82,46,593) |
| (c) Raw Tobacco | M.Ton | 987 (1472) | 12,11,88,788 (16,51,83,531) |
| (d) Processed Tobacco | M.Ton | 418 (847) | 5,53,47,216 (10,19,09,210) |
| (e) Stock in Trade Immovable Property | | | 18,75,00,000 |
| (f) Others | | | (NIL) 1,37,537 (7,83,982) |
| | | | <u>1,52,80,49,824</u> (1,50,12,89,753) |

B. Sales include transfer for own consumption of cigarettes

| | | | |
|------------------|---------|-------------------|--------------------|
| (At sales value) | Numbers | 35390 (41,500) | 27,970 (82,218) |
|------------------|---------|-------------------|--------------------|



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 01.04.2010 | | Closing Stock As at 31.03.2011 | |
|-------------------|-------------------|-------------------|--------------------|-------------------|---------------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|
| | | | | | Qty | Value in Rupees | Qty | Value in Rupees | Qty | Value in Rupees |
| Cigarettes | Million | 14500 (14500) | 13532 (18012) | 1565 (1782) | NIL (NIL) | NIL (NIL) | 101 (128) | 58697790 (86397229) | 158 (101) | 98514452 (58697790) |
| Raw Tobacco | M.T. | NIL (NIL) | NIL (NIL) | NIL (NIL) | 987 (1472) | 120569963 (164380674) | NIL (NIL) | NIL (NIL) | NIL (NIL) | NIL (NIL) |
| Cigrate Pill | Box | NIL (NIL) | NIL (NIL) | NIL (NIL) | NIL (NIL) | NIL (NIL) | 250 (250) | 224000 (224000) | (NIL) (250) | (NIL) (224000) |
| Cigar | Million | NIL (NIL) | NIL (NIL) | NIL (NIL) | NIL (18) | NIL (10395138) | 14 (NIL) | 7757151 (NIL) | 4* (14) | 2311378 (7757151) |
| Processed Tobacco | M.T. | N.A. (N.A.) | N.A. (N.A.) | 418 (847) | NIL (NIL) | NIL (NIL) | NIL (NIL) | NIL (NIL) | NIL (NIL) | NIL (NIL) |
| | | | | | | 120569963 (174775812) | | 66678941 (86621229) | | 100825830 (66678941) |

*Net of purchase return

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 | 1665 (2248) | 17,89,42,067 (21,04,58,223) |
| Cigarette Paper | Bobbin | 36127 (58756) | 2,83,61,220 (3,10,86,773) |
| Filter Rods | Million | 317 (364) | 4,40,33,669 (5,50,71,053) |
| Others | M. Ton | 83 (106) | 1,45,74,126 (1,89,97,020) |
| | | | 26,59,11,082 (31,56,13,069) |

@ 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 | Nil | 8,48,398 |
| (b) Raw Materials | 2,63,55,789 | 10,45,20,306 |
| (c) Stores and Spare Parts | 70,786 | 22,80,306 |
| (d) Packing Materials | 68,75,954 | 1,10,02,334 |

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 | 2,77,65,375 (3,54,24,864) | 10.44 (11.22) | 10,74,297 (20,27,383) | 13.86 (16.94) |
| Indigenous | 23,81,45,707 (28,01,88,205) | 89.56 (88.78) | 66,75,945 (99,41,881) | 86.14 (83.06) |
| | 26,59,11,082 (31,56,13,069) | 100.00 (100.00) | 77,50,242 (1,19,69,264) | 100.00 (100.00) |

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



| | CURRENT YEAR Rupees | PREVIOUS YEAR Rupees |
|--|------------------------------------|----------------------------|
| G. Expenditure in Foreign Currency : (On actual payment basis) | | |
| Travelling, Legal & Professional and Subscription etc. | 21,05,291 | 12,79,921 |
| Advertisement Expenses | 78,746 | 10,54,614 |
| Commission | 7,77,575 | 3,73,204 |
| 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) | 32,84,73,447 | 39,13,08,096 |
| (b) Recovery towards Freight and Insurance on Export | 19,70,498 | 21,53,436 |
| | 33,04,43,945 | 39,34,61,532 |

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

| Particulars | Type of foreign currency | As at 31-03-2011 | | As at 31-3-2010 | |
|------------------------------------|--------------------------|----------------------------|---------------|----------------------------|---------------|
| | | Amount in foreign currency | Amount in Rs. | Amount in foreign currency | Amount in Rs. |
| Sundry Debtors | US\$ | 57474 | 25,95,718 | 8,208 | 3,68,457 |
| Current liabilities and provisions | US\$ | 8,48,444 | 3,82,27,613 | 7,25,232 | 3,29,32,786 |
| | EURO | 2007 | 1,17,839 | 7,310 | 4,45,057 |

31) As per Accounting Standards (AS) 17 "Segment Reporting", segment information has been provided in the notes to Consolidated Financial Statements.

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

Signatures to Schedules 'A' to 'Q'

| | |
|--------------------------|---------------------|
| SANJAY DALMIA | Chairman |
| J. P. KHETAN | Managing Director |
| A. K. JOSHI | Whole-Time Director |
| R.R. KUMAR | Director |
| BHARAT.B.MERCHANT | Director |

Place : Mumbai
Dated : 25TH MAY, 2011



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

| | |
|--------------------|------------|
| Registrar No. | 9584/TA |
| State Code | 11 |
| Balance Sheet Date | 31-03-2011 |

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 | 4,368,699 |
| Total Assets | 4,368,699 |

SOURCE OF FUNDS

| | |
|--------------------|-----------|
| Paid up Capital | 175,880 |
| Reserves & Surplus | 662,615 |
| Secured Loans | 1,506,086 |
| Unsecured Loan | 25,000 |

APPLICATION OF FUNDS

| | |
|---------------------------|-----------|
| Net Fixed Assets | 243,687 |
| Investments | 86,446 |
| Net Current Assets | 1,398,967 |
| Miscellaneous Expenditure | ---- |
| Accumulated Losses | 640,481 |

IV. PERFORMANCE OF COMPANY

| | |
|-----------------------------------|-----------|
| Turnover (Including Other Income) | 1,744,839 |
| Total Expenditure | 2,083,512 |
| Profit/(Loss) Before Tax | (338,673) |
| Profit/(Loss) After Tax | (338,833) |
| Earning Per Share in Rs. | (19) |
| 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 behalf of the Board of Directors

| | |
|--------------------------|---------------------|
| SANJAY DALMIA | Chairman |
| J. P. KHETAN | Managing Director |
| A. K. JOSHI | Whole-Time Director |
| R.R. KUMAR | Director |
| BHARAT.B.MERCHANT | Director |

Place : Mumbai
Dated : 25TH MAY, 2011



**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 2011 | 31st March 2011 | 31st March 2011 | 31st March 2011 | 31st March 2011 |
| 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.) | (13,708) | (405,259) | (1,260,878) | (456,031) | (25,185) |
| ii) For the Previous Financial years (Rs.) | 3,010,564 | (157,451,317) | (17,274,021) | (2,201,345) | (1,614,581) |
| 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 behalf of the Board of Directors

| | |
|--------------------------|---------------------|
| SANJAY DALMIA | Chairman |
| J. P. KHETAN | Managing Director |
| A. K. JOSHI | Whole-Time Director |
| R.R. KUMAR | Director |
| BHARAT.B.MERCHANT | Director |

Place : Mumbai
Dated : 25TH MAY, 2011



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, 2011, 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. 1,10,17,144 as at March 31, 2011 and total revenue for the year ended March 31, 2011 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. 57,646,424 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.4,93,09,336 which have been classified by the management as 'considered good' are, in our opinion, doubtful of recovery and are therefore required to be provided for as doubtful debts . (Refer Note no.7 (i) in Schedule 'Q' to the accounts).*
7. *Inventories include Rs. 1,04,94,596 which in our opinion needs to be provided for because of its obsolescence. (Refer Note no.7(ii) in Schedule 'Q' to the accounts).*
8. We draw attention to Note no.14 (a) regarding recognizing of Rs.12,91,63,685 as "Other Income" being the differential amount between fair market value on the date of conversion and the actual cost in respect of conversion of property into stock in trade at fair value considered by the stamp authorities.
9. *We further report that, had the observations made by us in paragraph 5, 6 and 7 above been considered, the loss for the year would have been Rs.45,84,44,891(as against reported loss figure of Rs. 34,09,94,535), accumulated losses would have been Rs. 93,56,29,942 (as against reported figure of Rs. 81,81,79,586), current assets, loans & advances would have been Rs.325,56,21,121 (as against reported figure of Rs. 331,54,25,053) and current liabilities and provisions would have been Rs. 205,89,05,250 (as against reported figure of Rs. 200,12,58,826);*
10. 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 9* 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, 2011;
 - (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 : Mumbai.

Date: May 25 , 2011



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | CURRENT YEAR | | PREVIOUS YEAR | |
|---|----------|---------------|---------------|---------------|---------------|
| | | Rupees | Rupees | Rupees | Rupees |
| I. SOURCES OF FUNDS | | | | | |
| 1) Shareholders' Funds: | | | | | |
| (a) Capital | A | 17,58,80,212 | | 17,58,80,212 | |
| (b) Reserves and Surplus | B | 738,072,961 | | 749,334,325 | |
| | | | 913,953,173 | | 925,214,537 |
| 2) Minority Interest | | | 1018 | | 1023 |
| 2) Loan Funds: | | | | | |
| (a) Secured Loans | C | 1,506,086,240 | | 930,621,675 | |
| (b) Unsecured Loans | D | 25,556,000 | | 47,056,000 | |
| | | | 1,531,642,240 | | 977,677,675 |
| TOTAL | | 2,445,596,431 | | 1,902,893,235 | |
| II. APPLICATION OF FUNDS | | | | | |
| 1) Fixed Assets: | E | | | | |
| (a) Gross Block | | 968,854,079 | | 993,524,705 | |
| (b) Less: Depreciation | | 718,481,634 | | 727,463,749 | |
| (c) Net Block | | | 250,372,445 | | 266,060,956 |
| 2) Investments | F | | 62,878,173 | | 62,878,173 |
| 3) Current Assets, Loans and Advances: | | | | | |
| (a) Inventories | G | 1,006,319,158 | | 1,003,550,593 | |
| (b) Sundry Debtors | H | 166,484,918 | | 104,270,644 | |
| (c) Cash and Bank Balances | I | 49,638,519 | | 56,191,842 | |
| (d) Loans and Advances | J | 2,092,982,458 | | 1,336,942,402 | |
| | | 3,315,425,053 | | 2,500,955,481 | |
| Less : Current Liabilities and Provisions: | | | | | |
| (a) Current Liabilities | K | 1,979,909,162 | | 1,370,689,092 | |
| (b) Provisions | L | 21,349,664 | | 33,497,334 | |
| | | 2,001,258,826 | | 1,404,186,426 | |
| Net Current Assets | | | 1,314,166,227 | | 1,096,769,055 |
| 4) Profit and Loss Account (Loss) | | | 818,179,586 | | 477,185,051 |
| TOTAL | | 2,445,596,431 | | 1,902,893,235 | |
| 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
J. P. KHETAN
A. K. JOSHI
R.R. KUMAR
BHARAT.B.MERCHANT

Chairman
Managing Director
Whole-Time Director
Director
Director

Place : Mumbai
Dated : 25TH MAY 2011



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

| | Schedule | CURRENT YEAR | | PREVIOUS YEAR | |
|--|----------|------------------|----------------------|------------------|----------------------|
| | | Rupees | Rupees | Rupees | Rupees |
| INCOME | | | | | |
| Sales | | | 1,528,049,824 | | 1,501,289,753 |
| Less : Excise Duty | | | 602,057,964 | | 636,555,715 |
| | | | <u>925,991,860</u> | | <u>864,734,038</u> |
| Other Income | M | | 216,794,445 | | 281,894,277 |
| Variation in Stock | N | | (114,150,465) | | (15,406,365) |
| | | | <u>1,028,635,840</u> | | <u>1,131,221,950</u> |
| EXPENDITURE | | | | | |
| Manufacturing, Trading and Other Expenses | O | | 1,186,251,833 | | 1,093,430,754 |
| Interest and Commitment Charges (net) | P | | 167,966,052 | | 134,191,414 |
| Depreciation/Amortisation | | 18,371,549 | | 25,814,456 | |
| Less: Transferred from Revaluation Reserve | | <u>3,119,054</u> | | <u>5,516,928</u> | |
| | | | <u>15,252,495</u> | | <u>20,297,528</u> |
| | | | <u>1,369,470,380</u> | | <u>1,247,919,696</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | | (340,834,540) | | (116,697,746) |
| Provision for Taxation : | | | | | |
| Current Tax (including Wealth Tax) | | | <u>(160,000)</u> | | <u>(378,000)</u> |
| PROFIT/(LOSS) AFTER TAXATION | | | (340,994,540) | | (117,075,746) |
| Minority Interest (Loss) | | | <u>5</u> | | <u>5</u> |
| NET PROFIT / (LOSS) | | | (340,994,535) | | (117,075,741) |
| Balance brought forward from previous year | | | <u>(477,185,051)</u> | | <u>(360,109,310)</u> |
| Balance carried to Balance Sheet | | | (818,179,586) | | (477,185,051) |
| Basic & Diluted Earnings Per Share before deferred tax assets (Face Value of Rs. 10/- each) | | | (19.39) | | (6.66) |
| 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
J. P. KHETAN
A. K. JOSHI
R.R. KUMAR
BHARAT.B.MERCHANT

Chairman
Managing Director
Whole-Time Director
Director
Director

Place : Mumbai
Dated : 25TH MAY, 2011



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

| | CURRENT YEAR | PREVIOUS YEAR |
|---|----------------------|----------------------|
| | Rupees | Rupees |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS | (340,834,540) | (116,697,748) |
| Adjustments for : | | |
| Depreciation | 15,252,495 | 20,297,528 |
| Interest Expenses | 168,705,369 | 134,778,407 |
| Interest received (other than investment) | (739,317) | (586,993) |
| Dividend and interest from Investment | (884,876) | (874,892) |
| (Profit) /loss on sale of fixed assets(net) | (163,591) | (46,040,558) |
| Excess / short provision of earlier years | (50,120,138) | (24,997,620) |
| Surplus on Conversion of Land into Stock in Trade | (129,163,685) | (185,770,353) |
| Preliminary Expenses | - | 1,208,607 |
| Effects of Foreign Currency translation | 11,783 | 26,549 |
| Fixed assets discarded/written off | 49,838 | 16,220 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | (337,886,662) | (218,640,853) |
| Adjustments for : | | |
| Trade and Other receivables | (817,836,519) | (324,082,758) |
| Inventories | 126,731,435 | 140,724,935 |
| Trade payables | 647,049,247 | 674,428,548 |
| CASH GENERATED FROM OPERATIONS | (381,942,499) | 272,429,872 |
| Direct taxes paid | (655,335) | (15,468,037) |
| CASH FLOW BEFORE EXCEPTIONAL ITEMS | (382,597,834) | 256,961,835 |
| NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A) | (382,597,834) | 256,961,835 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (11,348,282) | (54,485,173) |
| Sale of Fixed Assets | 288,591 | 46,458,493 |
| Dividend and Interest from Investment | 884,876 | 874,892 |
| NET CASH FROM / (USED) IN INVESTING ACTIVITIES (B) | (10,174,815) | (7,151,788) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term borrowings | 553,964,565 | (99,236,931) |
| Share Capital | - | 300 |
| Share Premium | - | 2,700 |
| Interest paid | (168,705,369) | (134,778,407) |
| Dividend paid | - | (2,434,404) |
| Interest received (other than investment) | 739,317 | 586,993 |
| NET CASH FROM FINANCING ACTIVITIES (C) | 385,998,513 | (235,859,749) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | (6,774,136) | 13,950,298 |
| OPENING CASH AND CASH EQUIVALENTS | 42,022,302 | 28,072,004 |
| CLOSING CASH AND CASH EQUIVALENTS | 35,248,166 | 42,022,302 |

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
J. P. KHETAN
A. K. JOSHI
R.R. KUMAR
BHARAT.B.MERCHANT

Chairman
Managing Director
Whole-Time Director
Director
Director

Place : Mumbai
Dated : 25TH MAY 2011



SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH, 2011

| | CURRENT YEAR | | PREVIOUS YEAR | |
|---|---|---------------------------|---------------------------|---------------------------|
| | Rupees | 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 | 100,000,000 | | 100,000,000 |
| | | <u>350,000,000</u> | | <u>350,000,000</u> |
| Issued : | | | | |
| 1,76,08,802 | (Previous Year 1,76,08,802) Equity shares of Rs.10 each | <u>176,088,020</u> | | <u>176,088,020</u> |
| Subscribed and paid up: | | | | |
| 1,75,98,016 | (Previous Year 1,75,97,956) Equity shares of Rs.10 each | 175,980,160 | | 175,979,560 |
| Add : | Nil(Previous Year 60) Bonus Shares allotted during the year. | - | | 600 |
| | | <u>175,980,160</u> | | <u>175,980,160</u> |
| Less : | Allotment/Call money unpaid other than Directors. | 99,948 | | 99,948 |
| | | <u>175,880,212</u> | | <u>175,880,212</u> |
| SCHEDULE B: RESERVES AND SURPLUS | | | | |
| Revaluation Reserve : | | | | |
| (On revaluation of Land, Buildings and Plant and Machinery) | | | | |
| | As per last Balance Sheet | 140,266,996 | | 570,581,500 |
| Add : | Of a subsidiary on Consolidation | 435,231 | | 435,231 |
| Less : | (a) Relating to Assets sold/Discarded/ Written off/ transfer to stock in trade | 8,154,091 | | 424,797,576 |
| | (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>3,119,054</u> | | 5,516,928 |
| | | <u>11,273,145</u> | | <u>430,314,504</u> |
| | | | 129,429,082 | <u>140,702,227</u> |
| Securities Premium Account : | | | | |
| | As per last Balance Sheet | 534,547,235 | | 534,547,835 |
| Less : | Capitalised on issue of Bonus Shares allotted | -- | | 600 |
| | | <u>534,547,235</u> | | <u>534,547,235</u> |
| Less : | Allotment/Call money unpaid other than Directors | 926,332 | | 926,332 |
| | | | 533,620,903 | <u>533,620,903</u> |
| 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 | | 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 | | 67,192 | 55,411 |
| | | | <u>738,072,961</u> | <u>749,334,325</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) | | | |
| | | 1,00,00,000 | 2,00,00,000 |
| Loan From Scheduled Banks : | | | |
| Term Loan | 30,178,041 | | 10,509,722 |
| Working Capital Facilities | 422,720,123 | | 433,738,895 |
| Working Capital Term Loan | - | | 12,915,615 |
| Funded Interest Term Loans | - | | 14,731,988 |
| | | 452,898,164 | 471,896,220 |
| From Bodies Corporate | | | |
| (Refer Note no.10 of Schedule 'Q') | | 1,043,188,076 | 438,725,455 |
| | | 1,506,086,240 | 930,621,675 |
| Schedule D : UNSECURED LOANS | | | |
| Short Term Loans other than Banks | | 25,500,000 | 4,70,00,000 |
| Add :Interest accrued and due | | 56,000 | 56,000 |
| | | 25,556,000 | 47,056,000 |

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 31/03/11 Rupees | Total 31/03/10 Rupees |
|---|--|--|--|---|---------------------------------|--|-----------------------------|-----------------------------|
| GROSS BLOCK : | | | | | | | | |
| (At Cost or Book Value) | | | | | | | | |
| As at 31st March'2010 | 223809309 | 695891196 | 3056874 | 7343687 | 12896569 | 50527070 | 993524705 | 1432088469 |
| Addition during the year | 10050374 | 1165458 | 0 | 0 | 0 | 132450 | 11348282 | 54485173 |
| | 233859683 | 697056654 | 3056874 | 7343687 | 12896569 | 50659520 | 1004872987 | 1486573642 |
| Deduction on account of Sales | | | | | | | | |
| Transfers or adjustments during the year | 20516632 | 11451954 | 0 | 0 | 1878394 | 2171928 | 36018908 | 493048937 |
| As at 31st March'2011 | 213343051 | 685604700 | 3056874 | 7343687 | 11018175 | 48487592 | 968854079 | 993524705 |
| DEPRECIATION: | | | | | | | | |
| Provided upto 31st March'2010 | 63723795 | 611273773 | 2716215 | 6688725 | 9940906 | 33120335 | 727463749 | 767842206 |
| Provided during the year | 1975774 | 12762298 | 47357 | 118540 | 764058 | 2703522 | 18371549 | 25814456 |
| | 65699569 | 624036071 | 2763572 | 6807265 | 10704964 | 35823857 | 745835298 | 793656662 |
| Deduction on account of Sales | | | | | | | | |
| Transfer or adjustment during the year | 12368118 | 11090897 | 0 | 0 | 1771999 | 2122650 | 27353664 | 66192913 |
| Total provided for 31st March'2011 | 53331451 | 612945174 | 2763572 | 6807265 | 8932965 | 33701207 | 718481634 | 727463749 |
| NET BLOCK : | | | | | | | | |
| As at 31st March'2011 | 160011600 | 72659526 | 293302 | 536422 | 2085210 | 14786385 | 250372445 | 266060956 |
| As at 31st March'2010 | 160085514 | 84617423 | 340659 | 654962 | 2955663 | 17406735 | 266060956 | |



| | CURRENT YEAR | | PREVIOUS YEAR | |
|--|--|------------|---------------|---------------|
| | Rupees | Rupees | Rupees | Rupees |
| SCHEDULE F: INVESTMENTS | | | | |
| (Long Term, Fully paid-up) | | | | |
| (At Cost-Unless Otherwise stated) | | | | |
| Trade Investments-In Equity Shares | | | | |
| (i) Unquoted : | | | | |
| 1,800 | Filter and Filteraids 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 (Previous Year 3,840) | 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 | | 3,466 |
| | | | 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 Shares 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 | | 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 Filteraids Limited | | | |
| 20,000 | J.K.Cigarettes Limited | | | |
| \$ (Refer Note no.6 of Schedule 'Q') | | | | |
| Schedule G: INVENTORIES | | | | |
| (As valued, verified and certified by the Management) | | | | |
| | Stores and Spare Parts | | 32,842,537 | 29,756,373 |
| | Raw Materials | | 369,805,256 | 400,660,047 |
| | Packing Materials | | 55,402,558 | 40,214,901 |
| | Finished Goods | | 100,825,830 | 66,678,941 |
| | Stock in Trade (Immovable Property) | | 413,198,748 | 436,550,028 |
| (Refer note no 14 of Schedule "Q") | | | | |
| | Work-in-Progress | | 34,244,229 | 29,690,303 |
| | | | 1,006,319,158 | 1,003,550,593 |
| Schedule H: SUNDRY DEBTORS | | | | |
| (Unsecured-Considered Good unless otherwise stated) | | | | |
| Debts outstanding for a period exceeding six months: | | | | |
| | Considered Good | 58,562,681 | | 3,63,74,527 |
| | Considered Doubtful | 4,668,069 | | 4,668,069 |
| | | 63,230,750 | | 41,042,596 |
| Other Debts: | | | | |
| | Considered Good | | 107,922,237 | 67,896,117 |
| | | | 171,152,987 | 108,938,713 |
| | Less: Provision For Doubtful Debts | | 4,668,069 | 4,668,069 |
| | | | 166,484,918 | 104,270,644 |



| | CURRENT YEAR | | PREVIOUS YEAR |
|---|-------------------|----------------------|----------------------|
| | Rupees | Rupees | Rupees |
| Schedule I: CASH AND BANK BALANCES | | | |
| Cash on Hand | | 206,724 | 343,966 |
| Bank Balances | | | |
| With Scheduled Banks: | | | |
| In Current Accounts | 35,041,442 | | 41,678,336 |
| In Right Issue Collection Accounts | 66,470 | | 66,470 |
| In Fixed Deposit / Margin Accounts | <u>14,323,883</u> | | <u>14,103,070</u> |
| | | <u>49,431,795</u> | <u>55,847,876</u> |
| | | <u>49,638,519</u> | <u>56,191,842</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 | 1,948,290,039 | | 1,173,810,349 |
| Considered Doubtful | <u>17,158,422</u> | | <u>17,324,161</u> |
| | | 1,965,448,461 | 1,191,134,510 |
| Balance with Excise Authorities | | 6,674,548 | 25,769,516 |
| Payments of Tax | | | |
| (Net of Provisions of Rs.33,49,20,097; | | | |
| Previous year Rs.33,51,24,897) | | <u>110,872,871</u> | <u>110,217,536</u> |
| | | <u>2,110,864,290</u> | <u>1,354,989,972</u> |
| Less: Provision for Doubtful Advances | | <u>17,881,832</u> | <u>18,047,570</u> |
| | | <u>2,092,982,458</u> | <u>1,336,942,402</u> |
| Schedule K: CURRENT LIABILITIES | | | |
| Sundry Creditors | | 188,693,415 | 77,445,064 |
| Unpaid Dividend | | 19,762,294 | 19,762,294 |
| Security Deposits | | 114,463,492 | 119,078,492 |
| Other Liabilities | | <u>1,656,989,961</u> | <u>1,154,403,242</u> |
| | | <u>1,979,909,162</u> | <u>1,370,689,092</u> |
| Schedule L: PROVISIONS | | | |
| Leave Entitlement | | <u>21,349,664</u> | <u>33,497,334</u> |
| | | <u>21,349,664</u> | <u>33,497,334</u> |
| Schedule M: OTHER INCOME | | | |
| Income from Investments (Long Term) (Gross): | | | |
| From Trade Investments: | | | |
| Dividend | | 884,876 | 874,892 |
| Miscellaneous Income | | 14,363,295 | 10,875,666 |
| Export Incentives | | 22,098,860 | 13,335,188 |
| Profit on Sale of Assets (Net) | | 163,591 | 46,040,558 |
| Surplus on Conversion of immovable properties in to Stock in Trade | | 129,163,685 | 185,770,353 |
| (Refer no.14 of Schedule 'Q') | | | |
| Excess-Short Provision for earlier years written back(Net) | | <u>50,120,138</u> | <u>24,997,620</u> |
| | | <u>216,794,445</u> | <u>281,894,277</u> |

| | CURRENT YEAR | | PREVIOUS YEAR |
|--|--------------------|----------------------|----------------------|
| | Rupees | Rupees | Rupees |
| Schedule N:Variation in Stock | | | |
| Opening Stock : | | | |
| Finished Goods | 66,678,941 | | 86,621,229 |
| Work-in-Progress | <u>29,690,303</u> | | <u>25,154,380</u> |
| | 96,369,244 | | 111,775,609 |
| Stock in trade (Immovable Property) | <u>566,050,027</u> | | <u>436,550,028</u> |
| | | 662,419,271 | 548,325,637 |
| Closing Stock : | | | |
| Finished Goods | 100,825,830 | | 66,678,941 |
| Work-in-Progress | <u>34,244,229</u> | | <u>29,690,303</u> |
| | 135,070,059 | | 96,369,244 |
| Stock in Trade (Immovable Property) | <u>413,198,747</u> | | <u>436,550,028</u> |
| | | 548,268,806 | 532,919,272 |
| | | (114,150,465) | (15,406,365) |
| Schedule O:Manufacturing,Trading and Other Expenses | | | |
| Materials/Goods : | | | |
| Raw Material Consumed | 265,911,082 | | 315,613,069 |
| Purchase for Resale | 115,338,111 | | 174,775,812 |
| Packing Materials Consumed | <u>110,016,448</u> | | <u>106,879,445</u> |
| | | 491,265,641 | 597,268,326 |
| Personnel : | | | |
| Salaries, Wages and Bonus | 318,970,027 | | 192,791,530 |
| Gratuity | 67,192,503 | | 20,970,591 |
| Contribution to Provident and Other Funds | 10,822,598 | | 21,171,528 |
| Workmen and Staff Welfare Expenses | <u>10,412,464</u> | | <u>15,600,359</u> |
| | | 407,397,592 | 250,534,008 |
| Others: | | | |
| Power and Fuel | 14,364,110 | | 20,213,833 |
| Stores and Spare Parts Consumed | 7,750,242 | | 11,969,264 |
| Machinery Repairs and Maintenance | 5,594,860 | | 5,745,482 |
| Excise Duty on Variation of Closing Stock | 25,746,314 | | (28,033,848) |
| Rent | 7,955,884 | | 6,346,092 |
| Rates and Taxes | 1,528,404 | | 4,814,150 |
| Insurance | 2,193,083 | | 1,793,980 |
| Building Repairs and Maintenance | 4,158,019 | | 5,675,468 |
| Advertisement, Selling and Distribution Expenses | 92,172,885 | | 106,062,074 |
| Commission on Sales | 777,575 | | 373,204 |
| Travelling and Conveyance | 21,114,827 | | 26,669,005 |
| Directors' Meeting Fees | 536,600 | | 437,447 |
| Fixed Assets Discarded/Written Off | 49,838 | | 16,220 |
| Legal & Professional Charges | 43,209,194 | | 34,877,700 |
| Miscellaneous Expenses | <u>60,436,765</u> | | <u>48,668,349</u> |
| | | 287,588,600 | 245,628,420 |
| | | 1,186,251,833 | 1,093,430,754 |
| Schedule P:Interest & Commitment Charges | | | |
| Interest and Commitment Charges | | 168,705,369 | 134,778,407 |
| Less : Interest income on Advances and Deposits etc. (Gross) | | 739,317 | 586,993 |
| | | 16,79,66,052 | 13,41,91,414 |



SCHEDULE 'Q'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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. 3,54,51,041 (Previous Year Rs. 2,99,21,519).
- (c) Disputed Excise claims/demands, of Rs. 69,46,15,026 (Previous Year Rs. 69,14,68,285) 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.29,07,295 (Previous Year Rs. 30,41,610) (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 group and / or pending final assessments Rs.7,68,19,55,261 (Previous Year Rs. 7,68,10,28,271) including interest upto the date of respective demands and excluding further interest liability if any and penalty of Rs.4,88,75,07,440 (Previous Year Rs. 4,89,12,56,796).
- (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) (i) Pursuant to BIFR Order dated 16th December, 2002, the holding 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. Further interest on delayed payment as per BIFR order, the amount whereof is not ascertainable presently.
- (ii) BIFR Scheme period for revival of the Company got over in March' 2011. Application for extension beyond the aforesaid period was not considered favourably by BIFR inspite of continuously operating losses as also loss of time due to certain coercive measures initiated by the Income Tax and Excise Departments. The Company's appeal before Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the aforesaid BIFR Order is pending. However, as an interim relief, Hon'ble AAIFR has ordered to maintain status quo.
- (f) The holding Company and its subsidiaries expects to succeed in all the pending disputes, as per the expert opinions obtained by the management.

| | CURRENT YEAR Rupees | PREVIOUS YEAR Rupees |
|---|------------------------|-------------------------|
| 3) (a) Other disputed Contingent Liabilities : | | |
| i) Disputed Demands of employees/ex-employees of holding Company | 34,58,527 | 33,06,337 |
| ii) Disputed Sales Tax | 8,00,209 | 800,209 |
| iii) Disputed Entry Tax of holding Company | 21,25,81,897 | 20,36,37,402 |
| iv) Disputed Land Revenue & other Taxes of holding Company | 3,14,823 | 3,14,823 |
| v) Disputed E.S.I.C. (Employees' State Insurance) | 18,71,197 | 18,18,839 |
| vi) Services/materials suppliers and other business related disputed matters (excluding differential interest, if any,) | 16,51,68,878 | 108,814,361 |
| (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. 2,97,38,896 (Previous Year Rs. 2,89,81,552) (Net of Advances of Rs.3,84,83,046 (Previous Year Rs. 1,71,88,638). | | |
| 5) 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.14,66,98,190 for Land & Buildings and Rs.65,62,11,633 for Plant & Machinery (Previous Year Rs. 16,72,14,822 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) (i) No provision has been considered necessary in respect of certain overdue sundry debtors and loans and advances of holding Company aggregating to Rs.4,93,09,336 (Previous Year 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. | | |
| (ii) No provision has been considered necessary in respect of certain old inventory of holding Company aggregating to Rs. 1,04,94,596 since the management is confident of using the same in due course of time and also that it would realize at least equal to the amount being carried. | | |
| 8) Advances recoverable in cash or in kind or for value to be received - considered good include capital advances of Rs. 3,84,83,046 (Previous Year Rs. 1,71,88,636) 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.5,76,46,424 (Previous Year Rs.11,21,23,631) 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) Payments to Auditors (Holding Company) : | | |
| | CURRENT YEAR Rupees | PREVIOUS YEAR Rupees |
| (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 Rs.1,46,466 (Previous Year Rs. 1,61,563) | 2,87,153 | 3,08,143 |
| | 17,09,153 | 17,30,143 |



-
- 12) The amount of exchange difference (net) debited to the Profit and Loss Account Rs.70,836 (Previous Year (net) debited Rs. 59,92,595).
- 13) As a matter of prudence the net deferred tax asset in respect of holding Company as on 31st March, 2011 has not been recognized and in respect of a subsidiary companies deferred tax assets arising relating to unabsorbed depreciation and losses have also not been recognized.
- 14) The holding Company as a part of development activities of Realty Division :-
- (a) (i) During the year, certain Flats situated at Mumbai, hitherto held as fixed assets having book value of Rs. 2,02,888, were converted into "Stock-in-Trade" at an amount of Rs.2,70,00,000 being the fair market value on the dates of conversion i.e. 30th June,2010. The fair market value was determined based on the relevant reckoner maintained by the Stamp Authorities. Consequent to conversion of flat at fair market value, the surplus of Rs.2,67,97,112 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".
- (ii) Also some of the Land & Building situated at Andhra Pradesh, hitherto held as fixed assets having book value of Rs. 1,33,427, were converted into "Stock-in-Trade" at an amount of Rs.10,25,00,000 being the fair market value on the dates of conversion i.e. 16th Feb,2011. The fair market value was determined based on the relevant card rates maintained by the Stamp Authorities. Consequent to conversion at fair market value, the surplus of Rs.10,23,66,573 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) The Company had entered into a Memorandum Of Understanding (MOU) in the year 2009-2010, with reputed developers to jointly develop its Vile Parle property (subject to necessary approvals/clearances/permissions) and partly received Rs.1,32,00,00,000 (Previous Year Rs. 75,00,00,000).
- (c) 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 and as per Supplemental Agreement dated October 31, 2008 to be completed in 37 months effective from June 25, 2008.
- As per the agreement, the Company would be entitled to receive around 50% of the constructed saleable area as consideration. However, development work is yet to commence.
- (d) Miscellaneous Income under the head "Other Income" includes Rs. 5,00,00,000 (Previous Year Rs.Nil) being the advance amount received in the year 2009-2010 and forfeited due to non - fulfillment of substantial terms and conditions of the relevant Memorandum Of Understanding (MOU) by the buyer of the certain property of the Company. Matter for termination of this MOU is however, pending with the Hon'ble Mumbai High Court, hence the aforesaid amount has been included in Contingent Liabilities (Refer note no. 2.2 (vi) above).
- (e) Reference is however, invited to note no. 2.1(e)(ii) in respect of interim relief granted by Hon'ble AAIFR.
- (f) The Company has given advances aggregating to Rs. 1,72,55,00,000 (Previous Year Rs. 96,25,00,000) to Golden Realty & Infrastructure Ltd. a subsidiary of the company to acquire certain development rights in the land situated in Delhi for joint development.
- 15) 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



Amount in Rs

| Particulars | Year Ended 31st March,2011 | Year Ended 31st March,2010 |
|---|-------------------------------|-------------------------------|
| Segment Revenue : | | |
| (a) Tobacco Products | 738,491,860 | 864,734,038 |
| (b) Realty Division | 187,500,000 | --- |
| (c) Others/Unallocable | --- | --- |
| Total | <u>925,991,860</u> | <u>864,734,038</u> |
| Add : Other Income | | |
| (a) Tobacco Products | 36,745,884 | 95,249,032 |
| (b) Realty Division | 179,163,685 | 185,770,353 |
| (c) Others/Unallocable | 884,876 | 874,892 |
| Total | <u>216,794,445</u> | <u>281,894,277</u> |
| NetSales/Income from operations | <u>1,142,786,305</u> | <u>1,146,628,315</u> |
| Segment Results Profit/(Loss) before tax and interest from segment : | | |
| (a) Tobacco Products | (384,545,923) | (168,276,684) |
| (b) Realty Division | 213,838,500 | 185,770,353 |
| (c) Others/Unallocable | (2,161,065) | (24,74,758) |
| Total | <u>(172,868,488)</u> | <u>17,493,669</u> |
| Less : Interest expenses | 167,966,051 | 134,191,414 |
| Provision for Taxation | 160,000 | 378,000 |
| Total Profit/(Loss) after taxation | <u>(340,994,540)</u> | <u>(117,075,746)</u> |
| Minority Interest (loss) | 5 | 5 |
| Net Profit/(Loss) | <u>(340,994,535)</u> | <u>(117,075,741)</u> |
| Segment Assets : | | |
| (a) Tobacco Products | 1,424,882,890 | 1,349,087,265 |
| (b) Realty Division | 2,169,824,893 | 1,448,974,928 |
| (c) Others/Unallocable | 33,967,888 | 31,832,416 |
| Total Assets | <u>3,628,675,671</u> | <u>2,829,894,609</u> |
| Segment Liabilities : | | |
| (a) Tobacco Products | 1,114,439,217 | 1,091,690,664 |
| (b) Realty Division | 2,413,221,672 | 1,289,626,286 |
| (c) Others/Unallocable | 5,240,177 | 547,150 |
| Total Liabilities | <u>3,532,901,066</u> | <u>2,381,864,100</u> |
| Capital Expenditure : | | |
| (a) Tobacco Products | 11,348,282 | 5,44,85,173 |
| (b) Realty Division | --- | --- |
| (c) Others/Unallocable | --- | --- |
| Total Capital Expenditure | <u>11,348,282</u> | <u>5,44,85,173</u> |
| Depreciation/Amortisation : | | |
| (a) Tobacco Products | 15,251,951 | 20296896 |
| (b) Realty Division | --- | --- |
| (c) Others/Unallocable | 544 | 632 |
| Total Depreciation/Amortisation | <u>15,252,495</u> | <u>20297528</u> |

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

16) 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 (up to 31st May, 2010) |
| Mr. A. K. Joshi | – | Whole Time Director |

(ii) Associates/Joint Ventures

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)

| | Associate GHCL Ltd | Joint Venture M/s Ashoka Developers & Builders Ltd | Key Management Personnel | Relatives of Key Management Personnel | Total |
|-------------------------------------|-----------------------|--|--------------------------------|---|--------------------|
| Expenses : | | | | | |
| Remuneration | --- | --- | 1,22,23,764 | --- | 1,22,23,764 |
| | (---) | (---) | (1,70,73,083) | (---) | (1,70,73,083) |
| Rent | --- | --- | --- | 15,60,000 | 15,60,000 |
| | (---) | (---) | (---) | (11,40,480) | (11,40,480) |
| Car Hire charges | --- | --- | --- | 3,30,000 | 3,30,000 |
| | (---) | (---) | (---) | (3,30,000) | (3,30,000) |
| Income : | | | | | |
| Compensation receivable | --- | --- | --- | --- | --- |
| | (---) | (---) | (---) | (---) | (---) |
| Finances & Investments : | | | | | |
| Purchase of Fixed assets | --- | --- | --- | --- | --- |
| | (5,00,00,000) | (---) | (---) | (---) | (5,00,00,000) |
| Security Deposit Received | --- | --- | --- | --- | --- |
| Amount repaid | --- | --- | --- | --- | --- |
| | (8,00,00,000) | (---) | (---) | (---) | (8,00,00,000) |
| Outstandings : | | | | | |
| Payable | --- | 5,00,00,000 | 22,25,400 | 1,54,220 | 5,23,79,620 |
| | (---) | (5,00,00,000) | (7,67,840) | (1,17,019) | (5,08,84,859) |
| Receivable | 1,80,00,000 | --- | --- | --- | 1,80,00,000 |
| | (1,80,00,000) | (---) | (---) | (---) | (1,80,00,000) |
| 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.

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) | (34,09,94,535) | (11,70,75,743) |
| (b) Denominator : | | |
| Number of weighted average Equity Shares outstanding For Basic & diluted Earning per share | 1,75,88,021 | 1,75,88,021 |
| (c) Earnings per Equity Share Basic and diluted | (19.39) | (6.66) |
| (d) Nominal value per Equity Share | Rs.10 | Rs.10 |

18) 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 |
| J. P. KHETAN | Managing Director |
| A. K. JOSHI | Whole-Time Director |
| R.R. KUMAR | Director |
| BHARAT.B.MERCHANT | Director |

Place : Mumbai
Dated : 25TH MAY, 2011



INFORMATION ON SUBSIDIARY COMPANIES UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 2011.

(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 | 2,997,756 | 10,938,900 | 10,114,443 | 60,577 | NIL |
| 3 | Total Assets | 3,380,556 | 204,782,649 | 25,943,349 | 2,660,158 | 1,752,809,283 |
| 4 | Total Liabilities | 3,380,556 | 204,782,649 | 25,943,349 | 2,660,158 | 1,752,809,283 |
| 5 | Details of Investment (except investmen in subsidiaries) | 2 | 1,201,533 | NIL | NIL | NIL |
| 6 | Turnover | NIL | 5,700 | NIL | NIL | NIL |
| 7 | Profit / (Loss) before Taxation | (13,712) | (405,259) | (1,260,878) | (456,031) | (25,185) |
| 8 | Provision for Taxation | NIL | NIL | NIL | NIL | NIL |
| 9 | Profit / (Loss) after Taxation | (13,712) | (405,259) | (1,260,878) | (456,031) | (25,185) |
| 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 |
| J. P. KHETAN | Managing Director |
| A. K. JOSHI | Whole-Time Director |
| R.R. KUMAR | Director |
| BHARAT.B.MERCHANT | Director |

Place : Mumbai
Dated : 25TH MAY, 2011

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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 _____



55th AGM

GOLDEN TOBACCO LIMITED

Registered Office : Darjipura, Post-Amaliyara, Vadodara - 390022, Gujarat, INDIA.

Fifty-fifth Annual General Meeting to be held on 17th December, 2011 at 3.30 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-fifth Annual General Meeting of the Company to be held on Saturday, 17th December, 2011 at 3.30 p.m. and at any adjournment
thereof.

In witness whereof

I / We have signed

in this _____ day of _____ 2011.

Reg. Folio No. : _____

*DP Id : _____

* Client Id : _____

Revenue
Stamp
of
Re. 1

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.

55th AGM



GOLDEN TOBACCO LIMITED

Registered Office : Darjipura, Post-Amaliyara, Vadodara - 390022, Gujarat, INDIA.

Fifty-fifth Annual General Meeting to be held on 17th December, 2011 at 3.30 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
Darjipura, Post-Amaliyara,
Dist-Vadodara, Gujarat-390022
www.goldentobacco.in