

*53<sup>rd</sup>*  
*Annual Report*  
*2008-2009*



**GOLDEN TOBACCO LIMITED**

# GOLDEN TOBACCO LIMITED

## 53<sup>rd</sup> ANNUAL GENERAL MEETING

Date : 15<sup>th</sup> September, 2009  
Day : Tuesday  
Time : 3.30 p.m.  
Venue : Shri Bhaidas Maganlal Sabhagriha,  
U-1, Juhu Development Scheme,  
Vile Parle (West), Mumbai - 400 056.  
Book Closure : 9<sup>th</sup> September to 15<sup>th</sup> September, 2009  
Dates (both days inclusive)

## Contents

	<u>Page</u>
Notice .....	1
Directors' Report .....	7
Annexure to the Directors' Report.....	10
Management Discussion & Analysis Report.....	12
Report on Corporate Governance .....	13
Certification by CEO & CFO .....	20
Auditors' Report .....	21
Balance Sheet .....	24
Profit & Loss Account .....	25
Cash Flow Statement.....	26
Schedules to the Accounts .....	27
Balance Sheet Abstract .....	43
Statement Pursuant to Section 212..... of the Companies Act, 1956	44
Consolidated Accounts .....	45
Subsidiaries Information .....	60
Nomination Form .....	61

## Stock Exchanges where Company's shares are listed

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

## Board of Directors

### Chairman

Sanjay Dalmia

### Vice-Chairman

Anurag Dalmia

### Managing Director

J. P. Khetan

### Directors

R. R. Kumar

Bharat B. Merchant

D. K. Jain – IFCI Nominee

V. K. Bhandari

Viney Mehra – Whole Time Director

A. K. Joshi – Whole Time Director

Rishabh Jain

### Compliance Officer

Sunil Kr. Dhandhanian

### Auditors

Lodha & Co., Mumbai

### Solicitors

Khaitan Jayakar Sud & Vohra (KJSV)

### Bankers

Canara Bank

Syndicate Bank

Vijaya Bank

State Bank of Bikaner & Jaipur

Allahabad Bank

### Registered Office

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

Phone : 2671 3951

Fax : 2671 5481

### Investors' Cell

Toll Free No. 1800 22 3951

email : share@goldentobacco.in

### Registrar & Transfer Agent

Link Intime India Private Ltd.

C-13, Pannalal Silk Mills

Compound,

L. B. S. Road, Bhandup (West),

Mumbai - 400 078.

Phone : 2596 3838 (Extn. 2293)

Fax : 2569 2693

email : isrl@vsnl.com

## NOTICE

**NOTICE is hereby given that the Fifty-third Annual General Meeting of the Members of Golden Tobacco Limited will be held on Tuesday, the 15<sup>th</sup> day of September, 2009, at 3.30 p.m. at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai – 400 056, to transact the following business:**

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2009, the Audited Balance Sheet as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri A. K. Joshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Viney Mehra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to approval of the Central Government if required, consent of the members of the Company be and is hereby granted to the re-appointment of Shri A. K. Joshi as the Whole-time Director of the Company with effect from 21<sup>st</sup> October, 2009, for a period of five years on such terms and conditions, including the terms of his remuneration, perquisites / benefits as the Whole-time Director of the Company; as are set out in the Explanatory Statement attached to the Notice of this Meeting, a copy of which initialed by the Chairman for the purpose of identification is placed before this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the said remuneration, perquisites / benefits payable to Shri A. K. Joshi as the Whole-time Director as may be mutually agreed between the Company and Shri A. K. Joshi, subject to the applicable statutory provisions and approval of the Central Government, if required.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Shri A. K. Joshi as the Whole-time Director, the remuneration, perquisites / benefits set out in the said Explanatory Statement be paid or granted to Shri A. K. Joshi as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time, and necessary approval of the Central Government be obtained as may be required, to make up the shortfalls, if any, without any further reference to the shareholders."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to approval of the Central Government if required, consent of the members of the Company be and is hereby granted to the re-appointment of Shri Viney Mehra as the Whole-time Director of the Company with effect from 1<sup>st</sup> April, 2009, up to 31<sup>st</sup> March, 2011, on such terms and conditions, including the terms of his remuneration, perquisites / benefits as the Whole-time Director of the Company; as are set out in the Explanatory Statement attached to the Notice of this Meeting, a copy of which initialed by the Chairman for the purpose of identification is placed before this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby Authorized to alter and vary the said remuneration, perquisites / benefits payable to Shri Viney Mehra as the Whole-time Director as may be mutually agreed between the Company and Shri Viney Mehra, subject to the applicable statutory provisions and approval of the Central Government, if required.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Shri Viney Mehra as the Whole-time Director, the remuneration, perquisites / benefits set out in the said Explanatory Statement be paid or granted to Shri Viney Mehra as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time, and necessary approval of the Central Government be obtained as may be required, to make up the shortfalls, if any, without any further reference to the shareholders."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), and subject to the approval of the Central Government, if required, the Company do hereby approves such terms and conditions, including the terms of his remuneration, perquisites / benefits of Shri J. P. Khetan, Managing Director of the Company (for a remaining period of two years of the tenure of his office i.e. upto 31<sup>st</sup> July, 2011) as are set out in the Explanatory Statement attached to the Notice of this Meeting, a copy of which initialed by the Chairman for the purpose of identification is placed before this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the said remuneration, perquisites / benefits payable to the Managing Director, as may be mutually agreed between the Company and Shri J. P. Khetan, subject to the applicable statutory provisions and approval of the Central Government, if required.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the tenure of the remaining two years of Shri J. P. Khetan as the Managing Director, (i.e. upto 31<sup>st</sup> July, 2011), the remuneration, perquisites / benefits (except Commission) as set out in the said Explanatory Statement, or as altered and varied subsequently as aforesaid, be paid or granted to Shri J. P. Khetan as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time, and necessary approval of the Central Government be obtained as may be required, to make up the shortfalls if any, without any further reference to the shareholders."



8. To consider and if though fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-  
"RESOLVED THAT Shri V. K. Bhandari, who is appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 147 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT in supersession of the Resolution passed at the forty eighth Annual General Meeting of the Company held on 24<sup>th</sup> September, 2004 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), and subject to such other approvals as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow moneys from time to time from any one or more of the Company's Bankers and/or from any one or more, individuals, other Persons, Firms, Bodies Corporate, Financial Institutions, Mutual Funds, Foreign Bankers, Foreign Financial Institutions, Foreign Institutional Investors, Overseas Corporate Bodies, Overseas Mutual Funds, Pension Funds, Trusts or such other bodies or entities, whether by way of cash credit, term loans, advances, deposits, loans or bill discounting, deferred payment guarantees, issue of debentures, external commercial borrowings or otherwise in any other mode or form; and whether unsecured, or secured by mortgage, charge, hypothecation, lien, or pledge of the Company's assets and properties, whether immovable or movable or stock-in-trade (including raw materials, spare parts and components in stock or in transit and work-in-progress) or by any kind of guarantees and all or any of the undertakings of the Company, notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.4,00,00,00,000/- (Rupees Four Hundred Crores Only) exclusive of interest, and that the Board of Directors be and is hereby further authorised to execute such debenture trust deeds and /or mortgage deeds, charge deeds, deeds of hypothecation, lien, promissory notes, deposits receipts, Guarantees / Assurance deeds and other deeds and instruments or writings containing such conditions and covenants, as the Board of Directors in it's absolute discretion may think fit."

By Order of the Board

Place : Mumbai  
Dated : 31<sup>st</sup> July, 2009

(A. K. JOSHI)  
Director (Finance)

**Registered Office:**

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY INSTEAD OF HIMSELF. A PROXY SO APPOINTED SHALL BE ENTITLED TO VOTE ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. AN INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.
2. The Register of members and share transfer Books of the Company shall remain closed from Wednesday the 9<sup>th</sup> day of September, 2009 to Tuesday the 15<sup>th</sup> Day of September, 2009 (both days inclusive).
3. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 giving material facts in respect of item of special business set out under Item No. 5 to 9 of the notice is annexed herewith, and forms part of this notice.
4. All the documents referred to in this Notice and explanatory statements are open for inspection of the members at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m., up to the date of the Annual General Meeting and during the time of the meeting.
5. Members are hereby informed that all unpaid dividends, if any, up to 1993-94 declared by the Company have been transferred by it to the General Revenue Account of the Central Government. Unpaid dividend pertaining to the year 1994-95 is being paid as per the schedule fixed by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 16.12.2002.
6. M/s. Link Intime India Private Ltd., C-13, Pannalal Silk Mill's Compound, LBS Marg, Bhandup (West), Mumbai - 400 078, is the connectivity registrar for dematerialization of shares and also the Registrar and Transfer Agents of the Company to handle work relating to the transfer of physical shares and other related matters. Members holding shares in the physical form are requested to notify / send the following to them to facilitate better service:
  - i) any change in their address, particularly mentioning the pin code number, the folio number, number of shares held, etc,
  - ii) share certificates, if held in multiple folios in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one folio.
7. Any query relating to the Annual Accounts or otherwise must be sent to the Registered Office of the Company, at least 10 days before the date of the Annual General Meeting.
8. Members / Proxies attending this Annual General Meeting are requested to bring with them the following:
  - i) The copy of the Annual Report as no separate copies shall be given at the time of the Annual General Meeting.
  - ii) The Attendance Slip sent herewith duly filled in to be lodged with the Company at the venue. The holders of shares in demat form are requested to fill in their DP Id and Client Id in the Attendance Slip / Proxy for easy identification. In case of joint holder(s), if more than one holder intends to attend the meeting, they may obtain the additional admission slip(s) on request from the Registered Office of the Company on or before 12<sup>th</sup> day of September, 2009 to avoid inconvenience.

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

Sr. No.	Name of the Director	No. of. Shares
1.	Shri Sanjay Dalmia	Nil
2.	Shri Anurag Dalmia	Nil
3.	Shri R. R. Kumar	Nil
4.	Shri Bharat B. Merchant	100
5.	Shri Rishab Jain	Nil
6.	Shri D. K. Jain	Nil

10. Information of all the Directors seeking appointment/re-appointment as required by Clause 49(G)(i) of Listing Agreement is given under para I and para VIII (II) of Report of Corporate Governance for the Year 2008-09 which forms part of the Annual Report for the year ended 31<sup>st</sup> March, 2009.

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

Name	Shri A. K. Joshi	Shri Viney Mehra	Shri Vijay Kumar Bhandari
Date of Birth & Age	01.01.1958 & 51 years	02.08.1946 & 63 years	14.10.1943 & 65 years
Date of Appointment as Director / Additional Director	21.10.2003	01.10.1996	31.07.2009
Qualifications	B'com, CA	Advance Diploma in Production Engineering	C.A.
No. of Shares held	Nil	1000	NIL
Experience in specific functional areas	Shri A. K. Joshi was appointed for the first time as Whole-time Director of the Company w.e.f. 21 <sup>st</sup> October, 2003 for a period of three years. Besides being a graduate in commerce, he is a Fellow Member of the Institute of Chartered Accountants of India.	Shri Viney Mehra has been serving the Company since more than twenty years and has played an important role in modernization of production, product quality enhancement, adopting innovative marketing strategies and developing the export market for the product of the Company. Before joining Golden Tobacco Limited, he was in employment with ITC Limited, for a period of eighteen years.	Shri V. K. Bhandari was an Accounts Officer with Supreme Woollen Mills (1969 to 1971). He has a rich experience of working with the Central Bank of India from December 1971 to October 2003. In various capacities including as Internal Auditor, Regional Manager, AGM, DGM, Zonal Manager at various offices of the bank in the country. Last positions held as General Manager in-charge of Credit, Credit Monitoring, International Banking, Treasury (Forex & Rupee), Merchant Banking Divisions at Bank's Central Office, Mumbai. Retired as General Manager on 31 <sup>st</sup> October, 2003.
Directorship held in other Public Companies	<ul style="list-style-type: none"> <li>Western Express Industries Ltd.</li> <li>Golden Realty &amp; Infrastructure Ltd.</li> </ul>	Nil	<ul style="list-style-type: none"> <li>Hindusthan Sanitaryware &amp; Industries Ltd.</li> <li>Jayant Agro-Organics Ltd.</li> <li>Khanna Paper Mills Ltd.</li> <li>GNA Enterprises Ltd.</li> <li>Capital Local Area Bank Ltd.</li> <li>Shore to Shore Logistics Ltd.</li> <li>Prime Textiles Ltd.</li> <li>Super Smelters Ltd.</li> </ul>
Chairmanship / Membership of Committees across all Public Companies	Nil	Nil	<ul style="list-style-type: none"> <li>Hindusthan Sanitaryware &amp; Industries Ltd.</li> <li>Jayant Agro-Organics Ltd.</li> <li>Khanna Paper Mills Ltd.</li> <li>Capital Local Area Bank Ltd.</li> <li>Prime Textiles Ltd.</li> <li>Super Smelters Ltd.</li> </ul>



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

**Item Nos. 5, 6 & 7:**

Shri A. K. Joshi was appointed as Whole-time Director of the Company effective from 21<sup>st</sup> October, 2003 for a period of three years by the Board of Directors of the Company at their meeting held on even date. The appointment was made in accordance with the applicable provisions of the Companies Act, 1956 and the Schedule XIII thereto and was approved by the shareholders at their meeting held on 24<sup>th</sup> September, 2004. Thereafter Shri A. K. Joshi was re-appointed as Whole-time Director of the Company w.e.f. 21<sup>st</sup> October, 2006 for a further period of three years by the Board of Directors of the Company. The re-appointment was made in accordance with the applicable provisions of the Companies Act, 1956 and the Schedule XIII thereto and was approved by the shareholders at their meeting held on 24<sup>th</sup> July, 2007. The tenure of his office expires on the 20<sup>th</sup> October, 2009 and the Board of Directors at their meeting held on 21<sup>st</sup> June, 2009 has approved the Re-appointment of Shri A. K. Joshi for a further period of five years w.e.f. 21<sup>st</sup> October, 2009 and hence to enable him to be re-appointed, Schedule XIII requires the Company inter alia to obtain approval of its members to the appointment by passing a special resolution at a general meeting.

Shri Viney Mehra is in office as Whole-time Director of the Company since 1<sup>st</sup> October, 1996. He was last re-appointed as such with effect from 2<sup>nd</sup> August, 2007 upto 31<sup>st</sup> March, 2009. As per the amended Schedule XIII, a special resolution in this respect was passed at the 51<sup>st</sup> Annual General Meeting of the Company held on 24<sup>th</sup> July, 2007. Since, the term of office of Shri Viney Mehra was expiring on 31<sup>st</sup> March, 2009, the Board of Directors of the Company re-appointed him as Whole-time Director of the Company with effect from 1<sup>st</sup> April, 2009 up to 31<sup>st</sup> March, 2011, at its meeting held on 29<sup>th</sup> January, 2009. The re-appointment was made in accordance with the applicable provisions of the Companies Act, 1956 and the Schedule XIII thereto. The Schedule XIII requires the Company inter alia to obtain approval of its members to the appointments and the terms of remuneration by passing a special resolution at a general meeting.

Shri J. P. Khetan has been re-appointed as Managing Director of the Company by the Remuneration Committee and Board of Directors of the Company at their respective meetings held on 27<sup>th</sup> May, 2006 for a further period of Five years with effect from 1<sup>st</sup> August, 2006, i.e. upto 31<sup>st</sup> July, 2011, inter alia, on the following terms and conditions, including the terms of his remuneration, which was fixed by them only for a period of three years, i.e. from 1<sup>st</sup> August, 2006 up to 31<sup>st</sup> July, 2009. As the said remuneration package of Shri J. P. Khetan as Managing Director was approved only for a period of three years i.e. upto 31<sup>st</sup> July, 2009, the approval of its members of the Company by passing a special resolution is required in order to continue the payment of the said remuneration package of Shri J. P. Khetan as Managing Director for the tenure of the remaining two years, i.e. upto 31<sup>st</sup> July, 2011.

The terms of remuneration of Shri A. K. Joshi and Shri J. P. Khetan were approved by the remuneration committee on 20<sup>th</sup> June, 2009. The terms of remuneration of Shri Viney Mehra was approved at the remuneration committee meeting held on 29<sup>th</sup> January, 2009. The terms of remuneration as approved for the three managerial personnel at the aforesaid meetings were:

Particulars of Remuneration	Shri A. K. Joshi – Wholetime Director	Shri Viney Mehra – Wholetime Director	Shri J. P. Khetan – Managing Director
Basic Salary & Grade	Rs.1,63,200/- in the grade of Rs.1,20,000/- – Rs.3,00,000/- along with a Personal Adjustment Pay of Rs.1,50,000/- per month	Rs.1,63,200/- in the grade of Rs.1,20,000/- – Rs.2,00,000/- along with a Personal Adjustment Pay of Rs.1,50,000/- per month	Rs.2,43,400/- in the grade of Rs.1,82,000/- – Rs.4,50,000/- along with a Personal Adjustment Pay of Rs.5,00,000/- per month
Commission	0.5% of the net profit subject to a ceiling of Rs.15 lacs per annum	0.5% of the net profit subject to a ceiling of Rs.15 lacs per annum	2% of the net profit subject to a ceiling of Rs.60 lacs per annum

**Perquisites:**

Besides the above remuneration, all the aforesaid Managerial Personnel shall be entitled to the perquisites such as Accommodation / HRA @ 60% of the basic salary, Home Maintenance, Servant Allowance, Children Education Allowance, Medical Benefits, Group Hospitalisation Benefits, Leave Travel Allowance / Reimbursement of Expenses for self and family (for inland / foreign travel), Club Fees, Personal Accident Insurance, Privileged Leave and Encashment of unutilised Privileged Leave upon end of the term, Reimbursement of Gas, Electricity and Water Expenses, Books and Periodicals, Business Promotion and any other benefits, facilities, allowance and reimbursement of expenses as per the Rules of the Company prescribed in this regard. The perquisites shall be restricted to the Annual Salary of the aforesaid Managerial Personnel.

For the aforesaid purpose, "Family" means the Spouse, dependent children and dependent parents of the Managerial Personnel.

Other Perquisites to the Managerial Personnel are:

- Contribution to Provident Fund, Superannuation Fund and other Retirement benefits in accordance with the rules of the Company. The Company's contribution to such funds is not to be included in the computation of the ceiling on perquisites stated above to the extent these either singly or put together are not taxable under the Income-tax Act.
- Encashment of Leave at the end of the term as per rules of the Company shall not be considered for the valuation of perquisites.
- Gratuity as per the Scheme of the Company, provided the Gratuity payable shall not exceed half a month's salary for each completed year of service.
- Provision of the Company's maintained Car and driver's salary for use of the Company's business and telephone at residence shall not be considered as perquisites.

v) Reimbursement of entertainment, travelling and all other actual expenses properly incurred for the purpose of the Company's business shall not be considered as remuneration.

vi) No sitting fees to be paid for attending Meetings of the Board of Directors or any of its Committee.

In the event of absence or inadequacy of profit in any financial year during the tenure of the aforesaid managerial personnel, the remuneration, perquisites / benefits (except commission) as mentioned above be paid or granted to them as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time, and necessary approval of the Central Government will be obtained as may be required, to make up the shortfalls if any, without any further reference to the shareholders.

The aforesaid remuneration has been / shall be reviewed by the Remuneration Committee / Board of Directors after the close of every financial year and Shri A. K. Joshi, Shri Viney Mehra and Shri J. P. Khetan be paid such increment within the limits of the respective salary grades specified above, as the Remuneration Committee / Board may then decide, subject to the ceiling limits laid down aforesaid and under the provisions of the Companies Act, 1956, or any modification or re-enactment thereof.

Shri J. P. Khetan shall not be liable to retire by rotation whereas Shri A. K. Joshi and Shri Viney Mehra shall be the directors liable to retire by rotation during their tenure as Managerial Personnel of the Company as aforesaid.

The information required under the Sub-clause C (iv) of Para I of Section II, part II, of the Schedule XIII to the Companies Act 1956 is given here below:

#### I. General Information:

1.	Nature of Industry	Cigarette Manufacturing and Marketing	
2.	Date or expected date of commencement of Commercial Production	Not applicable	
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
4.	Financial performance based on given indications	(Rs. in Lacs)	
		2007-2008	2008-2009
	i. Gross Sales (including Exports)	30323.42	17367.80
	ii. Net Profit after taxation	1302.51	25.03
	iii. Exports	1881.89	4037.65
	iv. Foreign investments or collaborators, if any	NIL	NIL

#### II. Information about the appointee:

		Shri A. K. Joshi	Shri Viney Mehra	Shri J. P. Khetan
i.	Background details	Shri A. K. Joshi is a Graduate in Commerce and a Fellow member of the Institute of Chartered Accountants of India. He is having rich experience of over 27 years.	Shri Viney Mehra holds an Advanced Diploma in Production Engineering from Punjab Engineering College Chandigarh. Before joining Golden Tobacco Ltd., he was with ITC Ltd. for a period of eighteen years. He has a rich experience of over 41 years in this industry.	Shri J. P. Khetan is having 45 years experience in Commerce and Industries. He has been with Company for over 30 years and possesses rich experience in various managerial capacities.
ii.	Past remuneration	Rs.1,63,200/- per month along with a Personal Adjustment pay of Rs.1,50,000 p.m.	Rs.1,63,200/- per month along with a Personal Adjustment pay of Rs.1,50,000 p.m.	Rs.2,43,400/- per month along with a Personal Adjustment pay of Rs.5,00,000 p.m.
iii.	Recognition or Awards	Nil	Nil	Nil
iv.	Job profile & suitability	Shri A. K. Joshi, who has a rich background and experience as stated above in finance, is managing and supervising the finance function in the Company.	Shri Viney Mehra with the rich background and experience as stated above in the technical field, is managing and supervising the technical function in the Company	Shri J. P. Khetan is Managing and supervising all the affairs of the Company. With his background and experience stated above, no emphasis needs to be made as to his suitability to the job.



		Shri A. K. Joshi	Shri Viney Mehra	Shri J. P. Khetan
v.	<b>Remuneration proposed</b>	Same as the past remuneration of Rs.1,63,200/- per month along with a Personal Adjustment pay of Rs.1,50,000 p.m.*	Same as the past remuneration of Rs.1,63,200/- per month along with a Personal Adjustment pay of Rs.1,50,000 p.m.*	Same as the past remuneration of Rs.2,43,400/- per month along with a Personal Adjustment pay of Rs.5,00,000 p.m.*
vi.	<b>Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person as Managing Director is around Rs.3,00,00,000/- per annum and as Whole Time Director is Around Rs.1,00,00,000/- per annum</b>			
vii.	<b>Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:</b>			
		Professional	Professional	Professional
III. i.	<b>Reasons of loss or inadequate profits:</b> The company has been earning profits for the past 8 financial years but due to accumulated losses (incurred inter alia, on account of frequent changes in excise duty structure, imposition of luxury tax, coercive action taken by the Income Tax Department, interest cost) carried forward since 1995-96 the net profit turns into loss.			
ii.	<b>Expected increase in productivity and Profits:</b> Productivity of the Company is in line with the demand patterns in the market and will continue in future to meet the demands. With sustained market initiatives, the Company is expecting further increase in profits in the future.			

\* Application will be made to the Department of Company Affairs for approval of the remuneration.

Shri A. K. Joshi, Shri Viney Mehra and Shri J. P. Khetan are interested respectively in the proposed resolutions at item No. 5, 6 & 7 above, to the extent of the revised remuneration, perquisites and benefits that they would enjoy. Except them, no other Director of the Company is in any way concerned or interested in the above resolution.

Your Directors recommend the above Special resolutions at Item Nos. 5, 6 & 7 of the Notice, for your approval.

The resolutions given under the item Nos. 5, 6 & 7 and this Explanatory Statement taken together, may be construed as an Abstract and Memorandum of Concern and Interest under Section 302 of the Companies Act, 1956.

No Director has any interest in the resolution except as a member of the Company.

#### Item No. 8:

The Board of Directors of the Company has appointed Shri V. K. Bhandari as an Additional Director of the Company with effect from 31<sup>st</sup> July, 2009. Pursuant to Section 260 of the Companies Act, 1956 and Article 147 of the Articles of the Association of the Company, Shri V. K. Bhandari holds office as an Additional Director upto the date of the ensuing Annual General Meeting.

The Company has received a separate notice in writing from members alongwith a deposit of Rs. Five Hundred, proposing the candidature of Shri V. K. Bhandari of the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

The Board considers that it is desirable that the Company continues to be benefited with the experience of Shri V. K. Bhandari and accordingly recommends the resolution for the approval of the Members.

Save and except Shri V. K. Bhandari, none of the other Directors of the Company is in any way concerned or interested in this Resolution.

#### Item No. 9:

Pursuant to Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in a general meeting borrow money, where the total money borrowed is in excess of the aggregate of the paid-up capital of the Company and its free reserves, which shall however, not include the temporary loans obtained from the Company's bankers in the ordinary course of business. Presently, the Board has powers to borrow upto a limit of Rs.1,25,00,00,000 (Rupees One Hundred and twenty five Crores only excluding temporary loans from the bankers in the ordinary course of business), as approved by the members of the Company at their Forty eighth Annual General Meeting held on 24<sup>th</sup> September, 2004.

The trend of the past few years shows that the Company has been on a planned recovery path. To facilitate implementation of the planned initiatives and programmes and to meet the consequent financial requirements of the Company at the appropriate time, it is proposed to seek members' approval for enhancing the borrowing power of the Board of Directors of the Company from the existing limit of Rs.1,25,00,00,000 (Rupees One Hundred and twenty five Crores only) to Rs.4,00,00,00,000 (Rupees Four Hundred Crores only).

The ordinary resolution at item no. 9 is therefore, proposed as required under the provisions of sub-clause (d) of sub-Section (1) of Section 293 of the Act. Your Directors recommend the above resolution for your approval.

None of the Directors of the Company is any way concerned or interested in the resolution proposed under this item

By Order of the Board

Place : Mumbai  
Dated : 31<sup>st</sup> July, 2009

(A. K. JOSHI)  
Director (Finance)

#### Registered Office:

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



## DIRECTORS' REPORT

Your Directors hereby submit their Fifty-third Annual Report with the Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

### SUMMARY OF FINANCIAL RESULTS

(Rs. in lacs)

	For the year Ended 31.03.2009	For the year Ended 31.03.2008
Profit for the year before Interest, Depreciation, Exceptional Items and Tax	1571.54	2146.55
Interest	1249.16	123.78
Depreciation	254.75	287.22
Profit before Taxation	67.63	1735.55
Provision for Taxation:		
Current Tax including (Wealth Tax)	11.70	366.00
Fringe Benefit Tax	30.90	67.04
Deferred Tax Assets/(Liabilities)	—	—
Profit after Taxation	25.03	1302.51
Balance brought forward from last year	(1907.84)	(3210.35)
Balance of loss carried over to Balance Sheet	1882.81	1907.84

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE & DIVIDEND

The cigarette industry was hit hard in the year 2008-2009, with a budget that saw a huge increase in the tax on plain cigarettes - Excise duty on Mini segment increased by 4.9 times, and plain's segment by 2.4 times. At the same time, the excise duty on filter regular segment was not touched. This brought about a drastic change in the dynamics of the industry, bringing the price of plain cigarettes on par / more with the filter regular segment. An effect of this legislation has been the growth of the grey market. In grey market these segments of cigarettes are being sold at Re. 1/- per stick whereas excise, Vat and other levies alone are more than Re. 1/- per stick. This has led to reduction of more than 90% volumes of plain's segment.

Un-uniform VAT rates will effect the margin of the Tobacco Industry adversely. Following states have increased their VAT rates significantly

- State of Gujarat – Increased from 12.5% to 15%
- State of Maharashtra – Increased from 12.5% to 20%
- State of Uttar Pradesh – Increased from 12.5% to 13.5%

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

This year saw the launch of several brands in these segments, notably Chancellor Browns, Chancellor Royale and Steel. Chancellor Browns was test marketed in select markets. Priced at Rs.42/-, this product from the stables of Golden Tobacco was received favorably, and is being rolled out across the country. Growth from these new brands is expected in the coming year.

This has been accompanied by consolidation on the sales and distribution front, resulting in a leaner sales force with increased manpower productivity.

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

### REAL ESTATE DEVELOPMENTS

The new Company is in the process of demerging its Real Estate division to its newly incorporated subsidiary company 'Golden Realty & Infrastructure Limited' and has already filed the scheme of Demerger to the BSE and NSE. While the NOC from BSE has been obtained, the NOC from NSE is awaited. Real Estate Development is expected to benefit both, the Company and its shareholders.

### CHANGE OF NAME

Your Directors are pleased to inform that the name of your Company has been changed from GTC Industries Limited to Golden Tobacco Limited w.e.f. 23<sup>rd</sup> July, 2008.

### 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.



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## 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 and 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 A. K. Joshi, Shri M. H. Patil and Shri Viney Mehra, Directors, will be liable to retire by rotation at the forthcoming Annual General Meeting. Being eligible, the re-appointment of Shri A. K. Joshi, Shri M. H. Patil and Shri Viney Mehra is recommended by the Directors for your approval.

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

## PARTICULARS OF EMPLOYEES

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

## DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (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
- (iv) 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 and hence do not require any further explanation.

## AUDITORS

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

## SUBSIDIARIES

Following Companies are the subsidiaries of your Company:

1. Golden Realty & Infrastructure Limited
2. Golden Investment (Sikkim) Private Limited
3. Western Express Industries Limited
4. GTC INC,B.V.
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*

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009

**SANJAY DALMIA**  
Chairman



## ANNEXURE TO THE DIRECTORS' REPORT:

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.

Sr. No.	Name	Designation / Nature of Duties	Remuneration (Rupees)	Qualifications	Experience (years)	Date of Commencement of Employment	Age (years)	Last Employment held before joining this Company and also the designation & number of years put in there
1.	J. P. Khetan	Managing Director	5465177	Inter Arts	45	10.02.1979	66	Dalmia Industries Ltd., as Commercial Manager, 7 Years
2.	Viney Mehra	Director (Technical)	5817598	Dip. in Prodn Engg.	43	19.11.1984	62	ITC Ltd., Asst. Production Manager, 18 Years
3.	A. K. Joshi	Director (Finance)	5807298	B.Com., FCA	29	01.02.1993	51	Chinar Exports Ltd., Sr. Mgr. Fin/Accounts, 2 Years.
4.	Dr. Abhijit De	Sr. Vice President (R&D)	3344731	M.Sc, Phd	32	11-04-1986	57	Godfrey Philips India Ltd., R & D Manager, 7 Years
5.	Sudhee Ranjan	Sr. Vice President (Sales & Mktg.)	4088461	B.E. Electro & Comm. Dip in Busi. Admn.	30	01-08-2007	54	Punjab Agro Tractor, External resource to Client Companies
6.	S. S. Alam	Sr. Vice President (HRD)	3800572	B.Sc, B.Tech, PGD in Business Mngt, IIM Ahmd	32	16-08-2007	56	Pidilite Industries Ltd., 4 years Chief H. R. & Improvement Management, for 4 years
<b>Employees for part of the year</b>								
7.	R. K. Chaudhary	Sr. General Manager, (Materials)	1136436	B.Sc	37	05-12-1984	60	Kamala Mills Ltd, Asst. Purchase Officer, 12 years
8.	Dr. Kamal K. Gupta	V. P. (Corporate Affairs) & Secretary	3895128	B.com, FCA, FCS, LLB, DBM, DLL, AIIA, MIMA	26	01-02-1995	50	Thapar Oils & Flats Ltd., as General Manager Finance & Company Secretary, 3 years

### NOTES:

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

## ANNEXTURE 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 31<sup>ST</sup> MARCH, 2009.

### A. CONSERVATION OF ENERGY.

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

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

- i) Implementation of the latest know-how in each stages of production resulting enhancement in productivity levels.
- ii) Planned maintenance and upgradation of machineries and equipments to ensure optimum energy consumption.

#### 2. Benefits resulted from above for reduction of energy consumption and impact on the cost of production of goods:

- i) Reduction in specific consumption of electrical energy.
- ii) Enhanced operational efficiency.

### B. TECHNOLOGY ABSORPTION

#### I. Specific areas in which R&D is carried out by the Company:

1. (a) Developing low TSNA blend and offering the consumers a new less hazardous smoking product. The blends were developed by identifying tobacco grades to deliver lowest TSNA. Besides this certain portion of tobacco of the blend was replaced with non hazardous plant based materials.
- (b) Enhancing smoke characteristics by development of special tobacco additives. Using these additives resulted overall enhancement in tobacco chemistry to achieve a product with improved smoking impact. Development of unique Fruity-Clove cigarettes for International Market.
- (c) Developing blends of Cigars, Tipped Cigars, Pipe Tobacco and Smoking Mixture to match specific requirement and quality standard of International market.
- (d) Developing of Slim & Super Slim Mentholated cigarettes for International Market.
- (e) On line monitoring of process control parameters, resulting consistent quality of product with optimum yield.
- (f) Continuous development in Packet Designing in enhancing the appearance to match international quality and also improving the product durability by adopting advanced packaging technologies.
2. Improving Printing Technologies to achieve high quality printed packaging material.

#### II. Benefits derived as a result of R&D:

1. (a) A product available to customers who care for themselves.
- (b) Improved smoking properties and highly acceptable products to consumers resulting in from improved blends formulated with selective specific additives.
- (c) A significant increase in export volume. Cigars, & Cigarillos made in various categories of Fruity Flavors resulted in very wide acceptance in the 'Global' Market.
- (d) Resulted a significant entry in the world of Slims and Super Slims.
- (e) Enhanced product consistency, yield and minimized fluctuations in tobacco chemistry.
- (f) Attractive packet get ups and Protection of the product from weather changes and increased shelf life.
2. Offering the customers products with attractive 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.81.81 lacs |
| (b) Total R&D expenditure as percentage of Gross Turnover (Technology absorption, adaptation and innovation) | :  | 0.47%         |
| (c) Efforts in brief, made towards technology, adaptation and innovation.                                    |  |               |
| 1. i)  | Developing of cigarettes with less hazardous constituents.   |               |
| ii)  | Use of specific additives for improving product quality and smoke characteristics.   |               |
| iii)   | Monitoring each stage of production to ensure a final product  |               |
| iv)  | Continuous monitoring at each stage of production to ensure proper cost management with best and highest possible standard in quality parameters   |               |
| iv)  | Offering customer tailor-made 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 coming years.

1. The Company has exported during the year various brands of cigarettes aggregating to Rs.3339.02 lacs.

2. During the year under review 933.848 million sticks were exported.

3. Total foreign exchange used : Travel : Rs. 14.59 lacs

Other Expenses : Rs. 65.93 lacs

Total foreign Exchange Earned : Cigarettes : Rs. 3339.02 lacs

Tobacco : Rs. 691.62 lacs



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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

During the year under review, the cigarette industry has fallen by over 5% compared to the previous year.

Increase in tax on mini segment by 4.9 times resulted in a decrease in volumes of 98%.

Increase in tax on plain's segment by 2.4 times resulted in a decrease in volumes of 86%. The regular filter segment recorded an increase of 33%, and the Kingsize filter segment grew by 15%.

### OPPORTUNITIES, THREATS AND FUTURE OUTLOOK

The future of the cigarette industry in the country is in filter and filter kings segment. In the past year, the management of our company has focused on creating brands in the filter regular and filter kings segments, which can be leveraged to make inroads in these segments.

### SEGMENT WISE / PRODUCT WISE PERFORMANCE

Segment wise / product wise performance reporting has already been disclosed in the financial statement.

### INTERNAL CONTROL SYSTEM AND ADEQUACY

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

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

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

The Company had 1061 employees as on 31<sup>st</sup> March, 2009 as compared to 1184 at the beginning of the year, comprising of 224 in management/supervisory cadres, 184 in the staff cadres and 653 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.17367.80 Lacs as against Rs.30323.42 Lacs of the previous year. The Net Profit before tax for the year under review was Rs.67.63 Lacs as against Rs.1735.55 Lacs. After making adjustments for various tax provisions the Net Profit after tax was Rs.25.03 Lacs as against Rs.1302.51 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 2008-2009 is given below.

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

#### I. Board of Directors

In the beginning of the financial year, the Company had nine Directors on its Board. During the year Shri Rishabh Jain was appointed as an Additional Director w.e.f. 22<sup>nd</sup> May, 2008. At present the Company has ten Directors on its Board, of which three are executive Directors, i.e. one Managing Director and two Whole-time Directors; one Nominee Director of the Industrial and Financial Construction of India Limited (IFCI), a lender of the Company and six non-executive directors.

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

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

The detailed disclosures of the Board of Directors as on 31<sup>st</sup> March, 2009, as required under the code are as follows:

Name of the Directors	Category	No. of Board meetings attended out of 7 Board Meetings held during the year 2008-09	Whether attended AGM held on 14.07.2008	Number of Directorships in other Companies*		No. of Committee positions # held in other Companies*	
				Chairman	Member other than Chairman	Chairman	Member other than Chairman
Shri Sanjay Dalmia	Non-executive, Non-Independent	3	Yes	1	3	-	-
Shri Anurag Dalmia	Non-executive, Non-Independent	3	Yes	-	4	-	-
Shri R. R. Kumar	Non-executive, Independent	7	Yes	-	5	1	-
Shri J. P. Khetan	Managing Director, Non Independent	7	Yes	-	1	-	-
Shri Viney Mehra	Whole-time Director, Non Independent	5	Yes	-	-	-	-
Shri A. K. Joshi	Whole-time Director, Non Independent	7	Yes	-	2	-	-
Shri M. H. Patil	Non-executive, Independent	-	No	-	-	-	-
Shri Bharat B. Merchant	Non-executive, Independent	7	Yes	-	-	-	-
Shri D. K. Jain	IFCI Nominee, independent	7	Yes	-	2	-	-
**Shri Rishabh Jain	Non-executive, Independent	4 (out of 6)	Yes	-	3	-	-

\* Excluding directorship in Private Companies.

\*\* Appointed as Additional Director w.e.f. 22<sup>nd</sup> May, 2008

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

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



None of the executive/non-executive directors hold any shares in the Company except Shri J. P. Khetan, Shri Viney Mehra, executive directors and Shri Bharat B. Merchant, non-executive independent director who hold 1950, 1000 and 100 shares respectively in the Company.

Number of Board Meetings held during the year ended 31<sup>st</sup> March, 2009 and Dates of the Meetings.

During the year under review, seven Board Meetings were held and the gap between two meetings did not exceed four months. The dates on which Board meetings were held are 22<sup>nd</sup> May, 2008, 14<sup>th</sup> July, 2008, 11<sup>th</sup> August, 2008, 24<sup>th</sup> September, 2008, 31<sup>st</sup> October, 2008, 17<sup>th</sup> January, 2009 and 29<sup>th</sup> January, 2009.

## II. Committees of the Board

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

### A) Audit Committee

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

#### Composition

The Audit Committee for the financial year ending on 31<sup>st</sup> March, 2009 comprised of four members viz., Shri R. R. Kumar (as Chairman), Shri Bharat B. Merchant, Shri M. H. Patil and Shri D. K. Jain, 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, Shri M. H. Patil is an Advocate and Shri D. K. Jain is in service with IFCI as Deputy General Manager and is a nominee Director of IFCI and all are financially literate. Shri Sunil Kr. Dhandhan, Dy. General Manager (Commercial & Taxation) is the Compliance Officer of the Company.

During the year ended 31<sup>st</sup> March, 2009, four meetings of the Audit Committee were held on 21<sup>st</sup> May, 2008, 11<sup>th</sup> August, 2008, 31<sup>st</sup> October, 2008 and 29<sup>th</sup> January, 2009 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 M. H. Patil who had attended only one meeting. The Director (Finance), the Head of the Internal Audit and the representatives of the Statutory Auditors were invitees at the meetings of the Audit Committee. The invitees have attended all the Audit Committee Meetings during the year 2008-09.

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

### B) Remuneration Committee

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

#### Composition

The Remuneration Committee for the financial year ending on 31<sup>st</sup> March, 2009 comprised of Directors, Shri R. R. Kumar, Shri Bharat B. Merchant and Shri M. H. Patil, with Shri R. R. Kumar as the Chairman. The scope and function of the Remuneration Committee covers the requirements of the code of Corporate Governance of the Listing Agreement and the provisions of Schedule XIII and any other provisions, if any, of the Companies Act, 1956. Meetings of the Remuneration Committee was held on 21<sup>st</sup> May, 2008 and 29<sup>th</sup> January, 2009 during the year. All the members attended the meeting except Shri M. H. Patil, who attended only one meeting.

#### Remuneration to Directors:

*Details of Remuneration paid to the Directors for the year ended 31<sup>st</sup> March, 2009.*

Sr. No.	Name of the Directors	Salaries Rs.	Perquisites Rs. ##	PF & Superannuation Fund Rs.	Sitting fees (incl. Committee Meetings) Rs.	Total Rs.	Stock Option
1.	Shri Sanjay Dalmia	—	—	—	15,000	15,000	—
2.	Shri Anurag Dalmia	—	—	—	15,000	15,000	—
3.	Shri R. R. Kumar	—	—	—	1,75,000	1,75,000	—
4.	Shri Bharat B. Merchant	—	—	—	65,000	65,000	—
5.	Shri M. H. Patil	—	—	—	1,10,000	1,10,000	—
6.	Shri D. K. Jain	—	—	—	55,000	55,000	—
7.	Shri Rishabh Jain	—	—	—	20,000	20,000	—
8.	Shri A. K. Joshi	40,70,160	12,09,114	5,28,768	—	58,08,042	—
9.	Shri Viney Mehra	40,70,160	12,19,414	5,28,768	—	58,18,342	—
10.	Shri J. P. Khetan	29,32,560	18,49,221	6,84,288	—	54,66,069	—
	<b>TOTAL</b>	<b>1,10,72,880</b>	<b>42,77,749</b>	<b>17,41,824</b>	<b>4,55,000</b>	<b>1,75,47,453</b>	<b>—</b>

## 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 2008-09.

Notice period, severance fee and performance linked incentives are not stipulated in their terms of appointments.

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

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

Name of member	Category	No. of meetings attended out of 22 meetings held during the year 2008-2009
Shri R. R. Kumar – Chairman	Non-Executive Independent Director	22
Shri M. H. Patil	Non-Executive Independent Director	20
Shri Viney Mehra	Executive Non-Independent Director	06
Shri A. K. Joshi	Executive Non-Independent Director	07

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

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

**Phone :** 2671 3951

**Fax No. :** 2671 5481

#### Share Transfer details meeting-wise:

Date of Meeting	Total No. of Shares Transferred
14.04.2008	1635
30.04.2008	1855
15.05.2008	624
02.06.2008	1380
16.06.2008	2214
30.06.2008	200
10.07.2008	1450
30.07.2008	771
25.08.2008	159967
15.09.2008	1321
29.09.2008	885

Date of Meeting	Total No. of Shares Transferred
16.10.2008	375
31.10.2008	1156
14.11.2008	904
27.11.2008	720
15.12.2008	350
26.12.2008	400
13.01.2009	1440
30.01.2009	565
17.02.2009	831
06.03.2009	1484
25.03.2009	301

All transfers received have been processed within the prescribed time with no pending transfers as on 31<sup>st</sup> March, 2009. The Company has received 06 complaints during the financial year ended 31<sup>st</sup> March, 2009 and all are resolved during the year and there is no pending complaint as at year end at the Company or at the Registrar and Transfer Agent, M/s. Link Intime India Private Ltd.



### III. General Body Meetings

- (i) The last three Annual General Meetings of the Company were held on Monday, the 14<sup>th</sup> July, 2008, Tuesday, the 24<sup>th</sup> July, 2007 and Thursday, the 24<sup>th</sup> August, 2006 at 3.00 p.m. at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai – 400 056.

Year	Particulars of Special Resolutions Passed
2008	1. Change of Name of the Company from GTC Industries Limited to Golden Tobacco Limited
2007	1. Re-appointment of Shri A. K. Joshi as Whole-time Director of the Company. 2. Re-appointment of Shri Viney Mehra as Whole-time Director of the Company.
2006	1. Re-appointment of Shri J. P. Khetan as Managing Director of the Company. 2. Revision in the terms of remuneration of Shri Viney Mehra, the Whole Time Director of the Company. 3. Revision in the terms of remuneration of Shri A. K. Joshi, the Whole Time Director of the Company.

- (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 AGM.

### IV. Disclosures

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

### V. Means of Communication

#### 1. Financial Results

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

2. No presentation to any institutional investors or analysts has been made during the year ended 31<sup>st</sup> March, 2009.

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

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

### VII. Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Management of the Company to ensure adherence to a high ethical professional conduct by them in the discharge of their duties. The Code of Conduct has also been posted onto the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2008-09.

# **VIII. General Shareholders Information**

## **I. 53<sup>rd</sup> Annual General Meeting**

The Annual General Meeting for the year ended 31<sup>st</sup> March, 2009 is scheduled to be held on Tuesday, the 15<sup>th</sup> day of September, 2009 at 3.30 p.m., at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai – 400 056.

## **II. Appointment/Re-Appointment of Directors**

Shri A. K. Joshi, Shri M. H. Patil and Shri Viney Mehra will be liable to retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. Following is the brief profile of the Directors:

### **Shri A. K. Joshi**

Shri A. K. Joshi was appointed for the first time as Whole-time Director of the Company w.e.f. 21<sup>st</sup> October, 2003 for a period of three years. Besides being a graduate in commerce, he is a Fellow Member of the Institute of Chartered Accountants of India.

### **Shri M. H. Patil**

Shri M. H. Patil is an Advocate by profession in the field of Central Excise, Customs and allied matters. He holds a Masters Degree in Commerce and a Bachelors Degree in Law. Since over 17 years he is heading Cen-Ex services which is an Organisation of the Advocates & Consultants in Central Excise, Customs and allied matters.

### **Shri Viney Mehra**

Shri Viney Mehra has been serving the Company since more than twenty years and has played an important role in modernization of production, product quality enhancement, adopting innovative marketing strategies and developing the export market for the product of the Company. After completion of higher secondary education, he has done Advance Diploma in Production Engineering from Punjab Engineering College in Chandigarh. Before joining Golden Tobacco Limited, he was in employment with ITC Limited, for a period of eighteen years.

## **III. Financial Calendar**

Calendar of events for the Financial Year 2009-2010 is as under:

Audited Annual Results for Previous Year ended 31 <sup>st</sup> March, 2009.	By end of June, 2009 ,
Unaudited First Quarter Results	By end of July, 2009
Unaudited Second Quarter Results	By end of October, 2009
Unaudited Third Quarter Results	By end of January, 2010
Unaudited Fourth Quarter Results	By end of April, 2010

## **IV. Date of Book Closure:**

Wednesday, the 9<sup>th</sup> day of September, 2009 to Tuesday, the 15<sup>th</sup> Day of September, 2009 (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 <sup>th</sup> Floor, Plot No. C/1, 'G' Block, Bandra - Kurla Complex, Mumbai – 400 051.	5251
Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 021.	151

Presently, the Company's Equity Shares are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The listing fees for the year 2009-2010 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, 2008	286.00	181.20	17480.74	15297.96
May, 2008	263.00	196.20	17735.70	16196.02
June, 2008	203.00	129.70	16632.72	13405.54
July, 2008	148.20	103.60	15130.09	12514.02
August, 2008	150.00	122.10	15579.78	14002.43
September, 2008	145.60	97.55	15107.01	12153.55
October, 2008	120.20	47.55	13203.86	7697.39
November, 2008	62.00	40.05	10945.41	8316.39
December, 2008	72.50	40.00	10188.54	8467.43
January, 2009	71.25	44.00	10469.72	8631.60
February, 2009	54.60	40.50	9724.87	8619.22
March, 2009	42.50	36.00	10127.09	8047.17

**NSE NIFTY**

Month	High (Rs.)	Low (Rs.)	Nifty	
			High	Low
April, 2008	285.00	180.30	5230.75	4628.75
May, 2008	262.90	197.00	5298.85	4801.90
June, 2008	202.90	130.00	4908.80	4021.70
July, 2008	148.70	104.30	4539.45	3790.20
August, 2008	151.00	122.50	4649.85	4201.85
September, 2008	145.70	96.00	4558.00	3715.05
October, 2008	119.70	47.60	4000.50	2252.75
November, 2008	62.00	38.10	3240.55	2502.90
December, 2008	72.40	40.25	3110.45	2570.70
January, 2009	71.50	43.60	3147.20	2661.65
February, 2009	53.20	40.90	2969.75	2677.55
March, 2009	43.50	36.00	3123.35	2539.45

**VII. Distribution of Shareholding as on March 31, 2009**

No. of shares	No. of Shareholders		No. of shares		% of Total	
	Physical	Demat	Physical	Demat	Physical	Demat
1 – 500	15184	21296	1341221	2318408	07.61	13.17
501 – 1000	152	891	109394	703113	0.62	03.99
1001 – 2000	50	350	70047	530747	0.40	03.01
2001 – 3000	13	120	31807	306003	0.18	01.74
3001 – 4000	06	56	20650	206450	0.12	01.17
4001 – 5000	03	54	13726	254402	0.08	01.44
5001 – 10000	05	86	36610	610159	0.21	03.47
10001 and above	08	98	1805306	9250759	10.25	52.54
<b>TOTAL</b>	<b>15421</b>	<b>22951</b>	<b>3428761</b>	<b>14180041</b>	<b>19.47</b>	<b>80.53</b>

**VIII. Shareholding Pattern as on March 31, 2009**

Sr. No.	Shareholders	No. of shares Demat	No of shares Physical	Total	% Shareholding
1.	Promoters	2979626	1805396	4785022	27.17
2.	Financial Institutions	–	9980	9980	0.06
3.	Banks	102855	3435	106290	0.60
4.	Mutual Funds	120190	850	121040	0.69
5.	FIs	1175260	–	1175260	6.67
6.	Bodies Corporates	4555314	19094	4574408	25.98
7.	Non-Resident	62336	18945	81281	0.46
8.	General Public	5184460	1571061	6755521	38.37
	<b>TOTAL</b>	<b>14180041</b>	<b>3428761</b>	<b>17608802</b>	<b>100.00</b>

#### IX. GDR'S/ADR'S

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

#### X. Plant Locations

Unit - I	Unit - II
Registered Office: Tobacco House, S. V. Road, Vile Parle (West), Mumbai – 400 056.	At. Darjipura, P.O. 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 dematerialisation form with effect from 1<sup>st</sup> 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: 2596 3838 • Fax: 2567 2693 • Email: isrl@vsnl.com

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

#### XII. Dematerialisation of Shares

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

The ISIN allotted to your Company is INE973A01010. As on 31<sup>st</sup> March, 2009, around 14180041 (80.53%) shares of your Company have been dematerialized.

#### XIII. Risk Management Framework

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

#### XIV. Management Discussion and Analysis Report

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

#### XV. Non-Mandatory Requirements:

##### Remuneration Committee:

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

##### Other Requirements:

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

## DECLARATION BY CEO

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

For **GOLDEN TOBACCO LIMITED**

**J. P. KHETAN**  
(MANAGING DIRECTOR)

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

Date: 21<sup>st</sup> June, 2009



## **CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

We hereby certify that for the financial year 2008-09 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 9A 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 2008-09 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.**

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009

**J. P. KHETAN**  
(Managing Director)

**A. K. JOSHI**  
Director (Finance)

## **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 for the year ended on 31<sup>st</sup> March, 2009, as stipulated in clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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 31<sup>st</sup> March, 2009 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

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009

**A. M. HARIHARAN**  
Partner  
Membership No. 38323

# AUDITORS' REPORT

To

The Members,

**Golden Tobacco Limited**

(formerly known as GTC INDUSTRIES LIMITED)

1. We have audited the attached Balance Sheet of **Golden Tobacco Limited** (formerly known as GTC INDUSTRIES LIMITED) as at 31<sup>st</sup> March, 2009, 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.13,09,11,370 (including liability for the current year Rs.2,99,90,199) determined on the basis of actuarial valuation. The accounting method of providing gratuity liability as and when due is not in accordance with the accounting method prescribed in Accounting Standard 15 of "Accounting for Retirement Benefits" issued by Companies (Accounting Standards) Rules, 2006. (Refer Note No. 10(a) in Schedule 'Q' to the accounts);*
  - (c) *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;*
  - (d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - (e) *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 ;*
  - (f) On the basis of written representations received from Directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director of the Company in terms of Section 274(1)(g) of the Act ;
  - (g) *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 observation made by us in paragraph 4(b) above been considered, the loss for the year would have been Rs.12,84,08,020, (as against reported profit figure of Rs.25,03,350), accumulated losses would have been Rs.31,91,92,679 (as against reported figure of Rs.18,82,81,309) and current liabilities would have been Rs.85,28,50,827 ( as against reported figure of Rs.72,19,39,457) ;*
  - (h) *We draw attention to Note No. 14(a) regarding recognizing of Rs.24,77,73,375 as "Other Income" being the differential amount between fair market value on the date of conversion and the actual cost in respect of Land at Marol transferred from fixed assets to stock-in-trade.*
  - (i) *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(g) above and read together with Note No. 2 regarding contingent liabilities and Note No. 10(b) regarding amount invested in and advances due from Western Express Industries Limited, a subsidiary Company, Note No. 14(a), Note No. 23 regarding remuneration payable to managing director for which the Central Government approval is awaited 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 prima facie, the Balance Sheet shows a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009, and the Cash Flow statement reflects the true and fair view of the Cash Flows of the Company for the year ended on that date and the Profit and Loss Account reflects the true and fair view of the profit of the Company for the year ended on that date. However considering, inter alia, the substantial variations in the reported figures mentioned in para 4(g) hereof, these financial statements do not show true and fair view of the state of affairs of the Company and its profit & cash flows for the year and subject to the above qualifications are in conformity with the accounting principles generally accepted in India.*

For **LODHA & CO.**  
Chartered Accountants

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009

**A. M. HARIHARAN**  
Partner  
Membership No. 38323

## 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 31<sup>st</sup> March, 2009 of Golden Tobacco Limited)

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

1. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) During the year, the management has physically verified the fixed assets in accordance with a phased programme which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on such verification have been dealt with in the books of account *except a Building/Flat-Gross Block Rs.66,44,825 (Net Block Rs.44,99,368) which is under the custody of third party for a long time. In view of this, we are unable to comment as to when the said Flat would be released to the Company and on the ultimate realisability of the carrying value thereof (Refer Note No. D in Schedule 'E' to the accounts).*
- (c) During the year, no substantial part of the fixed assets has been disposed off by the Company.
2. (a) The inventory 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 31<sup>st</sup> March, 2009 have been verified with reference to confirmations or statement of account or correspondence obtained from the third parties and /or subsequent receipt of inventory.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory and the discrepancies noticed between the physical stocks and the book records were not material considering the operations of the Company and have been properly dealt with in the books of account.
3. The Company has not taken or granted any loans, secured or unsecured, from / to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are 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. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5. 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. However there are no transactions exceeding the value of Rs.5 lacs in respect of any party during the financial year.
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 its size 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 31<sup>st</sup> March, 2009 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, 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	AMOUNT IN (RS.)	FORUM WHERE DISPUTED
Tamilnadu Sales Tax Act	Sales Tax	6,88,531	Commissioner (Appeals)
Entry Tax Madhya Pradesh	Entry Tax	1,63,93,731	Supreme Court
Entry Tax Bihar	Entry Tax	12,97,13,158	High Court Bihar
Income Tax Act	Income Tax	158,74,28,126	Income tax Appellate Tribunal
		586,52,17,723	Commissioner (Appeals)
		9,18,06,199	Assessing Officer
Central Excise Act	Excise Duty	30,16,57,162	Supreme Court
		4,98,30,013	High Court
		2,00,57,585	Customs Excise Service Tax Appellate Tribunal
		46,64,09,301	Upto Commissioner Level

10. The accumulated losses of the Company at the end of the financial year are less than 50% of its net worth. The Company has incurred cash losses during the current financial year it, however, did not incur cash loss in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a nidhi /mutual benefit fund/society, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are, prima facie, not prejudicial to the interest of the Company.
16. According to the information and explanations given to us, no term loans has been obtained during the year.
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 registrar maintained under Section 301 of the Act.
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.
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 : 21<sup>st</sup> June, 2009

**A. M. HARIHARAN**  
Partner  
Membership No. 38323



## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2009

	Schedule	CURRENT YEAR		PREVIOUS YEAR	
		Rupees	Rupees	Rupees	Rupees
<b>I. SOURCES OF FUNDS</b>					
1) Shareholders' Funds:					
(a) Capital	A	17,58,79,312		17,58,77,804	
(b) Reserves and Surplus	B	110,42,00,303		111,35,21,036	
			128,00,79,615		128,93,98,840
2) Loan Funds:					
(a) Secured Loans	C	103,73,58,606		73,69,53,952	
(b) Unsecured Loans	D	3,90,00,000		2,50,00,000	
			107,63,58,606		76,19,53,952
<b>TOTAL</b>			<b>235,64,38,221</b>		<b>205,13,52,792</b>
<b>II. APPLICATION OF FUNDS</b>					
1) Fixed Assets:	E				
(a) Gross Block		142,53,73,771		142,88,09,717	
(b) Less: Depreciation		76,78,14,488		73,98,59,156	
(c) Net Block			65,75,59,283		68,89,50,561
2) Investments	F		8,64,45,889		8,75,02,389
3) Current Assets, Loans and Advances:					
(a) Inventories	G	95,68,80,880		58,07,72,325	
(b) Sundry Debtors	H	13,51,25,449		26,32,16,045	
(c) Cash and Bank Balances	I	3,76,77,045		13,04,94,843	
(d) Loans and Advances	J	105,15,48,542		105,04,76,819	
		218,12,31,916		202,49,60,032	
<b>Less:</b>					
<b>Current Liabilities and Provisions:</b>					
(a) Current Liabilities	K	72,19,39,457		90,75,45,127	
(b) Provisions	L	3,51,40,719		3,32,99,722	
		75,70,80,176		94,08,44,849	
<b>Net Current Assets</b>			<b>142,41,51,740</b>		<b>108,41,15,183</b>
4) Profit and Loss Account (Loss)			<b>18,82,81,309</b>		<b>19,07,84,659</b>
<b>TOTAL</b>			<b>235,64,38,221</b>		<b>205,13,52,792</b>
Significant Accounting Policies and Notes to the Accounts	Q				

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

For LODHA & CO.  
Chartered Accountants

A. M. HARIHARAN  
Partner  
M. No. 38323

SANJAY DALMIA  
ANURAG DALMIA  
J. P. KHETAN  
VINEY MEHRA  
A. K. JOSHI  
R. R. KUMAR  
BHARAT B. MERCHANT  
M. H. PATIL  
D. K. JAIN

Chairman  
Vice-Chairman  
Managing Director  
Whole-time Director  
Whole-time Director  
Director  
Director  
Director  
Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009

		CURRENT YEAR		PREVIOUS YEAR	
	Schedule	Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Sales			173,67,80,413		303,23,41,736
Less: Excise Duty			89,19,29,803		140,77,58,443
			84,48,50,610		162,45,83,293
Other Income	M		47,15,66,969		2,88,18,018
Variation in Stock	N		(-) 17,75,984		(+) 5,35,94,179
			131,46,41,595		170,69,95,490
<b>EXPENDITURE</b>					
Manufacturing, Trading and Other Expenses	O		115,74,87,222		149,23,40,789
Interest and Commitment Charges (net)	P		12,49,15,569		1,23,78,376
Depreciation/Amortisation		3,19,54,135		3,59,59,638	
Less: Transferred from Revaluation Reserve		64,78,681		72,37,860	
			2,54,75,454		2,87,21,778
			130,78,78,245		153,34,40,943
<b>PROFIT BEFORE TAXATION</b>			67,63,350		17,35,54,547
<b>Provision for Taxation:</b>					
Current Tax		(-) 11,70,000		(-) 3,65,99,993	
Fringe Benefit Tax		(-) 30,90,000		(-) 67,04,000	
			(-) 42,60,000		(-) 4,33,03,993
<b>PROFIT AFTER TAXATION</b>			25,03,350		13,02,50,554
Balance brought forward from previous year			(-) 19,07,84,659		(-) 32,10,35,213
<b>Balance carried to Balance Sheet (Loss)</b>			(-) 18,82,81,309		(-) 19,07,84,659
<b>Basic &amp; Diluted Earnings Per Share</b> (Face Value of Rs.10 each)			0.14		7.41
<b>Significant Accounting Policies and Notes to the Accounts</b>	Q				

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

For LODHA & CO.  
Chartered Accountants

A. M. HARIHARAN  
Partner  
M. No. 38323

SANJAY DALMIA  
ANURAG DALMIA  
J. P. KHETAN  
VINEY MEHRA  
A. K. JOSHI  
R. R. KUMAR  
BHARAT B. MERCHANT  
M. H. PATIL  
D. K. JAIN

Chairman  
Vice-Chairman  
Managing Director  
Whole-time Director  
Whole-time Director  
Director  
Director  
Director  
Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009

	CURRENT YEAR RUPEES	PREVIOUS YEAR RUPEES
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	6,763,350	173,554,547
Adjustments for:		
Depreciation	25,475,454	28,721,778
Interest Expenses	126,786,158	32,853,342
Provision for doubtful debtors/Advances (Net)	-	1,931,879
Irrecoverable Amounts written off	-	2,416,940
Interest received (other than investment)	(1,870,589)	(20,474,966)
Dividend and interest from Investment	(1,037,604)	(173,434)
(Profit) /loss on sale of fixed assets (net)	(10,130,198)	(1,441,767)
Excess / short provision of earlier years	(174,306,757)	(1,067,684)
Fixed assets discarded/written off	50,078	1,169,791
Surplus on Conversion of Land into Stock-in-Trade	(247,773,375)	-
Investment written off	10,000	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(276,033,483)</b>	<b>217,490,426</b>
Adjustments for:		
Trade and Other receivables	158,630,140	(848,624,904)
Inventories	(126,992,657)	(143,104,683)
Trade payables	(7,023,513)	81,346,942
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(251,419,513)</b>	<b>(692,892,219)</b>
Direct taxes paid	(10,435,860)	(21,162,384)
<b>CASH FLOW BEFORE EXCEPITONAL ITEMS</b>	<b>(261,855,373)</b>	<b>(714,054,603)</b>
<b>NET CASH FLOW FROM/USED IN OPERATING ACTIVITIES (A)</b>	<b>(261,855,373)</b>	<b>(714,054,603)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,235,359)	(37,512,923)
Sale of Fixed Assets	10,564,275	44,081,988
Sale of Investments	1,546,500	-
Purchase of Investments	(500,000)	(49,404,913)
Dividend and Interest from Investment	1,037,604	173,434
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES (B)</b>	<b>7,413,020</b>	<b>(42,662,414)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings	314,404,654	499,125,587
Share Capital	528	40,125
Share Premium	4,752	119,625
Interest paid	(126,786,158)	(32,853,342)
Dividend paid	(2,434,404)	(9,377,753)
Interest received (other than investment)	1,870,589	19,105,547
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>187,059,961</b>	<b>476,159,789</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(67,382,392)</b>	<b>(280,557,228)</b>
OPENING CASH AND CASH EQUIVALENTS	95,324,966	375,882,194
CLOSING CASH AND CASH EQUIVALENTS	27,942,575	95,324,966

Note : Previous years figures have been regrouped wherever necessary.

As per our Report of even date attached

For LODHA & CO.  
Chartered Accountants

A. M. HARIHARAN  
Partner  
M. No. 38323

SANJAY DALMIA  
ANURAG DALMIA  
J. P. KHETAN  
VINEY MEHRA  
A. K. JOSHI  
R. R. KUMAR  
BHARAT B. MERCHANT  
M. H. PATIL  
D. K. JAIN

Chairman  
Vice-Chairman  
Managing Director  
Whole-time Director  
Whole-time Director  
Director  
Director  
Director  
Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009

## SCHEDULES TO THE ACCOUNTS AS AT 31<sup>st</sup> MARCH, 2009

		CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees	Rupees
<b>Schedule A: Share Capital</b>			
<b>Authorised:</b>			
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>
<b>Issued:</b>			
*1,76,08,802 (Previous Year 1,78,53,301) Equity shares of Rs.10 each		17,60,88,020	17,85,33,010
<b>Subscribed and paid up:</b>			
1,75,97,858 (Previous Year 1,75,95,713) Equity shares of Rs.10 each		17,59,78,580	17,59,57,130
<b>Add:</b> 98 (Previous Year 2,145) Bonus Shares allotted during the year		980	21,450
		<u>17,59,79,560</u>	<u>17,59,78,580</u>
<b>Less:</b> Allotment/Call money unpaid other than Directors		1,00,248	1,00,776
		<u>17,58,79,312</u>	<u>17,58,77,804</u>
<b>1. Of the above Shares:</b>			
(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) 92,92,455 (Previous Year 92,92,357) Equity Shares of Rs.10 each paid up by way of Bonus Shares by capitalisation of General Reserve and Share Premium Account.			
<b>2.</b> 10,846 (Previous Year 10,944) 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.			
* 2,44,499 Equity Shares which have been issued earlier but unsubscribed, cancelled during the year.			
<b>Schedule B: Reserves and Surplus</b>			
<b>Revaluation Reserve:</b>			
(On revaluation of Land, Buildings and Plant and Machinery) As per last Balance Sheet		57,99,06,005	60,98,07,565
<b>Less:</b> a) Relating to Assets sold/Discarded/Written off/ transfer to stock in trade	28,45,824		2,26,63,700
(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	64,78,681		72,37,860
		<u>93,24,505</u>	<u>2,99,01,560</u>
		57,05,81,500	57,99,06,005
<b>Securities Premium Account:</b>			
As per last Balance Sheet		53,45,48,815	53,45,70,265
<b>Less:</b> Capitalised on issue of Bonus Shares allotted		980	21,450
		<u>53,45,47,835</u>	<u>53,45,48,815</u>
<b>Less:</b> Allotment/Call money unpaid other than Directors		9,29,032	9,33,784
		<u>53,36,18,803</u>	<u>53,36,15,031</u>
		<u>110,42,00,303</u>	<u>111,35,21,036</u>

	CURRENT YEAR		PREVIOUS YEAR
	Rupees	Rupees	Rupees
<b>Schedule C: Secured Loans</b>			
<b>12% Secured Redeemable Non-Convertible</b>			
Debentures of Rs.100 each (Privately placed with IFCI LTD.)	4,00,00,000		5,75,00,000
<b>Add:</b> Funded interest term loan	1,72,15,172		3,44,30,348
		<b>5,72,15,172</b>	<b>9,19,30,348</b>
<b>Loan From Scheduled Banks:</b>			
Working Capital Facilities	43,22,15,251		2,82,93,955
Working Capital Term Loans	2,58,55,175		3,87,86,063
Funded Interest Term Loans	2,95,23,722		4,42,85,585
		<b>48,75,94,148</b>	<b>11,13,65,603</b>
<b>From Bodies Corporate</b>		<b>49,25,49,286</b>	<b>53,36,58,001</b>
(Refer Note No. 9 of Schedule 'Q')		<b>103,73,58,606</b>	<b>73,69,53,952</b>
<b>Schedule D: Unsecured Loans</b>			
Short Term Loans From Bodies Corporate		<b>3,90,00,000</b>	<b>2,50,00,000</b>
		<b>3,90,00,000</b>	<b>2,50,00,000</b>

#### Schedule E: Fixed Assets

	Land & Building (At Book value) Rupees	Plant & Machinery (At Book value) Rupees	Electric Installations (At Cost) Rupees	Furniture & Fixtures (At Cost) Rupees	Vehicles (At Cost) Rupees	Factory & Office Equipment (At Cost) Rupees	Total 31/3/09 Rupees	Total 31/3/08 Rupees
<b>GROSS BLOCK:</b> (At Cost or Book Value)								
As at 31 <sup>st</sup> March, 2008	661396582	689780045	3056874	8889595	15455387	50231234	1428809717	1644469228
Addition during the year	0	5024929	0	18000	0	192430	5235359	37512923
	<b>661396582</b>	<b>694804974</b>	<b>3056874</b>	<b>8907595</b>	<b>15455387</b>	<b>50423664</b>	<b>1434045076</b>	<b>1681982151</b>
Deduction on account of Sales Transfers or adjustments during the year	4845199	0	0	1563908	2164625	97573	8671305	253172434
<b>As at 31<sup>st</sup> March, 2009</b>	<b>656551383</b>	<b>694804974</b>	<b>3056874</b>	<b>7343687</b>	<b>13290762</b>	<b>50326091</b>	<b>1425373771</b>	<b>1428809717</b>
<b>DEPRECIATION:</b>								
Provided upto 31 <sup>st</sup> March, 2008	121968959	572227610	2597308	7863122	9489134	25713023	739859156	890598239
Provided during the year	4363415	21657186	63897	194705	1522563	4152369	31954135	35959638
	<b>126332374</b>	<b>593884796</b>	<b>2661205</b>	<b>8057827</b>	<b>11011697</b>	<b>29865392</b>	<b>771813291</b>	<b>926557877</b>
Deduction on account of Sales Transfer or adjustment during the year	589563	0	0	1513830	1856311	39099	3998803	186698721
<b>Total provided for 31<sup>st</sup> March, 2009</b>	<b>125742811</b>	<b>593884796</b>	<b>2661205</b>	<b>6543997</b>	<b>9155386</b>	<b>29826293</b>	<b>767814488</b>	<b>739859156</b>
<b>NET BLOCK:</b>								
<b>As at 31<sup>st</sup> March, 2009</b>	<b>530808572</b>	<b>100920178</b>	<b>395669</b>	<b>799690</b>	<b>4135376</b>	<b>20499798</b>	<b>657559283</b>	<b>688950561</b>
As at 31 <sup>st</sup> March, 2008	539427625	117552435	459567	1026473	5966251	24518210	688950561	

#### NOTES:

- (A) Value of Land and Buildings includes a sum of Rs.30,71,558 (Previous year Rs.39,87,234) being the cost of Land/Premises on ownership basis acquired in terms of agreement to purchase.
- (B) Value of Land and Buildings includes a sum of Rs.1,500 (Previous year Rs.1,500) being the cost of shares in Co-operative societies.
- (C) Bifurcation of the Book Value of Land and Buildings is not possible in view of the non-availability of separate value of certain Land and Buildings.
- (D) Value of Fixed Assets includes a sum of Rs.4,25,09,135 (Previous year Rs.4,25,09,135) being the book value of the Assets given on Lease, Land and Building includes a Flat of Rs.66,44,825 (Previous year Rs.66,44,825); Net Block Rs.44,99,368 (Previous year Rs.46,15,577) in the possession of the heir of an Ex.Employee

		CURRENT YEAR		PREVIOUS YEAR
		Rupees	Rupees	Rupees
<b>Schedule F: Investments</b>				
(Long Term, Fully paid-up)				
(At Cost-Unless Otherwise stated)				
<b>Trade Investments-In Equity Shares</b>				
<b>(i) Unquoted:</b>				
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
<b>(ii) Quoted:</b>				
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>Other Investments</b>				
<b>(A) In Government Securities:</b>				
<b>Unquoted:</b>				
	6 Year National Savings Certificates of the face value of Rs.10000 (Deposited with Sales Tax Authorities)		-	10,000
<b>(B) In Bonds (Quoted)</b>				
-	(Previous Year 15,465 6.75% Tax Free Bond of US-64 of Rs. 100 each)		-	15,46,500
<b>(C) In Equity Shares of Rs.10 each:</b>				
<b>(i) Quoted:</b>				
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
<b>(ii) Unquoted:</b>				
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
<b>(iii) In Subsidiary Companies (Unquoted):</b>				
50,000	(Previous Year Nil)			
	Golden Realty & Infrastructure Limited	5,00,000		-
5,998	Golden Investment (Sikkim) Private Limited #	59,980		59,980
75,00,000	Western Express Industries Ltd. \$	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	2,42,69,251
			8,64,43,950	8,59,43,950
			8,64,45,889	8,75,02,389



## Schedule F: Investments (Contd...)

	Book Value (In Rupees)		Market Value (In Rupees)	
	As at 31/03/09	As at 31/03/08	As At 31/03/09	As At 31/03/08
Quoted Investments	6,16,76,634	6,32,23,134	2,39,40,483	5,66,39,197
Unquoted Investments	2,47,69,255	2,42,79,255		
	<u>8,64,45,889</u>	<u>8,75,02,389</u>		

- \* 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. 10(b) of Schedule 'Q')

	CURRENT YEAR		PREVIOUS YEAR
	Rupees	Rupees	Rupees
Stores and Spare Parts		2,98,66,963	2,98,98,130
Raw Materials		52,76,44,459	40,52,12,997
Packing Materials		3,84,38,469	3,20,70,125
Finished Goods		8,66,21,229	9,20,96,705
Stock in Trade (Land) (Refer note No. 14 of Schedule 'Q')		24,91,55,380	39,480
Work-in-Progress		2,51,54,380	2,14,54,888
		<u>95,68,80,880</u>	<u>58,07,72,325</u>

## Schedule G: Inventories

(As valued, verified and certified by the Management)

## Schedule H: Sundry Debtors

(Unsecured-Considered Good unless otherwise stated)

### Debts outstanding for a period exceeding six months:

Considered Good	1,72,47,705	3,25,94,204
Considered Doubtful	46,68,069	46,68,069
	<u>2,19,15,774</u>	<u>3,72,62,273</u>

### Other Debts:

Considered Good	11,78,77,744	23,06,21,841
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	13,97,93,518	26,78,84,114
Less: Provision For Doubtful Debts	46,68,069	46,68,069
	<u>13,51,25,449</u>	<u>26,32,16,045</u>

## Schedule I: Cash and Bank Balances

Cash on Hand	1,92,325	6,37,630
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### Bank Balances with Scheduled Banks:

In Current Accounts	2,77,50,250	6,32,93,580
In Cash & Credit Account	-	33,31,783
In Right Issue Collection Accounts	66,470	66,470
In Fixed Deposit Accounts		
(Refer Note No. 25 of Schedule 'Q')	<u>96,68,000</u>	<u>6,31,65,380</u>
	3,74,84,720	12,98,57,213
	<u>3,76,77,045</u>	<u>13,04,94,843</u>



	CURRENT YEAR	PREVIOUS YEAR
Rupees	Rupees	Rupees
<b>Schedule J: Loans and Advances</b>		
(Unsecured-Considered Good unless otherwise stated)		
<b>Advances recoverable in cash or in kind or for value to be received:</b>		
Considered Good	95,08,13,416	94,06,87,087
Considered Doubtful	1,71,58,422	1,71,58,422
	<u>96,79,71,838</u>	<u>95,78,45,509</u>
(Refer Note No. 7 of Schedule 'Q')		
Balance with Excise Authorities	91,80,759	2,43,65,026
Payments of Tax		
(Net of Provisions of Rs.32,73,69,538; Previous year Rs.32,74,59,438)	9,15,54,367	8,54,24,706
	<u>106,87,06,964</u>	<u>106,76,35,241</u>
<b>Less: Provision for Doubtful Advances</b>	<u>1,71,58,422</u>	<u>1,71,58,422</u>
	<u>105,15,48,542</u>	<u>105,04,76,819</u>

### Schedule K: Current Liabilities

Sundry Creditors		
Due to Micro, Small, & Medium Enterprises		
Due to Others	7,90,12,336	6,25,00,836
Unpaid Dividend *	2,21,96,698	2,46,31,102
Security Deposits	12,48,67,676	10,22,85,776
Other Liabilities (Refer Note No. 12 of Schedule 'Q')	49,58,62,747	71,80,67,413
	<u>72,19,39,457</u>	<u>90,75,45,127</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	3,51,40,719	3,32,99,722
	<u>3,51,40,719</u>	<u>3,32,99,722</u>

### Schedule M: Other Income

<b>Income from Investments (Long Term) (Gross):</b>		
(a) From Trade Investments:		
Dividend	10,20,207	69,045
(b) From Other Investments:		
Interest on Tax Free Bonds	17,397	1,04,389
	<u>10,37,604</u>	<u>1,73,434</u>
Miscellaneous Income	2,58,73,847	1,00,31,951
Export Incentives	1,24,45,188	71,03,182
Profit on Sale of Assets (Net)	1,01,30,198	14,41,767
Surplus on Conversion of Land in to Stock in Trade (Refer Note No. 14(a) of Schedule 'Q')	24,77,73,375	-
Profit on surrender of Tenancy Rights	-	90,00,000
Excess-Short Provision for earlier years written back (Net) (Refer Note No. 11(b) of Schedule 'Q')	17,43,06,757	10,67,684
	<u>47,15,66,969</u>	<u>2,88,18,018</u>

		CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees	Rupees
<b>Schedule N: Variation in Stock</b>			
<b>Opening Stock:</b>			
Finished Goods	9,20,96,705		4,64,06,144
Work-in-Progress	2,14,54,888		1,35,51,270
	11,35,51,593		5,99,57,414
<b>Stock in Trade (Land)</b>			
Fixed assets converted in to Stock in trade	24,91,55,380		39,480
		36,27,06,973	5,99,96,894
<b>Closing Stock:</b>			
Finished Goods	8,66,21,229		9,20,96,705
Work-in-Progress	2,51,54,380		2,14,54,888
	11,17,75,609		11,35,51,593
Stock in Trade (Land)			
(Refer note No. 14 of Schedule 'Q')	24,91,55,380		39,480
		36,09,30,989	11,35,91,073
		(-) 17,75,984	(+) 5,35,94,179
<b>Schedule O: Manufacturing, Trading and Other Expenses</b>			
<b>Materials/Goods:</b>			
Raw Materials Consumed	25,29,56,264		40,21,87,843
Purchase for Resale	15,88,54,296		5,26,50,316
Packing Materials Consumed	11,04,89,134		14,20,03,694
		52,22,99,694	59,68,41,853
<b>Personnel:</b>			
Salaries, Wages and Bonus	22,53,13,272		22,67,30,193
Gratuity	1,39,18,822		89,67,537
Contribution to Provident and Other Funds	2,42,28,033		2,34,73,835
Workmen and Staff Welfare Expenses	1,77,03,858		1,83,39,419
		28,11,63,985	27,75,10,984
<b>Others:</b>			
Power and Fuel	2,11,13,475		2,47,22,717
Stores and Spare Parts Consumed	1,13,02,757		3,07,52,766
Machinery Repairs and Maintenance	89,19,648		1,07,48,554
Excise Duty on Variation of Closing Stock	(-) 1,09,05,882		4,43,50,991
Rent	59,13,663		52,45,306
Rates and Taxes	17,10,725		15,86,132
Insurance	21,22,466		34,76,413
Building Repairs and Maintenance	66,99,132		1,13,02,152
Selling and Distribution Expenses (Refer note no. 26 of Sch. 'Q')	16,90,21,636		33,28,30,135
Commission on Sales	4,04,818		-
Travelling and Conveyance Expenses	3,61,31,692		4,47,73,841
Directors' Meeting Fees	4,55,000		4,50,000
Fixed Assets Discarded/Written Off	50,078		11,69,791
Provision for Doubtful Debts	-		19,31,879
Legal & Professional Charges	4,85,26,435		3,24,67,297
Irrecoverable Amounts Written off	-		24,16,940
Miscellaneous Expenses	5,25,57,900		6,97,63,038
		35,40,23,543	61,79,87,952
		115,74,87,222	149,23,40,789
<b>Schedule P: Interest &amp; Commitment Charges</b>			
<b>Interest and Commitment Charges</b>		12,67,86,158	3,28,53,342
<b>Less:</b> Interest income on Advances and Deposits etc. (Gross)			
(Tax Deducted at source Rs.3,71,988; Previous Year Rs.36,26,472)		18,70,589	2,04,74,966
		12,49,15,569	1,23,78,376
(Refer Note No. 27 of Schedule 'Q')			

# Notes to the Accounts

## SCHEDULE 'Q'

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.**

### I. SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF ACCOUNTING

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

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

#### B. USE OF ESTIMATES

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

#### C. FIXED ASSETS

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

#### II. IMPAIRMENT OF ASSETS

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

#### D. DEPRECIATION / AMORTISATION

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

#### E. INVESTMENTS

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

#### F. VALUATION OF INVENTORIES

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

#### **G. REVENUE RECOGNITION**

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

#### **H. EMPLOYEE BENEFITS**

- (a) Contributions towards provident fund and superannuation fund are made under defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner. The superannuation fund is administered by the Trustees of the GTC Management Staff Superannuation Scheme and is funded under Group Superannuation Scheme of Birla Sunlife Life Insurance Company Limited. The Company is required to contribute a specific percentage of payroll cost towards retirement benefits. The contributions are charged to Profit and Loss account in the respective year.
- (b) Leave encashment 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) Foreign currency, monetary assets, liabilities and capital commitments are restated at the rate of exchange prevailing at the year end.
- c) In case of forward contracts, the premium/discount is dealt with in the Profit and Loss Account over the period of the contracts.
- d) The exchange differences are adjusted to Profit and Loss Account.

#### **K. BORROWING COSTS**

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

#### **L. TAXATION**

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

The Provision of Fringe Benefit Tax has been made in respect of employees' benefits and other specified expenses as determined under the Income Tax Act, 1961.

#### **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 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 Rs.2,42,58,420 (Previous Year Rs.1,72,71,997).
- (c) Disputed Excise claims/demands, of Rs.84,03,89,773 (Previous Year Rs.82,91,91,219) 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.24,35,712 (Previous Year Rs.24,35,712) (included in Loans & Advances) under protest. In the opinion of the management, appropriate provisions have been made in the books of account in respect of Excise claims/ demands that may become payable based on the legal advice/ present status of various matters. Further, various show cause notices/ show cause-cum-demand notices have been received from Excise Authorities by the Company and/ or in relation to the Company. Since, these notices are in the nature of explanations required, the Company does not consider them to constitute any liability. All these notices have been replied/ attended to and are pending at different stages.
- (d) Excluding the claims/demands against the Company not acknowledged as debts as mentioned in (c) above:
- (i) Income Tax in respect of earlier years under dispute for which appeals/ rectification petitions have been / are being preferred by the Company and / or pending final assessments: Rs.7,63,35,30,754 (Previous Year Rs.7,62,75,82,494) including interest upto the date of respective demands and excluding further interest liability if any and penalty of Rs.4,88,02,87,956 (Previous Year Rs.4,87,40,09,696)
- (ii) Other Income Tax proceedings in respect of earlier years decided in the Company's favour by the Appellate Authorities against which the Department is in further appeals excluding further interest liability, if any: Rs.100,16,18,582 (Previous Year Rs.100,16,18,582).
- (e) Pursuant to BIFR Order dated 16<sup>th</sup> December, 2002, the Company has made applications to Excise / Income Tax Departments to waive the interest and penalties included in the demand as referred in para (c) and (d) above and those as may arise during the scheme period.
- (f) The Company expects to succeed in all the pending disputes, as per the expert opinions obtained by the management.

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

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
i) Disputed demands of employees/ex-employees	31,79,471	39,01,143
ii) Sales Tax	7,48,721	1,81,60,846
iii) Entry Tax	19,37,22,068	3,54,58,133
iv) Land Revenue Tax	20,50,816	18,90,256
v) Services/materials suppliers and other business related disputed claims	8,43,03,515	8,87,67,975
vi) 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 (Net of advances of Rs.32,30,709, Previous Year of Rs.40,90,891) : Rs.68,78,940 (Previous Year Rs.1,06,95,299)
- 4) Land & Buildings and Plant & Machinery were revalued as on 30<sup>th</sup> June, 1980, 30<sup>th</sup> June, 1984, 30<sup>th</sup> June, 1986 (only Land and Buildings), 30<sup>th</sup> June, 1988 and 31<sup>st</sup> 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.66,18,11,743 for Land & Buildings and Rs.66,76,63,587 for Plant & Machinery (Previous Year Rs.66,46,57,567 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.6,25,50,643 (Previous year Rs.2,36,49,510) on the goods lying in bonded premises as on the Balance Sheet date and included the same in the inventory value.

- 7) Advances recoverable in cash or in kind or for value to be received-considered good include:
- advances of Rs.53,50,00,000 (Previous year Rs.61,50,00,000 ) towards purchase of properties.
  - capital advances of Rs.5,32,30,709 (Previous Year Rs.5,40,90,891) towards purchase of fixed assets.
  - receivable from subsidiary companies Rs.11,20,88,721 (Previous Year Rs.10,96,52,390).
  - Interest accrued on Investments (Other Current Assets) Rs. Nil (Previous Year Rs.34,796).
- 8) (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.
- 9) Nature of security in respect of Secured Loans and terms of redemption of Debentures:
- 12% Secured Redeemable Non-Convertible Debentures privately placed with IFCI Limited and Funded Interest Term Loan:
    - Secured by a First Mortgage of land situated at village Dhanot in the State of Gujarat and a first charge by way of hypothecation of the Company's movable properties subject to prior charge on specified movables in favour of the Company's Bankers for Working Capital facilities and is further secured by equitable mortgage of the Company's immovable properties at Baroda, Gujarat having pari passu with the Bankers who have given working capital term loan.
    - Redemption terms of Debentures:  
These Debentures are repayable as per the scheme sanctioned by the BIFR Order and according to which the earliest two half yearly installments of Rs.100.00 lacs each are payable in the year 2009-2010.
  - Loan from Scheduled Banks:
    - Working capital facilities and non fund based limits of Rs.1000 Lacs (Previous Year Rs.600 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.
    - Working Capital Term Loan is secured by first charge by way of mortgage of property at Baroda ranking pari passu with lender mentioned above in I (a).
    - Funded Interest Term Loan is secured by second charge by way of mortgage of properties at Baroda.
    - Guarantees given by the Company's Bankers are secured/ to be secured by hypothecation of stocks, book debts, fixed deposits with banks and certain machineries, equitable mortgage of certain immovable properties at Baroda subject to prior charge in favour of Trustees for the debenture holders and/ or pledge of fixed deposit receipts.
  - Loan from Bodies Corporate:
    - of Rs.1656.87 Lacs is secured by way mortgage of immovable property of Marol, Mumbai.
    - of Rs.3268.62 Lacs is to be secured by way of charge of property to be constructed at Hyderabad. The securities are in the process of creation.
- 10) (a) No provision has been made in the accounts in respect of estimated total liability for future payment of gratuity of Rs.13,09,11,370 including for the current year Rs.2,99,90,199 (Previous Year Rs.10,09,21,171 and Rs.46,35,138, respectively) determined on the basis of actuarial valuation, as the Company's practice is to account for the same as and when due for payment.
- (b) The Company has given an advance of Rs.11,06,54,585 (Previous Year Rs.10,96,52,390) 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. 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.
- 11) (a) Miscellaneous Income under the head "Other Income" include Rs.1,80,00,000 (Previous Year Rs. Nil) towards compensation receivable from associates during the year on account of termination of contract for purchase of property.
- (b) Miscellaneous Income under the head "Excess-short provision for earlier year includes credit of Rs.15,19,00,030 on account of write back of liability in respect of Entry Tax, Rs.2,96,13,537 pertaining to Excise Duty (net) and is netted off by Rs.89,37,064 being the amount of liability payable under an Arbitration award decided against the Company.

- 12) (a) Other Liabilities include:
- Rs.31,81,596 (Previous Year Rs.31,94,158) payable to Subsidiary Companies and
  - Rs.1,95,49,818 (Previous Year Rs.1,95,49,818) on account of income tax refund received in earlier years as the disputed matters are yet to be decided..
- (b) 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.
- (c) 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 31<sup>st</sup> March, 2009 has not been recognised.

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
<b>Deferred Tax Assets:</b>		
Unabsorbed loss and depreciation	17,67,62,918	—
Expenses allowable U/s. 43B of Income Tax Act, 1961 on payment basis	8,79,91,934	18,72,09,464
Depreciation	54,23,471	24,66,913
<b>Net Deferred Tax Assets</b>	<b>27,01,78,323</b>	<b>18,96,76,377</b>

- 14) The Company as a part of development activities of Realty Division:—
- during the year, Land situated at Marol, hitherto held as fixed assets, was converted into "Stock-in-Trade" at an amount of Rs.24,91,15,900 being the fair market value on the date of conversion i.e. 25<sup>th</sup> June, 2008. The fair market value was determined and certified by a Government approved valuer. Consequent to conversion of land at fair market value, the surplus of Rs.24,77,73,375 being the difference between the fair market value and book value arising on this account is transferred to Profit & Loss account and shown under the head "Other Income".
  - transferred its land of the cost of Rs.39,480 in the previous year at Hyderabad to stock in trade and entered into agreement with a builder for joint development of commercial complex to be completed in thirty six months.  
As per the agreement, the Company would be entitled to receive around 50% of the constructed saleable area as consideration.
  - given an advance of Rs.2000.00 Lacs pursuant to an agreement for acquiring 60% of 1,86,009 square feet of property under construction at Delhi.

15) Related Party Disclosures:

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

I. List of related parties:

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

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

	Associates	Joint Venture	Subsidiaries					Key Management Personnel	Relatives of Key Management Personnel	Total
	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			
<b>Expenses:</b>										
Remuneration	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	2,39,69,542 (1,21,84,376)	— (—)	2,39,69,542 (1,21,84,376)
Car hire Charges	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	3,30,000 (3,30,000)	3,30,000 (3,30,000)
<b>Income:</b>										
Compensation Received	1,80,00,000 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	1,80,00,000 (—)
<b>Finance &amp; Investment:</b>										
Loans & Advances given	— (13,00,00,000)	— (—)	14,34,136 (—)	10,02,195 (2,81,99,954)	— (—)	— (—)	— (—)	— (—)	— (—)	24,36,331 (15,81,99,954)
Investment	— (—)	— (—)	5,00,000 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	5,00,000 (—)
Security Deposit received	— (—)	2,50,00,000 (2,50,00,000)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	2,50,00,000 (2,50,00,000)
Amount repaid	— (—)	— (—)	— (—)	— (—)	14,200 (14,200)	— (2,12,717)	— (—)	— (—)	— (—)	14,200 (2,26,917)
<b>Outstandings:</b>										
Payable	— (—)	5,00,00,000 (2,50,00,000)	— (—)	— (—)	31,57,785 (31,71,985)	23,811 (22,173)	— (—)	74,68,939 (4,59,685)	— (—)	6,06,50,535 (2,86,53,843)
Receivable	14,80,00,000 (13,00,00,000)	— (—)	14,34,136 (—)	11,06,54,585 (10,96,52,390)	— (—)	— (—)	— (—)	— (—)	— (—)	26,00,88,721 (23,96,52,390)
Investments	4,95,90,697 (4,95,90,697)	— (—)	5,00,000 (—)	2,31,20,000 (2,31,20,000)	59,980 (59,980)	10,89,270 (10,89,270)	1 (1)	— (—)	— (—)	7,43,59,948 (7,38,59,948)
Guarantee provided	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	7,50,000 (7,50,000)	— (—)	— (—)	7,50,000 (7,50,000)

**Notes:**

- 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.
- Details relating to remuneration to the above Key Management Personnel have been disclosed in Note No. 23 hereinbelow.
- Maximum amount of loan due from Western Express Industries Limited at any time during the year Rs.11,06,54,585 (Previous Year Rs.10,96,52,390).
- Figures in brackets pertain to previous year.
- Related parties have been identified by the management and relied upon by the auditors.

16) The computation of Earnings per Share:

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
<b>(a) Numerator:</b>		
(i) Net Profit as per Profit and Loss Account (after tax)	25,03,350	13,02,50,554
<b>(b) Denominator:</b>		
Number of weighted average Equity Shares outstanding		
(i) For Basic & diluted Earning per share	1,75,87,931	1,75,87,878
<b>(c) Earnings per Equity Share</b>		
(i) Basic and diluted	0.14	7.41
<b>(d) Nominal value per Equity Share</b>	Rs.10	Rs.10

17) Disclosure in respect of Operating Leases:

Assets taken on lease:

- 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.22,50,271 (Previous Year Rs.25,73,844 ) shown under Schedule 'M'.

18) Research and Development Expenses/Cost charged:

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
a) to appropriate heads of expenses	1,02,54,593	78,62,826
b) to Miscellaneous Expenses, amongst other expenses, include the following:		
Salaries, Wages and Bonus	50,32,967	45,80,921
Contribution to Provident and Other Funds	3,77,011	3,19,403
Workmen and Staff Welfare Expenses	1,02,132	97,473
Stores & Spare parts Consumed	3,040	1,310
Machinery Repairs and Maintenance	64,798	66,256

19) Personnel Expenses include Rs.9,85,320 (Previous Year Rs.8,03,697) paid on account of Early Voluntary Retirement Scheme.

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

Salaries, Wages and Bonus	1,30,31,338	1,46,54,501
Contribution to Provident and Other Funds	17,13,093	15,60,525
Gratuity	18,70,850	4,15,144
Workmen and Staff Welfare Expenses	74,428	5,02,228
Power and Fuel	5,69,626	6,90,697
Building Repairs and Maintenance	6,77,437	9,49,882
Rates and Taxes	11,13,882	10,26,826
Insurance	7,13,902	13,93,608
Rent	2,51,025	1,38,025

21) Excise Duty is exclusive of the Duty Charged to Packing Materials 1,23,739 2,98,820

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

(a) Raw Materials	3,34,20,747	1,47,33,551
Packing Materials	1,67,23,598	1,02,72,665
Stores & Spare Parts	10,22,152	9,08,110
(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:

(a) Salaries*	1,17,49,080	68,10,480
Perquisites	1,03,74,310	38,16,968
Contribution to Provident and Other Funds	18,46,152	15,56,928
	# 2,39,69,542	1,21,84,376
Meeting Fees	4,55,000	4,50,000
	2,44,24,542	1,26,34,376

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

# includes Rs.68,77,089 for which the Central Government approval is awaited.

(b) In view of the accumulated losses, no commission is payable to Directors/ Managing Director and hence, computation of Net Profit in accordance with Section 349 of the Act has not been given.



24) Payments to Auditors:

	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	3,55,000
	14,22,000	14,47,000
(iii) Reimbursement of expenses (including service tax of Rs.1,92,633; Previous Year Rs.1,90,928)	3,29,154	2,88,658
	17,51,154	17,35,658

25) Fixed Deposit include deposits of Rs.96,68,000 (Previous Year Rs.3,57,68,407) pledged with Banks against Guarantees & Credit facilities and with Government authorities for VAT/Entry Tax registration.

26) Advertisement, Selling & Distribution Expenses includes:

Rent	3,56,155	4,70,600
Insurance	1,66,972	1,79,419
Entry Tax/Octroi/Toll Tax	35,65,238	3,12,74,604

27) 'Interest and Commitment charges' includes Rs.9,68,26,405 (Previous year Rs.3,28,02,553) 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.28,70,934 [Previous Year (net) credited. 14,62,187].

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	1906 (6,325)	1,45,82,45,100 (2,93,34,74,302)
(b) Raw Tobacco	M.Ton	1905 (1294)	20,18,23,339 (5,64,60,334)
(c) Processed Tobacco	M.Ton	607 (634)	7,61,10,536 (4,12,10,413)
(d) Others			7,01,438 (11,96,687)
			1,73,67,80,413 (3,03,23,41,736)

B. Sales include transfer for own consumption of cigarettes

At sales value:	Numbers	53,950 (69,550)	1,03,552 (1,34,706)
-----------------	---------	--------------------	------------------------

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 01.04.2008		Closing Stock As at 31.03.2009	
						Value in Rupees		Value in Rupees		Value in Rupees
Cigarettes	Million	14500 (14500)	18012 (18012)	1950 (6297)	NIL (NIL)	NIL (NIL)	110 (141)	92096705 (46406144)	128 (110)	86397229 (92096705)
Raw Tobacco	M.T.				1905 (1294)	158630296 (52650316)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Sigaret Pill	Box				250 (NIL)	224000 (NIL)	NIL (NIL)	NIL (NIL)	250 (NIL)	224000 (NIL)
Processed Tobacco	M.T.	N.A. (N.A.)	N.A. (N.A.)	607 (634)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
						158854296 (52650316)		92096705 (46406144)		86621229 (92096705)

**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	2,390 (5,375)	15,33,63,228 (32,91,65,846)
Cigarette Paper	Bobbin	80,184 (84,396)	3,31,12,745 (3,13,61,988)
Filter Rods	Million	358 (181)	4,67,67,590 (2,28,96,841)
Others	M. Ton	105 (212)	1,97,12,701 (1,87,63,168)
			<b>25,29,56,264</b> <b>(40,21,87,843)</b>

@ 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	37,70,240	2,03,27,800
(b) Raw Materials	8,06,67,751	4,39,70,126
(c) Stores and Spare Parts	33,783	41,10,366
(d) Packing Materials	83,73,359	1,93,21,184

**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	4,14,71,424 (3,66,47,340)	16.39 (9.11)	1,31,011 (47,05,308)	1.16 (15.30)
Indigenous	21,14,84,840 (36,55,40,503)	83.61 (90.89)	1,11,71,746 (2,60,47,458)	98.84 (84.70)
	<b>25,29,56,264</b> <b>(40,21,87,843)</b>	<b>100.00</b> <b>(100.00)</b>	<b>1,13,02,757</b> <b>(3,07,52,766)</b>	<b>100.00</b> <b>(100.00)</b>

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

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

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
Travelling, Legal & Professional and Subscription etc.	22,62,267	17,95,511
Advertisement Expenses	31,16,959	13,71,688
Commission	4,04,818	-
Research & Development	22,67,483	5,76,548



H. Amount remitted during the year in foreign currencies on account of dividends:

(a) Year to which dividend relates	N.A.	N.A.
(b) Number of non-resident Shareholders	Nil	Nil
(c) Number of shares held by them	Nil	Nil
(d) Amount remitted (net of tax) to the NRE accounts of the non-resident shareholders	Nil	Nil

I 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)	40,18,16,332	18,74,62,619
(b) Recovery towards Freight and Insurance on Export	19,48,545	7,26,037
	<u>40,37,64,877</u>	<u>18,81,88,656</u>

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

Particulars	As at 31-03-2009		As at 31-3-2008	
	Amount in foreign currency	Amount in Rs.	Amount in foreign currency	Amount in Rs.
Sundry Debtors	US\$ 1,30,907.50	66,33,083	US\$ 1,86,855	74,12,538
Current liabilities and provisions	US\$ 7,01,659.80 EURO 39,252.50	3,60,44,262 26,70,348	US\$ 2,62,568.12 EURO 33,357.79	1,05,07,976 21,13,192

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

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'

<b>SANJAY DALMIA</b>	Chairman
<b>ANURAG DALMIA</b>	Vice-Chairman
<b>J. P. KHETAN</b>	Managing Director
<b>VINEY MEHRA</b>	Whole-time Director
<b>A. K. JOSHI</b>	Whole-time Director
<b>R. R. KUMAR</b>	Director
<b>BHARAT B. MERCHANT</b>	Director
<b>M. H. PATIL</b>	Director
<b>D. K. JAIN</b>	Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009



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

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. REGISTRATION DETAILS

Registraton No.	9584/TA
State Code	11
Balance Sheet Date	31-03-2009

#### II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs.'000')

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement (Including Premium)	NIL

#### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	3,113,518
Total Assets	3,113,518

##### SOURCE OF FUNDS

Paid up Capital	175,879
Reserves & Surplus	1,104,200
Secured Loans	1,037,359
Unsecured Loan	39,000

##### APPLICATION OF FUNDS

Net Fixed Assets	657,559
Investments	86,446
Net Current Assets	1,424,152
Miscellaneous Expenditure	0
Accumulated Losses	188,281

#### IV. PERFORMANCE OF COMPANY

Turnover (Including Other Income)	2,208,347
Total Expenditure	2,201,584
Profit/(Loss) Before Tax	6,763
Profit/(Loss) After Tax	2,503
Earning Per Share in Rs.	0.14
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

**ANURAG DALMIA**

Vice-Chairman

**J. P. KHETAN**

Managing Director

**VINEY MEHRA**

Whole-time Director

**A. K. JOSHI**

Whole-time Director

**R. R. KUMAR**

Director

**BHARAT B. MERCHANT**

Director

**M. H. PATIL**

Director

**D. K. JAIN**

Nominee Director (IFCI Ltd.)

Place : Mumbai

Dated : 21<sup>st</sup> June, 2009



## 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	GTC INC B.V	GOLDEN REALTY & INFRASTRUCTURE LIMITED	WESTERN EXPRESS INDUSTRIES LIMITED	RAIGADH PAPERS LIMITED
1. The Financial Year of the Company ending on	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2009
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)	40 26995 each * (100.00)	50,000 10 each (100.00)	7,500,000 10 each (100.00)	1,500,000 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	Nil	Nil	47,545,000	Nil
4 Not dealt with in the accounts of the Holding Company in so far as it relates to the Company					
i) For the Financial year (Rs.)	(14,226)	(292,363)	(341,053)	(786,422)	(220,686)
ii) For the Previous Financial years (Rs.)	3,039,466	(909,127)	Nil	(155,900,895)	(16,402,595)
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 Asstes	Nil	Nil	Nil	Nil	Nil
ii) Investments	Nil	Nil	Nil	Nil	Nil
iii) Monies lent by the Subsidiary	Nil	Nil	Nil	Nil	Nil
iv) Monies borrowed by the Subsidiary other than for meeting current liabilities	Nil	Nil	Nil	Nil	Nil

\* Represents 455 Euro per share.

For and on behalf of the Board of Directors

**SANJAY DALMIA**

**ANURAG DALMIA**

**J. P. KHETAN**

**VINEY MEHRA**

**A. K. JOSHI**

**R. R. KUMAR**

**BHARAT B. MERCHANT**

**M. H. PATIL**

**D. K. JAIN**

Chairman

Vice-Chairman

Managing Director

Whole-time Director

Whole-time Director

Director

Director

Director

Nominee Director (IFCI Ltd.)

Place : Mumbai

Dated : 21<sup>st</sup> June, 2009



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors,  
**GOLDEN TOBACCO LIMITED**  
(Formerly known as GTC Industries Limited)

1. We have audited the attached Consolidated Balance Sheet of GOLDEN TOBACCO LIMITED (Formerly known as GTC INDUSTRIES LIMITED) and its subsidiaries as at 31<sup>st</sup> March, 2009, the Consolidated Profit and 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 Golden Tobacco Limited's management and have been prepared by the Management 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 generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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. We did not audit the financial statements of a certain subsidiaries, whose financial statements reflect total assets of Rs.127.67 lacs as at 31<sup>st</sup> March, 2009 and total revenues of Rs.3.58 lacs for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries are based solely on the report of the respective auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of Golden Tobacco Limited and its subsidiaries included in the consolidated financial statements.
5. *No provision has been made in the accounts in respect of the estimated total liability for future payment of gratuity of Rs.13,09,11,370 (including liability for the current year Rs.2,99,90,199) determined on the basis of actuarial valuation. (Refer Note No. 9 in Schedule 'Q' to the accounts).*
6. *We draw attention to Note No. 14(a) regarding recognizing of Rs.24,77,73,375 as "Other Income" being the differential amount between fair market value on the date of conversion and the actual cost in respect of Land at Marol transferred from fixed assets to stock-in-trade.*
7. *We further report that, had the observation made by us in paragraphs 5 above been considered, the loss for the year would have been Rs.13,00,62,769 (as against reported Profit figure of Rs.8,48,601), accumulated losses would have been Rs.49,10,20,680 (as against reported figure of Rs.36,01,09,310), and current liabilities would have been Rs.85,29,60,554 (as against the reported figure of Rs.72,20,49,184).*
8. In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual financial statements of Golden Tobacco Limited and its subsidiaries, the said consolidated financial statements *subject to our comments in paragraph 7 above and read together with Note No. 2 regarding contingent liabilities and other notes appearing in Schedule 'Q' prima facie*, the consolidated Balance Sheet shows a true and fair view of consolidated state of affairs of Golden Tobacco Limited and its subsidiaries as at 31<sup>st</sup> March, 2009, the consolidated Profit & Loss Account reflects the true and fair view of the Consolidated results of operations of Golden Tobacco Limited and its subsidiaries for the year then ended and its consolidated cash flow statement reflects the true and fair view of Golden Tobacco Limited and its subsidiaries for the year then ended. However, considering, inter alia, the substantial variation in the reported figure mentioned in para 7 above, these financial statements do not show true and fair view of the consolidated state of affairs of Golden Tobacco Limited and its subsidiaries and the consolidated results and Cash Flows for the year then ended and subject to the above qualifications are in conformity with the accounting principles generally accepted in India.

For **LODHA & CO.**  
Chartered Accountants

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009

**A. M. HARIHARAN**  
Partner  
Membership No. 38323



## Consolidated Balance Sheet As at 31<sup>st</sup> March, 2009

	Schedule	CURRENT YEAR		PREVIOUS YEAR	
		Rupees	Rupees	Rupees	Rupees
<b>I. SOURCES OF FUNDS</b>					
1) Shareholders' Funds:					
(a) Capital	A	175,879,312		175,877,804	
(b) Reserves and Surplus	B	1,179,620,177		1,188,971,112	
			1,355,499,489		1,364,848,916
2) Minority Interest			1,028		1,033
3) Loan Funds:					
(a) Secured Loans	C	1,037,358,606		736,953,952	
(b) Unsecured Loans	D	39,556,000		25,556,000	
			1,076,914,606		762,509,952
<b>TOTAL</b>			<b>2,432,415,123</b>		<b>2,127,359,901</b>
<b>II. APPLICATION OF FUNDS</b>					
1) Fixed Assets:	E				
(a) Gross Block		1,432,088,469		1,435,524,415	
(b) Less: Depreciation		767,842,206		739,886,139	
(c) Net Block			664,246,263		695,638,276
2) Investments	F		62,878,173		64,444,673
3) Current Assets, Loans And Advances:					
(a) Inventories	G	956,880,880		580,772,325	
(b) Sundry Debtors	H	135,125,449		263,216,045	
(c) Cash and Bank Balances	I	37,806,474		130,821,957	
(d) Loans and Advances	J	971,349,870		972,297,611	
		2,101,162,673		1,947,107,938	
Less: Current Liabilities and Provisions:					
(a) Current Liabilities	K	722,049,184		907,489,175	
(b) Provisions	L	35,140,719		33,299,722	
		757,189,903		940,788,897	
Net Current Assets			1,343,972,770		1,006,319,041
4) Profit and Loss Account (Loss)			360,109,310		360,957,911
5) Miscellaneous Expenditure to the extent not written off			1,208,607		-
<b>TOTAL</b>			<b>2,432,415,123</b>		<b>2,127,359,901</b>
<b>Significant Accounting Policies and Notes to the Accounts</b>	Q				

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

For LODHA & CO.  
Chartered Accountants

A. M. HARIHARAN  
Partner  
M. No. 38323

SANJAY DALMIA  
ANURAG DALMIA  
J. P. KHETAN  
VINEY MEHRA  
A. K. JOSHI  
R. R. KUMAR  
BHARAT B. MERCHANT  
M. H. PATIL  
D. K. JAIN

Chairman  
Vice-Chairman  
Managing Director  
Whole-time Director  
Whole-time Director  
Director  
Director  
Director  
Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009



## Consolidated Profit And Loss Account For the year ended 31<sup>st</sup> March, 2009

		CURRENT YEAR		PREVIOUS YEAR	
	Schedule	Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Sales			1,736,780,413		3,032,341,736
Less: Excise Duty			891,929,803		1,407,758,443
			<u>844,850,610</u>		<u>1,624,583,293</u>
Other Income	M		471,586,109		28,829,922
Variation in Stock	N		(1,775,984)		53,594,179
			<u>1,314,660,735</u>		<u>1,707,007,394</u>
<b>EXPENDITURE</b>					
Manufacturing,Trading and Other Expenses	O		1,159,312,071		1,493,778,408
Interest and Commitment Charges (net)	P		124,557,846		12,378,376
Depreciation/Amortisation		31,954,870		35,960,491	
Less: Transferred from Revaluation Reserve		6,478,681		7,237,860	
			<u>25,476,189</u>		<u>28,722,631</u>
			<u>1,309,346,106</u>		<u>1,534,879,415</u>
<b>PROFIT BEFORE TAXATION</b>			<u>5,314,629</u>		<u>172,127,979</u>
Provision for Taxation:					
Current Tax (Including Wealth Tax)		(1,376,033)		(36,599,993)	
Fringe Benefit Tax		(3,090,000)		(6,704,000)	
			<u>(4,466,033)</u>		<u>(43,303,993)</u>
<b>PROFIT AFTER TAXATION</b>			<u>848,596</u>		<u>128,823,986</u>
Minority Interest (Loss)			5		5
<b>NET PROFIT</b>			<u>848,601</u>		<u>128,823,991</u>
Balance brought forward from previous year			(360,957,911)		(489,781,902)
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<u>(360,109,310)</u>		<u>(360,957,911)</u>
<b>Basic &amp; Diluted Earnings Per Share</b> (Face Value of Rs.10 each)			0.05		7.32
<b>Significant Accounting Policies and Notes to the Accounts</b>	Q				

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

**For LODHA & CO.**  
Chartered Accountants

**A. M. HARIHARAN**  
Partner  
M. No. 38323

**SANJAY DALMIA**  
**ANURAG DALMIA**  
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**D. K. JAIN**

Chairman  
Vice-Chairman  
Managing Director  
Whole-time Director  
Whole-time Director  
Director  
Director  
Director  
Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009

	CURRENT YEAR RUPEES	PREVIOUS YEAR RUPEES
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	5,314.629	172,127,979
Adjustments for:		
Depreciation	25,476,189	28,722,631
Interest Expenses	126,786,158	32,853,342
Provision for doubtful debts/Advances (Net)	0	1,931,879
Irrecoverable Amounts written off	0	2,416,940
Interest received (other than investment)	(2,228,312)	(20,474,966)
Dividend and interest from Investment	(1,037,604)	(185,338)
(Profit) /loss on sale of fixed assets (net)	(10,130,198)	(1,441,766)
Excess / short provision of earlier years	(174,306,757)	(106,7684)
Surplus on Conversion of Land into Stock in Trade	(247,773,375)	0
Preliminary Expenses	(1,208,607)	0
Investment written off	20,000	0
Effects of Foreign Currency translation	(30,204)	66,965
Fixed assets discarded/written off	50,078	1,169,791
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	(279,068,003)	216,119,773
Adjustments for:		
Trade and Other receivables	160,724,473	(847,636,200)
Inventories	(126,992,657)	(143,104,683)
Trade payables	(6,857,831)	81,776,960
<b>CASH GENERATED FROM OPERATIONS</b>	(252,194,018)	(692,844,150)
Direct taxes paid	(10,600,868)	(21,162,384)
<b>CASH FLOW BEFORE EXCEPTONAL ITEMS</b>	(262,794,886)	(714,006,534)
<b>NET CASH FLOW FROM / (USED) IN OPERATING ACTIVITIES (A)</b>	(262,794,886)	(714,006,534)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,235,359)	(37,512,923)
Sale of Fixed Assets	10,564,275	44,081,988
Sale of Investments	1,546,500	0
Purchase of Investments	0	(49,404,913)
Dividend and Interest from Investment	1,037,604	185,338
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES (B)</b>	7,913,020	(42,650,510)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings	314,404,654	499,125,587
Share Capital	528	40,125
Share Premium	4,752	119,625
Interest paid	(126,786,158)	(32,853,342)
Dividend paid	(2,434,404)	(9,377,753)
Interest received (other than investment)	2,228,312	19,105,547
<b>NET CASH FROM / (USED) IN FINANCING ACTIVITIES (C)</b>	187,417,684	476,159,789
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(67,464,182)	(280,497,255)
<b>OPENING CASH AND CASH EQUIVALENTS</b>	95,536,186	376,033,441
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	28,072,004	95,536,186

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

As per our Report of even date attached

**For LODHA & CO.**  
Chartered Accountants

**A. M. HARIHARAN**  
Partner  
M. No. 38323

**SANJAY DALMIA**  
**ANURAG DALMIA**  
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Chairman  
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Whole-time Director  
Whole-time Director  
Director  
Director  
Director  
Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT 31<sup>st</sup> MARCH, 2009

		CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees	Rupees
<b>Schedule A: Share Capital</b>			
<b>Authorised:</b>			
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>
<b>Issued:</b>			
1,76,08,802 (Previous Year 1,78,53,301) Equity Shares of Rs.10/- each		<u>176,088,020</u>	<u>178,533,010</u>
<b>Subscribed and paid up:</b>			
1,75,97,858 (Previous Year 1,75,95,713) Equity Shares of Rs.10/- each		175,978,580	175,957,130
<b>Add:</b> 98 (Previous Year 2145) Bonus share allotted during the year		980	21,450
		<u>175,979,560</u>	<u>175,978,580</u>
<b>Less:</b> Allotment/Call money unpaid – Other than Directors		100,248	100,776
		<u>175,879,312</u>	<u>175,877,804</u>
<b>Schedule B: Reserves and Surplus</b>			
<b>Revaluation Reserve:</b>			
(On revaluation of Land, Buildings and Plant & Machinery)			
As per last Balance Sheet		579,906,005	609,807,565
<b>Add:</b> Of a subsidiary on Consolidation		435,231	435,231
<b>Less:</b> (a) Relating to Assets sold/Discarded/Written Off /Transfer to Stock in Trade	2,845,824		22,663,700
(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>6,478,681</u>	<u>9,324,505</u>	<u>7,237,860</u>
		571,016,731	580,341,236
<b>Securities Premium Account:</b>			
As per last Balance Sheet		534,548,815	534,570,265
<b>Add:</b> Capitalised on issue of Bonus Shares allotted		980	21,450
		534,547,835	534,548,815
<b>Less:</b> Allotment/Call money unpaid-other than directors		929,032	933,784
		<u>533,618,803</u>	<u>533,615,031</u>
<b>Capital Reserve:</b>			
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
<b>Foreign currency translation reserve</b>		28,859	59,061
		<u>1,179,620,177</u>	<u>1,188,971,112</u>

		CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees	Rupees
<b>Schedule C: Secured Loans</b>			
12% Secured Redeemable Non-Convertible Debentures of Rs.100 each (Privately placed with IFCI LTD.)	40,000,000		57,500,000
Add: Funded interest term loan	17,215,172		34,430,348
		57,215,172	91,930,348
<b>Loan From Scheduled Banks:</b>			
Working Capital Facilities	432,215,251		28,293,955
Working Capital Term Loan	25,855,175		38,786,063
Funded Interest Term Loan	29,523,722		44,285,585
		487,594,148	83,071,648
<b>From Bodies Corporate</b>			
		492,549,286	533,658,001
		1,037,358,606	736,953,952

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

#### Schedule D: Unsecured Loans

Short Term Loans and Advances other than banks	39,500,000	25,500,000
Add: Interest accrued and due	56,000	56,000
	39,556,000	25,556,000

#### Schedule E: Fixed Assets

	Land & Building (At Book value)	Plant & Machinery (At Book value)	Electric Installations (At Cost)	Furniture & Fixtures (At Cost)	Vehicles (At Cost)	Factory & Office Equipment (At Cost)	Total 31/3/09	Total 31/3/08
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>GROSS BLOCK:</b>								
(At Cost or Book Value)								
As at 31 <sup>st</sup> March, 2008	668079015	689780045	3056874	8889595	15455387	50263409	1435524415	1651183926
Addition during the year	0	5024929	0	18000	0	192430	5235359	37512923
	668079015	694804974	3056874	8907595	15455387	50455929	1440759774	1688696849
Deduction on account of Sales Transfers or adjustments during the year	4845199	0	0	1563908	2164625	97573	8671305	253172434
<b>As at 31<sup>st</sup> March, 2009</b>	<b>663233816</b>	<b>694804974</b>	<b>3056874</b>	<b>7343687</b>	<b>13290762</b>	<b>50358356</b>	<b>1432088469</b>	<b>1435524415</b>
<b>DEPRECIATION:</b>								
Provided upto 31 <sup>st</sup> March, 2008	121968958	572227610	2597307	7863123	9489136	25740005	739886139	890624369
Provided during the year	4363415	21657186	63897	194705	1522563	4153104	31954870	35960491
	126332373	593884796	2661204	8057828	11011699	29893109	771841009	926584860
Deduction on account of Sales Transfer or adjustment during the year	589563	0	0	1513830	1856311	39099	3998803	186698721
<b>Total provided for 31<sup>st</sup> March, 2009</b>	<b>125742810</b>	<b>593884796</b>	<b>2661204</b>	<b>6543998</b>	<b>9155388</b>	<b>29854010</b>	<b>767842206</b>	<b>739886139</b>
<b>NET BLOCK:</b>								
As at 31 <sup>st</sup> March, 2009	537491006	100920178	395670	799689	4135374	20504346	664246263	695638276
As at 31 <sup>st</sup> March, 2008	546110057	117552435	459567	1026473	5966251	24523493	695638276	

		CURRENT YEAR		PREVIOUS YEAR
	Rupees	Rupees	Rupees	Rupees
<b>Schedule F: Investments</b>				
(Long Term Fully paid-up)				
(At Cost-Unless Otherwise stated)				
<b>Trade Investments-In Equity Shares</b>				
<b>(i) Unquoted:</b>				
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
<b>(ii) Quoted:</b>				
7,680 ITC Limited of Rs.1/- each	1,544			1,544
456 Godfrey Phillips India Limited of Rs.10/- each	1,515			1,515
64 VST Industries Limited of Rs.10/- each	407			407
		3,466		3,466
			3,473	3,473
<b>Other Investments</b>				
<b>(A) In Government Securities</b>				
<b>Unquoted:</b>				
6 Year National Savings Certificates of the face value Rs.Nil (Previous Year Rs.20,000) [Deposited with Sales Tax Authorities]		-		20,000
<b>(B) In Bonds (Quoted):</b>				
- (Previous Year 15,465 6.75% Tax Free Bond of US-64 of Rs.100 each)		-		1,546,500
<b>(C) In Equity Shares of Rs.10 each (Unless otherwise stated)</b>				
<b>(i) Quoted:</b>				
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
<b>(ii) Unquoted:</b>				
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	64,441,200
			62,878,173	64,444,673

\* Share certificates are yet to be received

# Shares lying with Income Tax Department:

1,800 Filter and Filteraids Ltd.

20,000 J. K. Cigarettes Ltd.



		CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees	Rupees
<b>Schedule G: Inventories (As certified by the Management )</b>			
Stores and Spare Parts		29,866,963	29,898,130
Raw Materials		527,644,459	405,212,997
Packing Materials		38,438,469	32,070,125
Finished Goods		86,621,229	92,057,225
Stock in Trade (Land)		249,155,380	39,480
Work-in-Progress		25,154,380	21,494,368
		<u>956,880,880</u>	<u>580,772,325</u>
<b>Schedule H: Sundry Debtors</b>			
(Unsecured-Considered Good unless otherwise stated)			
<b>Debts outstanding for a period exceeding six month:</b>			
Considered Good	17,247,705		32,594,204
Considered Doubtful	4,668,069		4,668,069
	<u>21,915,774</u>		<u>37,262,273</u>
<b>Other Debts:</b>			
Considered Good	117,877,744		230,621,841
		139,793,518	267,884,114
		4,668,069	4,668,069
		<u>135,125,449</u>	<u>263,216,045</u>
<b>Schedule I: Cash and Bank Balances</b>			
Cash on Hand		195,662	639,422
<b>Bank Balances With Scheduled Banks:</b>			
In Current Accounts	27,876,342		63,554,902
In Cash Credit Account	-		3,331,783
In Right Issue Collection Accounts	66,470		66,470
In Fixed Deposit/Margin Accounts	9,668,000		63,229,380
		<u>37,610,812</u>	<u>130,182,535</u>
		<u>37,806,474</u>	<u>130,821,957</u>
<b>Schedule J: Loans and Advances</b>			
(Unsecured-Considered Good unless otherwise stated)			
<b>Loans to:</b>			
<b>Others (Considered Doubtful)</b>			
		723,410	723,410
<b>Advances recoverable in cash or in kind or for value to be received:</b>			
Secured Loan		27,145,000	27,145,000
Considered Good	839,896,612		831,794,921
Considered Doubtful	17,324,160		17,324,160
		<u>857,220,772</u>	<u>849,119,081</u>
(Refer note No. 7 of Schedule 'Q')		9,180,759	24,365,026
Balance with Excise Authorities			
Payments of Tax (Net of Provisions of Rs.33,47,46,897;			
Previous year Rs.33,04,86,897)		95,127,499	88,992,664
		<u>989,397,440</u>	<u>990,345,181</u>
		<u>18,047,570</u>	<u>18,047,570</u>
		<u>971,349,870</u>	<u>972,297,611</u>
<b>Less: Provision for Doubtful Advances</b>			

	CURRENT YEAR	PREVIOUS YEAR
Rupees	Rupees	Rupees
<b>Schedule K: Current Liabilities</b>		
Sundry Creditors	80,239,921	73,961,824
Unpaid Dividend \$	22,196,698	24,631,102
Security Deposits	124,867,676	102,285,776
Other Liabilities	494,744,889	706,610,473
	<u>722,049,184</u>	<u>907,489,175</u>

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

#### Schedule L: Provisions

Leave Entitlement	35,140,719	33,299,722
	<u>35,140,719</u>	<u>33,299,722</u>

#### Schedule M: Other Income

Income from Investments (Long Term) (Gross):

##### (a) From Trade Investments:

Dividend	1,020,207	80,949
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##### (b) From Other Investments:

Interest on Tax Free Bonds	17,397	104,389
----------------------------	--------	---------

	1,037,604	185,338
Miscellaneous Income (Refer note No. 10(a) of Schedule 'Q')	25,892,987	10,031,951
Export Incentives	12,445,188	7,103,182
Profit on Sale of Assets (Net)	10,130,198	1,441,767
Surplus on conversion of Land into stock in trade (Refer note No. 14(a) of Schedule 'Q')	247,773,375	-
Profit on Sale of Tenancy Rights	-	9,000,000
Excess-Short Provision for earlier years written back (Net) (Refer note No. 10(b) of Schedule 'Q')	174,306,757	1,067,684
	<u>471,586,109</u>	<u>28,829,922</u>

#### Schedule N: Variation in Stock

##### Opening Stock:

Finished Goods	92,096,705	46,406,144
Work-in-Progress	21,454,888	13,551,270
	<u>113,551,593</u>	<u>59,957,414</u>
Stock-in-Trade (Land)	249,155,380	39,480
	<u>362,706,973</u>	<u>59,996,894</u>

##### Closing Stock:

Finished Goods	86,621,229	92,096,705
Work-in-Progress	25,154,380	21,454,888
	<u>111,775,609</u>	<u>113,551,593</u>
Stock-in-Trade (Land)	249,155,380	39,480
	<u>360,930,989</u>	<u>113,591,073</u>
	<u>(1,775,984)</u>	<u>53,594,179</u>



		CURRENT YEAR	PREVIOUS YEAR
	Rupees	Rupees	Rupees
<b>Schedule O: Manufacturing, Trading and Other Expenses</b>			
<b>Materials/Goods:</b>			
Raw Materials Consumed	252,956,264		402,187,843
Purchase for Resale	158,854,296		52,650,316
Packing Materials Consumed	110,489,134		142,003,694
		522,299,694	596,841,853
<b>Personnel:</b>			
Salaries, Wages and Bonus	225,801,108		227,215,793
Gratuity	13,918,822		8,967,537
Contribution to Provident and Other Funds	24,228,033		23,473,835
Workmen and Staff Welfare Expenses	17,703,858		18,339,419
		281,651,821	277,996,584
<b>Others:</b>			
Power and Fuel	21,113,475		24,722,717
Stores and Spare Parts Consumed	11,302,757		30,752,766
Machinery Repairs and Maintenance	8,919,648		10,748,554
Excise Duty on Variation of Closing Stock	(10,905,882)		44,350,991
Rent	5,922,063		5,253,706
Rates and Taxes	1,713,725		1,613,227
Insurance	2,122,466		3,476,413
Building Repairs and Maintenance	6,699,132		11,302,152
Advertisement, Selling and Distribution expenses	169,021,636		332,830,135
Commission on Sales	404,818		-
Travelling and Conveyance	36,131,692		44,773,841
Directors' Meeting Fees	455,000		450,000
Fixed Assets Discarded / Written off	50,078		1,169,791
Irrecoverable Amounts Written off	-		2,416,940
Legal & Professional Charges	48,703,102		32,467,297
Provision for Doubtful Debts	-		1,931,879
Miscellaneous Expenses	53,706,846		70,679,562
		355,360,556	618,939,971
		1,159,312,071	1,493,778,408
<b>Schedule P: Interest &amp; Commitment Charges</b>			
Interest and Commitment Charges		126,786,158	32,853,342
Less: Interest income on Advances and deposits etc. (Gross)		2,228,312	20,474,966
		124,557,846	12,378,376



## SCHEDULE 'Q'

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.

#### 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" issued by the Institute of Chartered Accountants of India.

##### 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. Westren Express Industries Limited	India	100.00 %
5. Raigadh Papers Ltd	India	100.00 %

\* The Company was incorporated on 16<sup>th</sup> September, 2008 to carry on the business to construct, build, develop whether solely or jointly, take on lease, purchase or acquire any apartment etc.

##### 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:

- 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).
- Guarantees given by the Bankers on behalf of the holding Company [excluding in respect of Excise Duty referred to in Note No. (c) below]: Rs.2,42,58,420 (Previous Year Rs.1,72,71,997).
- Disputed Excise claims/demands, of Rs.84,04,89,773 (Previous Year Rs.82,92,91,219) 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.24,35,712 (Previous Year Rs.24,35,712) (included in Loans & Advances) under protest. In the opinion of the Management, appropriate provisions have been made in the books of account in respect of Excise claims/ demands that may become payable based on the legal advice / present status of various matters. Further, various show cause notices / show cause-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.
- Excluding the claims/demands against the holding Company and its subsidiaries not acknowledged as debts as mentioned in (c) above:
  - 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.7,63,78,41,576 (Previous Year Rs.7,63,18,93,316) including interest upto the date of respective demands and excluding further interest liability if any and penalty of Rs.4,88,37,81,002 (Previous Year Rs.4,87,75,02,742).
  - 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).
- Pursuant to BIFR Order dated 16<sup>th</sup> December, 2002, the holding Company has made applications with Excise / Income Tax Departments to waive the interest and penalties included in the demand as referred in para (c) and (d) above and those as may arise during the scheme period.
- The holding Company and its subsidiaries expects to succeed in all the pending disputes, as per the expert opinions obtained by the management.

3. (a) Other Contingent Liabilities:

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
i) Disputed demands of employees/ex-employees of holding Company	31,79,471	39,01,143
ii) Sales Tax	8,00,169	1,82,12,294
iii) Entry Tax of holding Company	19,37,22,068	3,54,58,133
iv) Land Revenue & other Taxes of holding Company	20,50,816	18,90,256
v) Services/materials suppliers and other business related disputed claims	9,60,94,309	9,70,05,596

(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 (Net of Advances of Rs.32,30,709 Previous Year Rs.40,90,891) : Rs.68,78,940 (Previous Year Rs.1,06,95,299).

5. Land & Buildings and Plant & Machinery of the holding Company were revalued as on 30<sup>th</sup> June, 1980, 30<sup>th</sup> June, 1984, 30<sup>th</sup> June, 1986 (only Land and Buildings), 30<sup>th</sup> June, 1988 and 31<sup>st</sup> 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.66,18,11,743 for Land & Buildings and Rs.66,76,63,587 for Plant & Machinery (Previous Year Rs.66,46,57,567 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. Advances recoverable in cash or in kind or for value to be received - considered good include:

- (a) advances of Rs.53,50,00,000 (Previous Year Rs.61,50,00,000 ) towards purchase of properties.
- (b) capital advances of Rs.5,32,30,709 (Previous Year Rs.5,40,90,891) towards purchase of fixed assets.
- (c) Interest accrued on Investments (Other Current Assets) Rs. Nil (Previous Year Rs.42,456).

8. 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 profit 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.

9. No provision has been made in the holding Company accounts in respect of estimated total liability for future payment of gratuity of Rs.13,09,11,370 including for the current year Rs.2,99,90,199 (Previous Year Rs.10,09,21,171 and Rs.46,35,138 respectively) 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.

10. (a) Miscellaneous Income under the head "Other Income" include Rs.1,80,00,000 (Previous Year Rs. Nil) towards compensation receivable from associates during the year on account of termination of contract for purchase of property in the holding Company.

(b) Miscellaneous Income under the head "Excess-short provision for earlier year includes credit of Rs.15,19,00,030 on account of write back of liability in respect of Entry Tax, Rs.2,96,13,537 pertaining to Excise Duty (net) and is netted off by Rs.89,37,064 being the amount of liability payable under an Arbitration award decided against the Company.

11. Payments to Auditors:

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
(i) Audit Fees	7,94,500	7,82,500
(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	3,55,000
	14,66,500	14,79,500
(iii) Reimbursement of expenses (including service tax Rs.1,96,950; Previous Year Rs.1,94,936)	3,33,471	2,92,666
	17,99,971	17,72,166

12. The amount of exchange difference (net) debited to the Profit and Loss Account: Rs.28,70,934 (Previous Year (net) credit Rs.14,07,062).
13. As a matter of prudence the net deferred tax asset in respect of holding Company as on 31<sup>st</sup> March, 2009 has not been recognized and in respect of a subsidiary company deferred tax assets arising relating to unabsorbed depreciation and losses have also not been recognized.
14. The holding Company as a part of development activities of Realty Division:-
- During the year, Land situated at Marol, hitherto held as fixed assets, was converted into "Stock-in-Trade" at an amount of Rs.24,91,15,900 being the fair market value on the date of conversion i.e. 25<sup>th</sup> June, 2008. The fair market value was determined and certified by a Government approved valuer. Consequent to conversion of land at fair market value, the surplus of Rs.24,77,73,375 being the difference between the fair market value and book value arising on this account is transferred to Profit & Loss account and shown under the head "Other Income".
  - Transferred its land of the cost of Rs.39,480 in the previous year at Hyderabad to stock in trade and entered into agreement with a builder for joint development of commercial complex to be completed in thirty six months.  
As per the agreement, the Company would be entitled to receive around 50% of the constructed saleable area as consideration.
  - Given an advance in the previous year of Rs.2000.00 Lacs pursuant to an agreement for acquiring 60% of 1,86,009 square feet of property under construction at Delhi.
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:
- Tobacco Products
  - Realty Division

Amount in Rs.

Particulars	Year Ended 31 <sup>st</sup> March, 2009	Year Ended 31 <sup>st</sup> March, 2008
<b>Segment Revenue:</b>		
(a) Tobacco Products	84,48,50,610	162,45,83,293
(b) Realty Division	—	—
(c) Others/Unallocable	—	—
<b>TOTAL</b>	<b>84,48,50,610</b>	<b>162,45,83,293</b>
<b>Add: Other Income</b>		
(a) Tobacco Products	45,25,48,505	2,86,44,584
(b) Realty Division	1,80,00,000	—
(c) Others/Unallocable	10,37,604	1,85,338
<b>TOTAL</b>	<b>47,15,86,109</b>	<b>2,88,29,922</b>
<b>Net/Sales income from operations</b>	<b>131,64,36,719</b>	<b>165,34,13,215</b>
<b>Segment Results Profit/(Loss) before tax and interest from segment:</b>		
(a) Tobacco Products	11,57,46,264	18,97,35,358
(b) Realty Division	1,78,78,683	(39,86,925)
(c) Others/Unallocable	(37,52,472)	(12,42,078)
<b>TOTAL</b>	<b>12,98,72,475</b>	<b>18,45,06,355</b>



Particulars	Year Ended 31 <sup>st</sup> March, 2009	Year Ended 31 <sup>st</sup> March, 2008
<b>Less: Interest expenses</b>	<b>12,45,57,846</b>	<b>1,23,78,376</b>
Provision for Taxation	44,66,033	4,33,03,993
Total Profit after taxation	8,48,596	12,88,23,986
Minority Interest (loss)	5	5
Net Profit	8,48,601	12,88,23,991
<b>Segment Assets:</b>		
(a) Tobacco Products	207,84,12,681	198,92,18,723
(b) Realty Division	63,30,39,479	61,50,39,480
(c) Others/Unallocable	11,80,43,556	10,29,32,684
<b>TOTAL ASSETS</b>	<b>282,94,95,716</b>	<b>270,71,90,887</b>
<b>Segment Liabilities:</b>		
(a) Tobacco Products	128,66,93,446	113,75,80,002
(b) Realty Division	54,35,63,743	56,20,24,640
(c) Others/Unallocable	38,47,321	36,94,207
<b>TOTAL LIABILITIES</b>	<b>183,41,04,510</b>	<b>170,32,98,849</b>
<b>CAPITAL EXPENDITURE:</b>		
(a) Tobacco Products	52,35,359	3,75,12,923
(b) Realty Division	—	—
(c) Others/Unallocable	—	—
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>52,35,359</b>	<b>3,75,12,923</b>
Depreciation/Amortisation:		
(a) Tobacco Products	2,54,75,454	2,87,21,778
(b) Realty Division	—	—
(c) Others/Unallocable	735	853
<b>TOTAL DEPRECIATION/AMORTISATION</b>	<b>2,54,76,189</b>	<b>2,87,22,631</b>

(b) The Group Company has its operating activities 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 (Related Parties are as identified by the Company and relied upon by the Auditors):

A. List of related parties:

(i) Key Management Personnel

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

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

GHCL Limited  
M/s. Ashoka Developers & Builders Ltd.

(iii) Relatives of Key Management Personnel

Mr. Amit Joshi — Son of Whole Time Director  
Mr. Ashwin Joshi — Son of Whole Time Director

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

Amount in Rs.

	Associates GHCL Ltd	Joint Venture M/s Ashoka Developers & Builders Ltd.	Key Management Personnel	Relatives of Key Management Personnel	Total
<b>Expenses:</b>					
Remuneration	— (—)	— (—)	2,39,69,542 (1,21,84,376)	— (—)	2,39,69,542 (1,21,84,376)
Car Hire charges	— (—)	— (—)	— (—)	3,30,000 (3,30,000)	3,30,000 (3,30,000)
<b>Income:</b>					
Compensation receivable	1,80,00,000 (—)	— (—)	— (—)	— (—)	1,80,00,000 (—)
<b>Finances &amp; Investments:</b>					
Loans & Advance given	— (13,00,00,000)	— (—)	— (—)	— (—)	— (13,00,00,000)
Security Deposit Received	— (—)	2,50,00,000 (2,50,00,000)	— (—)	— (—)	2,50,00,000 (2,50,00,000)
<b>Outstandings:</b>					
Payable	— (—)	5,00,00,000 (2,50,00,000)	74,68,939 (4,59,685)	— (—)	5,74,68,939 (2,54,59,685)
Receivable	14,80,00,000 (13,00,00,000)	— (—)	— (—)	— (—)	14,80,00,000 (13,00,00,000)
Investments	4,95,90,697 (4,95,90,697)	— (—)	— (—)	— (—)	4,95,90,697 (4,95,90,697)

17. The computation of Earnings per Share:

	CURRENT YEAR Rupees	PREVIOUS YEAR Rupees
(a) Numerator:		
(i) Net Profit as per Profit and Loss Account (after tax)	8,48,601	12,88,23,991
(b) Denominator:		
Weighted average number of Equity Shares outstanding		
For Basic and Diluted Earning per share	1,75,87,931	1,75,87,878
(c) Earnings per Equity Share Basic and Diluted	0.05	7.32
(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**  
**ANURAG DALMIA**  
**J. P. KHETAN**  
**VINEY MEHRA**  
**A. K. JOSHI**  
**R. R. KUMAR**  
**BHARAT B. MERCHANT**  
**M. H. PATIL**  
**D. K. JAIN**

Chairman  
Vice-Chairman  
Managing Director  
Whole-time Director  
Whole-time Director  
Director  
Director  
Director  
Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009



**Information on Subsidiary Companies as per approval received from the Ministry of Company affairs, Government of India, under section 212(8) of the Companies Act, 1956 as at 31<sup>st</sup> March, 2009**

(Amount in Rs.)

PARTICULARS	GOLDEN INVESTMENT (SIKKIM) PVT. LIMITED	GTC INC B. V.	GOLDEN REALTY & INFRASTRUCTURE LIMITED	WESTERN EXPRESS INDUSTRIES LIMITED	RAIGADH PAPERS LIMITED*
1. Capital	60,000	1,118,435	500,000	75,000,000	15,000,000
2. Reserves	3,026,148	NIL	NIL	10,938,900	10,114,443
3. Total Assets	3,408,948	1,230,983	1,970,362	201,196,677	25,952,135
4. Total Liabilities	3,408,948	1,230,983	1,970,362	201,196,677	25,952,135
5. Details of Investment (except investment in subsidiaries)	2	NIL	NIL	1,201,533	NIL
6. Turnover	NIL	NIL	NIL	19,140	NIL
7. Profit / (Loss) before Taxation	(14,230)	(292,363)	(341,053)	(580,389)	(220,686)
8. Provision for Taxation	NIL	NIL	NIL	206,033	NIL
9. Profit / (Loss) after Taxation	(14,230)	(292,363)	(341,053)	(786,422)	(220,686)
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**  
**ANURAG DALMIA**  
**J. P. KHETAN**  
**VINEY MEHRA**  
**A. K. JOSHI**  
**R. R. KUMAR**  
**BHARAT B. MERCHANT**  
**M. H. PATIL**  
**D. K. JAIN**

Chairman  
Vice-Chairman  
Managing Director  
Whole-time Director  
Whole-time Director  
Director  
Director  
Director  
Nominee Director (IFCI Ltd.)

Place : Mumbai  
Dated : 21<sup>st</sup> June, 2009



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 : \_\_\_\_\_

(1<sup>st</sup> Holder)

Signature : \_\_\_\_\_

(2<sup>nd</sup> 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 \_\_\_\_\_

**53<sup>rd</sup> AGM**



# GOLDEN TOBACCO LIMITED

Registered Office : Tobacco House, Vile Parle (West), Mumbai - 400 056.  
Fifty-third Annual General Meeting to be held on 15<sup>th</sup> September, 2009 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-third Annual General Meeting of the Company to be held on Tuesday, 15<sup>th</sup> September, 2009 at 3.30 p.m. and at any  
adjournment thereof.

In witness whereof

I / We have signed

in this ..... day of ..... 2009.

Reg. Folio No. : .....

\*DP Id : ..... \* Client Id : .....

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

\* Applicable for Investors holding shares in Electronic form.

Revenue  
Stamp  
of  
Re. 1

**53<sup>rd</sup> AGM**



# GOLDEN TOBACCO LIMITED

Registered Office : Tobacco House, Vile Parle (West), Mumbai - 400 056.  
Fifty-third Annual General Meeting to be held on 15<sup>th</sup> September, 2009 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**

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