

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 unaudited financial results of **GOLDEN TOBACCO LIMITED** (Formerly known as **GTC Industries Limited**) for the quarter ended 30th June, 2008 which have been initialed by us for identification purposes. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors.
2. We conducted our review in accordance with the Auditing and Assurance Standards (AAS) 33; 'Engagements 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 statements are free from material misstatements. A review of interim financial information consists principally of applying analytical procedures for financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express an 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 ended 30th June, 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 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 variance with the Accounting Standard 2 'Valuation of Inventories'. The differential amount between market value and the cost has been considered as 'Other Income'. (Refer note no.4 in the accompanying statement)*
5. *A Flat -Gross Block of Rs.66.45 lacs (Net Block Rs. 8.27 lacs) as on 30th June, 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.*

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6. We refer to the notes to the unaudited financial results (provisional) for the quarter ended 30th June, 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.

7. Interest expense disclosed in the accompanying statement of quarterly results is net of interest income of Rs. 6.50 Lacs for the quarter and Rs.61.08 Lacs for the corresponding quarter.
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 quarter would have been Rs. 1469.45 lacs (as against reported profit figure of Rs.1008.28 lacs).
9. Based on our review conducted as above and subject to what is stated at paragraphs 3 to 8 above, nothing has come to our notice 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: 11th August, 2008