

LODHA & CO

CHARTERED ACCOUNTANTS

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LIMITED REVIEW REPORT

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

1. We have reviewed the accompanying statement of standalone unaudited financial results of **GOLDEN TOBACCO LIMITED (Formerly known as GTC Industries Limited)** for the quarter & half year ended on 30th September, 2008 which has been initialed by us for identification. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, engagement to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *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.10,09,21,171 as on 31st March, 2008 determined on the basis of actuarial valuation and estimated amount of Rs. Nil for the quarter and half year ended 30th September, 2008. The accounting method of providing gratuity liability as and when due is not in accordance with the accounting method prescribed in Accounting Standard(AS) 15 of "Employee Benefits"(Revised 2005) issued by the Institute of Chartered Accountants of India.*
4. *The Company has during the first quarter valued its stock- in- trade viz. land at Marol (converted from fixed assets) at market value at Rs.2491.16 lacs as against at cost (being lower than the market value) of Rs.13.43 lacs which is in variance with the Accounting Standard 2 'Valuation of Inventories'. The differential amount between market value and the cost has been considered as 'Other Income'.*
5. *A Flat -Gross Block of Rs.66.45 lacs (Net Block Rs. 45.59 lacs) as on 30th September, 2008 which is in the possession of family member of an ex-employee 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.*

6. We refer to the notes to the unaudited financial results (provisional) for the quarter ended 30th September, 2008 and state that: -

Management's comments in note 5, with regard to the comments of the Auditors in their report on the accounts for the year ended 31st March, 2008, is not in conformity with the requirements of Para (iv)(c) appearing under clause 41 of the Listing Agreement, inasmuch as the Company has not disclosed the reasons for the qualifications which have not been resolved and the steps which the company intends to take in the matter and further, no comments have been given in respect of qualification made in the limited review report on the results for the quarter ended 30th June, 2008.

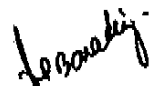
7. Interest expense disclosed in the accompanying statement of quarterly results is net of interest income of Rs.4.38 Lacs and Rs.10.88 Lacs for the quarter and half year respectively (Rs.48.51 Lacs and Rs.109.59 Lacs for the corresponding quarter and half year, respectively).

8. We further report that, without considering the matter referred in para 5 above, the effect of which could not be determined, had the observations made by us in para 4 above been considered, the (loss) before tax for the six months ended would have been Rs. 1852.54 lacs {as against reported profit figure of Rs.625.19 lacs}.

9. 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.

10. Based on our review conducted as above and subject to what is stated at paragraphs 3 to 8 above and read with what is stated in para 9 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **LODHA & COMPANY**
Chartered Accountants



R.P. Baradiya
Partner

Membership No.: 44101

Place: Mumbai
Date: 28th November, 2008