



Riding India's Consumption boom

Diana Tea Company Limited
ANNUAL REPORT 2011



DIANA TEA COMPANY LIMITED

ANNUAL REPORT 2011

BOARD OF DIRECTORS

Sandeep Singhania	<i>Managing Director</i>
Sarita Singhania	<i>Wholetime Director</i>
Naresh Pachisia	<i>Independent Director</i>
Harish Parekh	<i>Independent Director</i>
N. F. Tankariwala	<i>Independent Director</i>

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Manoj Agarwala

AUDITORS

Das & Prasad
Chartered Accountants
4, Chowringhee Lane
Kolkata - 700 016

BANKERS

United Bank of India
Punjab National Bank
HDFC Bank Ltd.

GARDENS

Diana Tea Estate
P. O. Banarhat - 735 202
Dist. : Jalpaiguri

Baintgoorie Tea Estate
P. O. Mal - 735 221
Dist. : Jalpaiguri

Good Hope Tea Estate
P. O. Dam Dim - 735 209
Dist. : Jalpaiguri

REGISTERED OFFICE

Sir R. N. M. House
3B, Lal Bazar Street
Kolkata - 700 001
Phone : (033) 2248-8672, 4066 1590-93
Fax : (033) 2248-7571
E-mail : contactus@dianatea.in

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata - 700 001
Phone : (033) 2243-5029/5809, 2248-2248
Fax : (033) 2248-4787
E-mail : mdpl@cal.vsnl.net.in

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NOTICE

NOTICE is hereby given that the 101st Annual General Meeting of **Diana Tea Company Limited** will be held on Saturday, June 23, 2012, at Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata - 700 071 at 10.30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at December 31, 2011 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Harish Parekh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and 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 in terms of Sections 198, 269, 309, 310, 311 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded to the re-appointment of Mr. Sandeep Singhania as Managing Director of the Company for a period of three years with effect from August 27, 2012 to August 26, 2015 upon the terms and conditions including remuneration as set out in the draft agreement, which is hereby specifically approved and sanctioned by the Remuneration Committee and as recommended to the Board of Directors of the Company to alter and vary the terms and conditions of the said re-appointment and/or agreement (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr. Sandeep Singhania) in such manner as may be agreed between the Board/or its Committee thereof and Mr. Sandeep Singhania, provided, however, that the remuneration payable to Mr. Sandeep

Singhania shall not exceed the limits specified in the Schedule XIII of the Companies Act, 1956, including any amendment(s), modification(s), variation(s) or re-enactment thereof.

RESOLVED FURTHER that in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. Sandeep Singhania, the remuneration payable to him by way of salary, allowances, commission and perquisites shall not, without the approval of the Central Government (if required), exceeds the limit prescribed under the provisions of The Companies Act, 1956 read with Schedule XIII or any amendment(s), modification(s), variation(s) or re-enactment thereof.

RESOLVED FURTHER that the Board of Directors or any Committee thereof be and are hereby authorised to do all such acts, deeds, things and execute all such documents, agreements, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Director or Secretary to give effect to the aforesaid resolutions."

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"**RESOLVED** that in terms of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded to the re-appointment of Mrs. Sarita Singhania as Wholetime Director of the Company for a period of three years with effect from July 5, 2012 to July 4, 2015 upon the terms and conditions including remuneration as set out in the draft agreement, which is hereby specifically approved and sanctioned by the Remuneration Committee and as recommended to the Board of Directors of the Company to alter and vary the terms and conditions of the said re-appointment and/or agreement (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mrs. Sarita Singhania) in such manner as may be agreed between the Board/or its Committee and Mrs. Sarita Singhania, provided, however, that the remuneration payable to Mrs. Sarita Singhania shall not exceed the limits specified in the Schedule XIII to the

NOTICE

Companies Act, 1956, including any amendment(s), modification(s), variation(s) or re-enactment thereof.

RESOLVED FURTHER that in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mrs. Sarita Singhanian, the remuneration payable to her by way of salary, allowances, commission and perquisites shall not, without the approval of the Central Government (if required), exceeds the limit prescribed under the provisions of Companies Act, 1956 read with Schedule XIII or any amendment(s), modification(s), variation(s) or re-enactment thereof.

RESOLVED FURTHER that the Board of Directors or any Committee thereof be and are hereby authorized to do all such acts, deeds, things and execute all such documents, agreements, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Director or Secretary to give effect to the aforesaid resolutions."

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : May 14, 2012

For and on behalf of the Board

Manoj Agarwala
CFO & Company Secretary

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed by way of annexure to this Notice.
- 3) The Register of Members and Share Transfer Register of the Company will remain closed from June 19, 2012 to June 23, 2012 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.
- 4) The dividend on Equity Shares as recommended by the Board, if declared, will be payable on or after 23rd June 2012 to those members whose names appear on the Register of Members of the Company as on 23rd June 2012 or to their mandatees. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership details to be furnished by NSDL and CDSL for the purpose.
- 5) Members are requested to notify immediately change of addresses, if any, to the company in case shares are held in physical form or to the DPs, where the account is maintained, if held in demat form.
- 6) The ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless

compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent to the shareholders in Electronic Mode. To support this green initiative of the Government in full measure, the members who have not registered their e-mail addresses, so far, are requested to register their e-mail address in respect of electronic holdings with the Depository through their concerned Depository Participants (DP). Members who hold shares in physical form are requested to submit their e-mail address to **contactus@dianatea.in & mdpldc@yahoo.com**. We are sure you would appreciate the "Green Initiative" taken by MCA and solicit your patronage and support to participate in such initiative.

- 7) Shareholders seeking any information with regard to accounts are requested to write to the Company at least 7 days prior to meeting, so as to enable the management to keep the information ready.
- 8) Members/Proxies should bring the attendance slip duly filled in, for recording their attendance at the meeting.
- 9) Shareholders are requested to kindly bring their copies of Annual Report at the meeting.

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : May 14, 2012

For and on behalf of the Board

Manoj Agarwala
CFO & Company Secretary

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Mr. Sandeep Singhania is a commerce graduate and is associated with the Company for more than 20 years and have thorough experience of tea industry. His sharp intellect, key insight and logical analysis on various issues alongwith his valuable inputs always multiply the performance of the Company.

Considering the proven ability of Mr. Sandeep Singhania, the Board of Directors in its meeting held on 14th May, 2012 has approved the re-appointment of Mr. Sandeep Singhania as Managing Director of your Company for a further period of three years with effect from 27th August, 2012 on terms and conditions and remuneration payable to him as set out in the resolution which requires the approval of the members. The re-appointment and remuneration payable to him has been approved by the remuneration committee on 14th May, 2012.

The main terms and conditions of re-appointment of Mr. Sandeep Singhania as set out in the draft agreement placed before the meeting are as follows :-

1. Mr. Sandeep Singhania (hereinafter called "Mr. Singhania") is re-appointed as Managing Director of the Company for a period of three years with effect from August 27, 2012. During currency of such three years period Directorship of Mr. Singhania will not be liable to retire by rotation.
2. As Managing Director of the Company, Mr. Singhania shall devote whole of his time, attention and ability to the business and affairs of the Company, subject to the superintendence, control and directions of the Board. Mr. Singhania shall be entitled to have the management of the whole or substantially the whole of the affairs of the Company.
3. In consideration of his services as Managing Director, Mr. Singhania shall be entitled to receive the following by way of remuneration :
 - a. **Salary** : ₹ 2,00,000/- per month.

Revision of the basic salary shall be decided by the Board of Directors annually on the recommendation of the Remuneration Committee in the salary range of ₹ 2,00,000/- to ₹ 3,00,000/- per month
 - b. **Commission** : Commission as determined by the Board of Directors within the overall ceiling on managerial remuneration laid down in Sections 198 and 309 of the

Companies Act, 1956 and based on the net profits of the Company in any particular year.

- c. **Perquisites** : In addition to the salary and commission payable, Mr. Singhania shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Singhania.

The perquisites and allowance shall be valued as per Income Tax Act, 1961 or any other rules hereunder or any statutory modification(s) or re-enactment thereof, and in absence of such rules they shall be valued at actual cost.

Provision for use of the Company's car for official duties and telephone (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

- d. **Minimum Remuneration** : In the event of loss, absence or inadequacy of profits in any financial year during the term of office of Mr. Singhania, the remuneration payable to him by way of salary, allowances, commissions and perquisites shall not, without the approval of the Central Government (if required), exceed limit specified in Schedule XIII to The Companies Act, 1956 including any amendment(s), modification(s), variation(s) or re-enactment thereof.
4. **Variation** : The Board of Directors or any Committee may alter and vary the terms and conditions of the appointment

ANNEXURE TO THE NOTICE

and/or agreement (including the amount of salary, commission and also type & amount of perquisites and other benefits payable to Mr. Singhanian) in such manner as may be agreed between the Board or Committee thereof and Mr. Singhanian, provided however that the remuneration payable to Mr. Singhanian shall not exceed the limits specified in the Schedule XIII of The Companies Act, 1956, including any amendment(s), modification(s), variation(s) or re-enactment thereof.

THE DETAILS IN RESPECT OF PART II SECTION II(B) OF SCHEDULE XIII AS REQUIRED PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 1956 ARE AS FOLLOWS :

I. General information

The Company is engaged in cultivation and manufacture of tea and is a going concern. The financial performance is detailed in the annexed annual accounts forming part of this report.

II. Information about the appointee

Mr. Sandeep Singhanian is a commerce graduate and is associated with the Company for more than 20 years and have thorough experience of tea industry. During the last five years the remuneration paid to the Managing Director was ₹ 1,25,000/- per month. Remuneration proposed to Mr. Sandeep Singhanian is given under Item No.5 of the explanatory statement. On a comparative analysis the remuneration drawn by the Managing Director of your company is far lower than the value of services provided. It is for this reason that the Board of the company has recommended that the remuneration payable to the Managing Director be raised within the range of ₹ 2,00,000/- to ₹ 3,00,000/- (excluding perquisites).

III. Other information

The tea industry is cyclic in nature and is dependent on the vagaries of nature and weather for crop and auction prices which is totally governed by demand and supply position. Since 2000-2007, the tea industry had passed through severe price recession where supply was more than demand, coupled with high cost, increase in terms of wages and other inputs which had considerably eroded profit margin of the industry. In view of the complexities of the operation and uncertainty of the weather condition, there is a need of experienced leader who can provide the effective guidance. In return to

pay adequate remuneration for the services rendered. The proposed terms are provided for minimum remuneration when the need arises.

IV. Disclosures

The terms of remuneration are as stated hereinabove. The Disclosures for the same has been given under Corporate Governance in "Annexure C" of the Board of Directors Report.

The Directors commend the resolution for your approval. None of the Directors of the Company except Mr. Sandeep Singhanian and Mrs. Sarita Singhanian, being relative of Mr. Sandeep Singhanian is concerned or interested in the said resolution. The above material terms of re-appointment and remuneration payable to Mr. Singhanian as set out in the accompanying Notice should be considered as an abstract and Memorandum of Interest, pursuant to the provision of Section 302 of The Companies Act, 1956.

Item No. 6

Mrs. Sarita Singhanian is an Arts Graduate from Kurukshetra University, Delhi. She joined the Board of the Company on 26th November, 1996 and has adequate experience of tea industry.

Considering the proven ability of Mrs. Sarita Singhanian the Board of Directors in its meeting held on 14th May, 2012 has approved the re-appointment of Mrs. Sarita Singhanian as Wholetime Director of the Company for a further period of three years with effect from 5th July, 2012 on terms and conditions and remuneration payable to her as set out in the resolution which requires the approval of the members. The re-appointment and remuneration payable to her has been approved by the remuneration committee in their meeting held on 14th May, 2012.

The main terms and conditions of re-appointment of Mrs. Sarita Singhanian as set out in the draft agreement placed before the meeting are as follows :-

1. Mrs. Sarita Singhanian (hereinafter called "Mrs. Singhanian") is re-appointed as Wholetime Director of the Company for a period of three years with effect from 5th July, 2012. During currency of such three years period Directorship of Mrs. Singhanian will not be liable to retire by rotation.
2. As Wholetime Director of the Company, Mrs. Singhanian shall devote whole of her time, attention and ability to the business and affairs of the Company, subject to the superintendence, control and directions of the Board.

ANNEXURE TO THE NOTICE

3. In consideration of her services as Wholetime Director, Mrs. Singhania shall be entitled to receive the following by way of remuneration :

a. **Salary** : ₹ 1,25,000/- per month.

Revision of the basic salary shall be decided by the Board of Directors annually on the recommendation of the Remuneration Committee in the salary range of ₹ 1,25,000/- to ₹ 1,50,000/- per month.

b. **Commission** : Commission as determined by the Board of Directors within the overall ceiling on managerial remuneration laid down in Sections 198 and 309 of the Companies Act, 1956 and based on the net profits of the Company in any particular year.

c. **Perquisites** : In addition to the salary and commission payable, Mrs. Singhania shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for herself and her family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mrs. Singhania.

The perquisites and allowances shall be valued as per Income Tax Act, 1961 or any other rules hereunder or any statutory modification(s) or re-enactment thereof, and in absence of such rules they shall be valued at actual cost.

Provision for use of the Company's car for official duties and telephone (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

d. **Minimum Remuneration** : In the event of loss, absence or inadequacy of profits in any financial year during the term of office of Mrs. Singhania, the remuneration payable to her by way of salary, allowances, commissions and perquisites shall not, without the approval of the Central Government (if required), exceed limit specified in schedule XIII to the Companies Act, 1956 including any amendment(s), modification(s), variation(s) or re-enactment thereof.

4. **Variation** : The Board of Directors or any Committee may alter and vary the terms and conditions of the appointment and/or agreement (including the amount of salary, commission and also type & amount of perquisites and other benefits payable to Mrs. Singhania) in such manner as may be agreed between the Board or Committee thereof and Mrs. Singhania, provided however that the remuneration payable to Mrs. Singhania shall not exceed the limits specified in the Schedule XIII of The Companies Act, 1956, including any amendment(s), modification(s), variation(s) or re-enactment thereof.

The Directors commend the resolution for your approval. None of the Directors of the Company except Mrs. Sarita Singhania and Mr. Sandeep Singhania, being relative of Mrs. Sarita Singhania is concerned or interested in the said resolution. The above material terms of re-appointment and remuneration payable to Mrs. Singhania as set out in the accompanying Notice should be considered an abstract and Memorandum of Interest, pursuant to the provision of Section 302 of The Companies Act, 1956.

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : May 14, 2012

For and on behalf of the Board

Manoj Agarwala
CFO & Company Secretary

ANNEXURE TO THE NOTICE

DETAILS OF DIRECTORS IN PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT :

1. Mr. Harish Parekh

Mr Harish Parekh, aged about 75 years, was appointed as a Director of the Company w.e.f. 14th July, 2005. A graduate in Commerce, he is a well known figure in tea industry. He was the Chairman of M/s. J. Thomas & Co. Pvt. Ltd., one of the largest brokers in tea industry. Mr. Parekh was a member of the Tea Board of India. He has over 52 years experience in Tea Industry.

Directorships held in other companies by Mr. Parekh :

- 1) The Methoni Tea Co. Ltd.
- 2) Rossell India Ltd.
- 3) Gillanders Arbuthnot & Co. Ltd.
- 4) Williamson Magor & Co. Ltd.
- 5) Peria Karamalai Tea & Produce Co. Ltd.
- 6) Rasoi Ltd.
- 7) The Grob Tea Co. Ltd.
- 8) BMG Enterprises Ltd.

Chairman/Member of Committees of the Board of other companies of which Mr. Parekh is a Director :

- a) **Rossell India Ltd.**
Audit Committee - Member
Shareholders Grievance & Share Transfer committee - Chairman
- b) **Williamson Magor & Co. Ltd.**
Audit Committee - Member
- c) **Gillanders Arbuthnot & Co. Ltd.**
Audit Committee - Chairman
Shareholders Grievance & share Transfer Committee - Chairman
- d) **Peria Karamalai Tea & Produce Co. Ltd.**
Audit Committee - Member
- e) **Rasoi Ltd.**
Audit Committee - Chairman
Shareholder/Investor Grievance Committee - Member

Shareholding in the Company (Nos) : Nil

2. Mr. Sandeep Singhania

Mr. Sandeep Singhania, aged 40 years, was appointed as a Director of the Company w.e.f. 22nd October, 1991. A graduate in Commerce having 20 years of experience in tea plantation and marketing business. He is also Director of Diana Capital Limited, Singhania Builders Ltd. and Woodville Properties & Finance Ltd. He holds 2,74,850 Equity Shares of the Company.

3. Mrs. Sarita Singhania

Mrs. Sarita Singhania, aged 49 years, was appointed as a Director of the Company w.e.f. 26th November, 1996. A Graduate in Arts having 15 years of experience in tea plantation and marketing business. She is also Director of Singhania Builders Ltd. and Woodville Properties & Finance Ltd. She holds 3,74,924 Equity Shares of the Company.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 101st Annual Report along with the Audited Accounts for the year ended December 31, 2011

FINANCIAL RESULTS

(Amount in ₹)

Particulars	December 31, 2011	December 31, 2010
Profit before Interest, Depreciation & Taxation	7,42,68,718	11,10,14,234
Less : Depreciation	1,01,06,230	94,41,785
Interest & Finance Charges (Net)	1,17,92,131	1,43,96,540
Profit before Taxation	5,23,70,357	8,71,75,909
Less : Provision for Taxation (Net)	1,39,16,488	1,56,04,969
Profit after Tax	3,84,53,869	7,15,70,940
Balance brought forward from previous year	1,32,18,629	47,14,876
Surplus available for Appropriation	5,16,72,498	7,62,85,816
Appropriations :		
Transferred to General Reserve	3,00,00,000	5,00,00,000
Proposed Dividend	74,95,500	1,12,43,250
Provision for Tax on proposed dividend	12,15,958	18,23,937
Balance carried forward to Balance sheet	1,29,61,040	1,32,18,629
	5,16,72,498	7,62,85,816
Basic and Diluted Earning Per Share	2.57	4.77

DIRECTORS' REPORT

REVIEW OF PERFORMANCE

The year under review was a very challenging and was full of uncertainties both in terms of weather condition as well as local political problems owing to wage negotiation. Due to initial drought and followed by unforeseen go-slow agitations by the labour unions, there was a huge set back as far as our own crop is concerned. Our own crop was behind by 2,66,286 kgs. when compared to previous year (Current year production 37,21,470 kgs. and previous year production 39,87,756 kgs.). Whereas our bought leaf production this year has also come down to 3,77,588 kgs. from 4,13,491 kgs. of previous year. Your Company has chosen to withdraw gradually from tea trading segment as it is highly competitive and unremunerative and as such the turnover from the said segment has come down to ₹ 314.37 Lacs compared to ₹ 543.32 Lacs of previous year. Due to combination of all these factors, the total turnover of the Company has come down to ₹ 5100.61 Lacs this year from ₹ 6216.05 Lacs of previous year.

The Indian production during the year was higher by 22 million kgs. mainly due to very friendly weather condition in Assam. As a result, average sale realization of tea was subdued when compared to last year which is also reflecting in the sale realization of various auction centres when compared to last year. However, a silver lining was that the quality segment continued to enjoy premium in the market and was readily saleable. Fortunately your Company was under the same category and average tea price realization of the Company for the year is more or less at par with last year (last year average price realization was ₹ 119.03 compared to ₹ 119.35 of this year).

Barring loss of crop because of unforeseen political uncertainty and weather condition, the performance of your Company has been satisfactory. Your Company continues to follow the policy of modernization of its existing tea estates by way of uprooting and replanting of old bushes with new ones, producing quality tea and adopting cost cutting measures. It is pertinent to mention that majority of the profitability during the current year was eroded by virtue of steep hike in labour wages which was around 28% coupled with loss of production for the reason stated herein above.

During the year Company had entered into a Sale Agreement with M/s. Stanmore Estates Pvt. Ltd., the nominee of M/s. Maxwell Golden Tea Pvt. Ltd. of 10 Damunagar, Coimbatore - 641 045 for the transfer/sale of its Ambari Tea Estate for which necessary permission has already been obtained by the shareholders. However, the sale has not been completed since certain formalities and permissions from Government of West Bengal are still awaited.

Currently Company is acting as a custodian on behalf of the party till the existence of the said agreement or transfer of the said property.

PROSPECTS

Your Company is cautiously optimistic about the tea market in the coming year, particularly in the quality tea segment which continuous to command premium and sells briskly in the market. There is a huge shortfall of quality tea and price gap between the quality and non-quality continues to widen. Uncertainty in weather condition continues to prevail throughout the tea producing countries which has resulted in major global crop shortfall during the initial months of the year. Similarly our crop is also behind upto the month of April, 2012. In all likelihood, it is expected that the market would be buoyant during the year and the reflection of which is already visible in the price realization of tea this year which has increased by ₹ 15/20 per kg. over the last year. However, steep rise in input costs and wages continues to be a cause of concern.

Our domestic market continues to grow @ 3% CAGR. Appreciating Dollar is going to provide fillip to exports growth. Furthermore, recent visit of Pakistan delegation to India, committing to buy more teas from India in the coming years will add fuel to fire. All these factors combined together suggest a buoyant market for tea in coming year.

Your Company continues to take full benefit of all subsidies provided by the Tea Board on various fronts as well as SPTF loans. With adequate measures adopted by the Company to consolidate its existing operations through upgradation of field, plant & machineries, quality enhancement along with cost cutting measures, your Company is confident of improving its performance in the coming years.

DIVIDEND

The Board has recommended a Dividend of ₹ 0.50 per Equity Share (i.e.10%) for the year ended December 31, 2011 and such dividend, on approval, will be paid to those members recorded in the registers of the Company at the close of business on the date of Annual General Meeting, subject, however, to the provision of Section 206A of the Companies Act, 1956.

PERSONNEL

None of the employees of the Company received remuneration exceeding the limit specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' REPORT

We recognise people as our most valuable asset and cordial relations with the employees were maintained at all Company locations during the year. The Board would like to place on record its appreciation for the keen interest taken by employees at all levels to bring about improvements in the difficult circumstances faced by the tea industry.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy and technology absorption, foreign exchange earning and outgo are given by way of Annexure 'A' to this Report.

DIRECTORS

The earlier term of office of Mr. Sandeep Singhania, Managing Director of the Company, will be terminating on 26th August, 2012. On the recommendation of the Remuneration Committee, the Board, at its meeting held on 14th May, 2012 has re-appointed Mr. Sandeep Singhania for a further period of three years effective 27th August, 2012 subject to approval by the General body.

The earlier term of office of Mrs. Sarita Singhania, Wholtime Director of the Company, will be terminating on 4th July, 2012. On the recommendation of the Remuneration Committee, the Board, at its meeting held on 14th May, 2012 has re-appointed Mrs. Saratia Singhania for a further period of three years effective 5th July, 2012 subject to approval by the General body.

Mr. Harish Parekh retires by rotation and being eligible, offers himself for re-appointment.

CORPORATE GOVERNANCE

In compliance with the disclosures required under the said Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is provided in Annexure 'B'.

The Report on Corporate Governance as required under the aforesaid Clause is also provided in Annexure 'C' to this Report, together with the Auditors' compliance certificate thereon.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated, your Directors affirm their commitment to the Directors' Responsibility Statement as below :

The Directors state that in preparation of the Annual Accounts, your Company has followed the applicable accounting standards except gratuity liability being accounted for, as and when paid/payable. The Directors have selected such accounting policies

and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on December 31, 2011 and the profit for the year. The Directors have 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 frauds and other irregularities. The Annual Accounts of your Company has been prepared on a going concern basis.

AUDITORS' REPORT

The remarks raised by Auditors in their report are self-explanatory and therefore do not call for any further comments.

AUDITORS

Messrs Das & Prasad, Chartered Accountants, retire at the end of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

APPRECIATION

Your Directors wish to place on record their appreciation to the Financial Institutions, Bankers and Shareholders for their continued assistance and co-operation as well as confidence reposed in the Company. Your Directors also thank the Executives, Staff and Workers for their sincere and dedicated services.

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : May 14, 2012

For and on behalf of the Board

Sandeep Singhania
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Annexure - 'A'

FORM 'A'

Form for disclosure of particulars with respect to conservation of energy

		Current Year ended 31.12.2011	Previous Year ended 31.12.2010
A) POWER & FUEL CONSUMPTION			
1) Electricity			
a) Purchased			
- Unit (KWH)		4,898,365	4,976,805
- Total Amount (₹)		32,920,258	33,915,099
- Rate per unit (₹/KWH)		6.72	6.81
b) Own Generation			
- Through Diesel Generator Unit (KWH)		271,485	422,596
- Unit per Ltr.of Diesel Oil (KWH)		2.91	2.92
- Fuel Cost/Unit (₹/KWH)		14.47	13.38
2) Coal for Tea Processing in Withering & Drying			
Quantity (M.T.)		2,995	3,239
Total Amount (₹)		18,375,110	15,366,055
Rate/Unit (₹/M.T.)		6,135	4,744
3) Other for Transportation & Material Handling			
a) H.S.D. Oil :			
- Quantity (Ltrs.)		76,764	105,964
- Total Cost (₹)		3,180,914	4,047,895
- Rate/Unit (₹/Ltrs.)		41.44	38.20
b) Petrol :			
- Quantity (Ltrs.)		17,980	21,408
- Total Cost (₹)		1,177,055	1,206,822
- Rate/Unit (₹/Ltrs.)		65.46	56.37
B) CONSUMPTION PER UNIT OF PRODUCTION			
Product - Tea (Gross) (Kg.)		4,099,058	4,401,247
Energy Use : Electricity (including own Generation) for Manufacturing (KWH/Kg.)		0.75	0.77
Other Fuel for Processing of Tea			
Coal (Kg./Kg.)		0.73	0.74

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'B'

Form for Disclosure of Particulars with respect to Absorption, Research and Development

Research and Development (R & D)

- 1) Specific area in which R & D carried out by the Company
- 2) Benefits derived as a result of the above R & D
- 3) Future Plan of Action
- 4) Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R&D Expenditure as a percentage of Total Turn over

The Company subscribes to Tea Research Association which is registered under Section 35(1)(ii) of the Income Tax Act, 1961

Technology Absorption, Adaptation and Innovation

- 1) Efforts, in brief, made towards technology absorption and innovation.
- 2) Benefits derived as a result of the above efforts e.g. Product Improvement, Import substitution etc.
- 3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial Year), following information may be furnished
 - a) Technology Imported
 - b) Year of Import
 - c) Has technology been fully absorbed?
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action

Not applicable

Foreign Exchange Earnings and Outgo

- 1) Activities relating to exports, initiatives taken to increase exports.
- 2) Development of new export markets for products and services and export plan.
- 3) Total Foreign Exchange Earned and Used:

Earned	₹ NIL
Used	₹ 7,21,636/- (Travelling & Others)

Not applicable

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : May 14, 2012

For and on behalf of the Board

Sandeep Singhania
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

Annexure to the Directors' Report

Annexure - 'B'

TEA INDUSTRY

The industry is largely dominated by India (second largest producer and largest consumer) followed by China, Sri Lanka, Kenya and Indonesia. India accounts for 30 percent of world's production; the combined production of Sri Lanka, Kenya and Indonesia was lower than India's.

India : India is the second largest tea producer after China. The country offers a variety of products - original Orthodox, CTC, Green Tea, Darjeeling Tea, Assam Tea and Nilgiri Tea. The total turnover of the tea industry is estimated at around ₹ 10,000 Crore; tea production since independence has grown over 250%, while land area has grown only 40%. The Dooars in North Bengal account for 14% of the country's tea production. The Dooars tea is a strong tea and often used for blending with Assam tea to enhance the latter's mildness.

Production : India's tea output increased by 2.28% i.e. 22 million kgs. from 966.4 million kgs. to 988 million kgs. in 2011 following an increase in Assam output (accounts for 50% of country's tea production) following favourable weather in Assam. Due to adverse weather condition in North Bengal followed by go slow agitation by local Trade Unions, our own production was substantially lower when compared to last year. Our total production from bought leaf was less as well. The average price realization during the current year was at par ₹ 119.35 per kg. against the realization of ₹ 119.03 per kg. previous year.

Realisations : Indian tea prices were subdued with average sale realization being lower than last year.

The average price realization of North Indian tea was lower when compared to the previous year. The prices at the three auction centres are given below to analyse the trend.

(Amount in ₹)

Auction Centres	2011	2010
Kolkata	123.11	123.13
Siliguri	103.77	103.99
Guwahati	108.49	112.71

The price realized by the Company's tea compared to consolidated Auction Average is as under :

(Amount in ₹)

Tea Areas	Company's Tea	Consolidated Average of Siliguri Auction Centre
Dooars	121.66	103.77

MANAGEMENT DISCUSSION AND ANALYSIS

Consumption : India's tea consumption grew 1.8% CAGR in four years. According to Indian Tea Association (ITA), domestic tea consumption is expected to grow at the conventional rate of 3% per annum.

Outlook : Tea prices are expected to be buoyant in 2012 as global tea deficit may increase significantly. India's shortage of tea is estimated at 80-100 million kg. in the new season beginning April 2012. With global crop scenario remaining weak and consumption trend showing steady upward movement, the tea market is expected to be buoyant.

PACKET TEA & VALUE ADDED PRODUCTS

Company has chosen to withdraw gradually from tea trading segment as it is highly competitive and unremunerative and as such the turnover from the said segment has come down to ₹ 314.37 Lacs compared to ₹ 543.32 Lacs of previous year.

RISKS AND CONCERNS

Tea industry is an agricultural industry and its performance is dependent on vagaries of nature.

FINANCIAL REVIEW AND ANALYSIS

The Company's financial position is strong enough which has helped Company to pass through in turbulent times. The development work in garden is always given top priority for improvement in quantity as well as quality. The surplus fund in the Company is deployed in such a way that reasonable returns are derived.

INTERNAL CONTROL

The Company has laid down policies, guidelines and procedures, which form part of its internal control system. The Company's

internal control system are periodically tested and supplemented by an extensive programme of internal audit by independent firm of Chartered Accountants. Audits are finalized and conducted based on internal risk assessment. Significant findings are brought to the notice of the Audit Committee of the Board and corrective measures recommended for implementation.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial relations in all tea estates and units continued to be cordial. Focus on better deployment of labour in garden area, and shop floor management has resulted in improving productivity both quantitative and qualitative.

CAUTIONARY STATEMENT

The statements in the report of the Board of Directors and the Management's discussion and Analysis report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities Laws and Regulations. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

Registered Office :
3B, Lal Bazar Street
Kolkata - 700 001
Date : May 14, 2012

For and on behalf of the Board

Sandeep Singhania
Managing Director



REPORT ON CORPORATE GOVERNANCE

Annexure to the Directors' Report

Annexure - 'C'

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's core business is cultivation and manufacturing of tea. The Company continues to lay importance on continuous upliftment of human and economic assets like plantations. The Company's overall philosophy is to gain excellence in all spheres of operation.

2. BOARD OF DIRECTORS

Composition :

The Company's Board consists of five Directors, of three are

independent Directors, therefore, more than 50% of the Board consists of Non-Executive Independent Directors.

Membership on other Board of Directors / Committee of Directors and Attendance record for the Company :

Six Board meetings were held in 2011 on February 14, 2011, May 14, 2011, August 12, 2011, September 29, 2011, October 13, 2011 and November 14, 2011.

Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM	No. of * outside Directorship held	No. of outside committee Membership held	No. of outside Committee chairmanship held
Mr. Sandeep Singhania	Managing Director	6	Yes	3	–	–
Mrs. Sarita Singhania	Wholetime Director	5	Yes	2	–	–
Mr. Naresh Pachisia	Non-Executive Independent Director	6	No	8	6	–
Mr. Harish Parekh	Non-Executive Independent Director	5	Yes	8	4	4
Mr. N. F. Tankariwala	Non-Executive Independent Director	5	Yes	1	–	–

* Excludes Directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE

3. CODE OF CONDUCT

The Board of Directors have laid down a Code of Conduct for all Board members and all employees in the management grade of the Company. All Board members and senior management personnel have confirmed compliance with the Code.

A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

4. AUDIT COMMITTEE

The Audit Committee comprises Mr. Harish Parekh, Chairman of the Committee, Mr. Naresh Pachisia, Independent Director, Mr. N. F. Tankariwala, Independent Director and Mr. Sandeep Singhania, Managing Director of the Company.

Mr. Manoj Agarwala, CFO and Company Secretary is the Secretary of the Committee.

The functions of the Committee include :

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible
- Reviewing the quarterly, half-yearly and annual financial statements before submission to the Board
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- Reviewing the adequacy of internal audit function
- Discussing with internal and external auditors any significant finding and follow-up on such issues
- Reviewing key accounting matters and developments
- Reviewing the utilisation of funds raised by the Company
- Reviewing the statutory compliance system
- Reviewing the related parties' transactions
- Reviewing other matters as directed by the Board

Four Meetings of Audit Committee were held on February 14, 2011, May 14, 2011, August 12, 2011 and November 14, 2011.

Attendance Record of the Audit Committee Meeting :

Sl. No.	Name of Directors	No. of Meetings Attended
1.	Mr. Harish Parekh	4
2.	Mr. Naresh Pachisia	4
3.	Mr. N. F. Tankariwala	3
4.	Mr. Sandeep Singhania	4

5. REMUNERATION COMMITTEE

The composition of the Committee is as under :

Mr. Harish Parekh - Chairman

Mr. Naresh Pachisia - Member

Mr. N. F. Tankariwala - Member

The functions of the Committee include :

To evaluate, review and recommend to the Board, the remuneration of the Executive Directors so as to bring about the objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

A meeting of the Director's Remuneration Committee was held on August 12, 2011.

Attendance record of the Remuneration Committee meetings :

Sl. No.	Name of Directors	No. of Meeting Attended
1.	Mr. Harish Parekh	1
2.	Mr. Naresh Pachisia	1
3.	Mr. N. F. Tankariwala	1

Remuneration Policy :

Executive Directors

The Remuneration Committee takes into account experience, qualification and prevailing industry practices before giving its recommendation to the Board. On recommendation of the Remuneration Committee, the Board decides remuneration to be paid to Executive Directors, subject to approval of shareholders in terms of provisions of the Companies Act, 1956, read with Schedule XIII thereof. The Committee aims towards rewarding, on the basis of performance and reviews on a periodical basis.

Non-Executive Directors

The Non-Executive Directors are paid sitting fees for attending the meetings of the Board of Directors and committees and also reimbursement of expenses incurred in this regard. In order to reward the Non-Executive Independent Directors for their contribution, they are paid remuneration by way of sitting fee for attending the meetings of Board and Committees.

REPORT ON CORPORATE GOVERNANCE

The details of salary and perks paid to the Managing Director and Wholetime Director and sitting fees paid to the Directors of the Company during the year are given below :

Name of Directors	Sitting Fees (₹)		Salary & Perks (₹)
	Board Meeting	Committee Meeting	
Mr. Sandeep Singhania	–	–	17,41,364
Mrs. Sarita Singhania	–	–	10,68,425
Mr. Naresh Pachisia	26,000	6,000	–
Mr. Harish Parekh	23,000	5,000	–
Mr. N. F. Tankariwala	23,000	5,000	–
Total	72,000	16,000	28,09,789

6. INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Committee comprises of two Non-Executive Directors, the Managing Director and the Wholetime Director, namely :

- Mr. Naresh Pachisia - Chairperson (Non-Executive)
- Mr. N. F. Tankariwala - Member (Non-Executive)
- Mr. Sandeep Singhania - Member (Managing Director)
- Mrs. Sarita Singhania - Member (Wholetime Director)

The functions of the Committee include:

- Approval of share transfers and transmissions
- Taking actions on routine complaints of shareholders
- Disposal of old stationeries of dividend warrants
- Issue of duplicate share certificates
- Any other matter(s) out of and incidental to these functions and such other acts assigned by the Board

The Committee which generally meets once a month, met twelve times during the year.

a. No.of complaints not resolved/no action taken/pending as on 1.1.2011	NIL
b. Complaints received from Investors	2
c. Complaints replied/resolved	2
d. Complaints pending on December 31, 2011	NIL

Name and Designation of Compliance Officer :

Mr. Manoj Agarwala, Chief Financial Officer & Company Secretary.

7. General Body Meetings

a) Details regarding venue, date and time of last three Annual General Meetings of the Company are as follows :-

Financial Year	Date	Time	Location
2010	June 25, 2011	10.30 A.M.	Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata - 700 071
2009	June 25, 2010	10.30 A.M.	- Do -
2008	June 27, 2009	10.30 A.M.	- Do -

REPORT ON CORPORATE GOVERNANCE

b) **Details regarding Special Resolution passed in last three Annual General Meetings :**

No Special Resolution was passed in last three Annual General Meetings.

c) **Details regarding Resolutions passed in 2011 through postal ballot :**

During the year 2011, one Postal Ballot result was announced on 25th November, 2011. On 25th November, 2011 the following resolution was passed through Postal Ballot :

“Ordinary resolution for sale/transfer of whole or substantially whole of the undertaking of one of its tea garden namely Ambari Tea Estate. The details relating to the voting pattern is as follows :

Subject mater of resolution	No. of valid postal ballot form received	Votes in favour of the resolution
Sale/Trasnfer of whole or substantially whole of the undertaking of one of its tea garden namely Ambari Tea Estate	315	95,02,813
Votes against the resolution	% of votes in favour	No. of invalid postal ballot form received
27,727	99.71	3

The Company had appointed Mr. Mohan Ram Goenka, Company Secretaries, in whole time practice as scrutinizer for the purpose of the Postal Ballot exercise.

The Company has followed the procedure as prescribed under Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by Postal Ballot) Rules, 2001 for conducting the Postal Ballot. At the ensuing Annual General Meeting there is no Resolution proposed to be passed by Postal Ballot.

8. OTHER DISCLOSURES

A. **Related Party Transaction :**

Disclosures of materially significant related party transaction :

Details of related party transaction as specified in the Accounting Standards - 18 issued by the Institute of Chartered Accountants of India have been reported in the notes to the Accounts.

The Company has not entered into any transaction of material nature with any of its related parties that may have potential conflict with the interest of the Company.

B. **Accounting treatment in preparation of financial statement :**

The Company followed the guidelines as laid down in Accounting Standards, prescribed by the Institute of Chartered Accountants of India, for the preparation of financial statements.

C. **No penalties/strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws or any matter related to the capital market, during the last three years.**

9. CEO/CFO CERTIFICATION

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have issued necessary certificates pursuant to the provision of Clause 49 of the Listing Agreement and the same is annexed and forms part of the Annual Report.

10. MEANS OF COMMUNICATION

- Quarterly results and half-yearly results are published in newspapers such as The Financial Express, Dainik Statesman (Bengali).
- Company's e-mail address: contactus@dianatea.in
- Management discussion and Analysis Report forms part of the Director's Report.

11. SHAREHOLDERS' INFORMATION

(a) **AGM date, time and venue :**

Saturday, the June 23, 2012 at 10.30 A.M.

Gyan Manch Education Society Hall
11, Pretoria Street, Kolkata - 700 071

(b) **Financial Calendar and publication of results :**

The Financial Year of the Company is from January to December.

REPORT ON CORPORATE GOVERNANCE

Publication of Results will be as follows :

Period	Approval by the Board of Director (tentative)
1st Quarter ending March 31, 2012	2nd week of May 2012
2nd Quarter ending June 30, 2012	2nd week of August, 2012
3rd Quarter ending September 30, 2012	2nd week of November, 2012
4th Quarter ending December, 2012 (if unaudited) (if audited)	2nd week of February, 2013 February, 2013
AGM for the year ending December 31, 2012	June, 2013

(c) **Book closure :**

Tuesday, June 19, 2012 to Saturday, June 23, 2012.

(d) **Listing on Stock Exchanges :**

The Company's securities are listed at

Name of the Stock Exchange	Stock Code
1 Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001	530959
2 The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata - 700 001	14038
3 Delhi Stock Exchange Association Ltd. DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002	8273
4 Ahmedabad Stock Exchange Ltd. Kamdhenu Complex, Panjara Pole, Ambawadi, Ahmedabad - 380 015	14121

The Company has applied for delisting of shares from i) The Calcutta Stock Exchange Ltd., ii) Delhi Stock Exchange Association Ltd. and iii) Ahmedabad Stock Exchange Ltd.

REPORT ON CORPORATE GOVERNANCE

(e) **Stock Price Data :**

(Amount in ₹)

Month	Bombay Stock Exchange Ltd. (BSE)	
	High	Low
January 2011	24.75	20.05
February 2011	21.95	15.65
March 2011	19.80	16.25
April 2011	20.20	16.50
May 2011	18.00	16.10
June 2011	21.90	16.25
July 2011	20.20	17.75
August 2011	18.95	15.50
September 2011	18.50	15.80
October 2011	20.30	16.60
November 2011	19.50	13.10
December 2011	19.40	14.35

(f) **Share Transfer System :**

The Company's shares are in compulsory demat mode. Share transfers are registered within a maximum period of 30 days from the date of receipt, provided the documents are complete in all respects.

(g) **Dematerialisation of shares :**

The shares of the Company are compulsorily traded in dematerialised form under depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

(h) a) Distribution of share holding as on December 31, 2011.

Group of shares	No. of shareholders	%	No. of Shares held	% to total shares
1 to 500	5,777	77.65	9,06,764	6.05
501 to 1000	796	10.70	6,64,096	4.43
1001 to 2000	424	5.70	6,72,483	4.50
2001 to 3000	139	1.87	3,53,546	2.36
3001 to 4000	71	0.96	2,62,940	1.75
4001 to 5000	65	0.87	3,09,353	2.06
5001 to 10000	100	1.34	7,48,953	4.99
10001 & higher	68	0.91	1,10,72,865	73.86
Total	7,440	100.00	1,49,91,000	100.00

REPORT ON CORPORATE GOVERNANCE

b) Share holding pattern as on December 31, 2011.

Category	No. of shareholders	No. of shares held	% of shareholding
Promoters	11	91,94,854	61.34
Private Body Corporates	184	11,93,793	7.96
Individuals	7,164	44,82,261	29.90
NRI	73	80,713	0.54
Clearing Member	8	39,379	0.26
Total	7,440	1,49,91,000	100.00

c) Dematerialisation of shares and liquidity as on December 31, 2011.

Nature of holding	Holders	Shares	Percentage
Physical	796	2,17,315	1.4496
Demat	6,644	1,47,73,685	98.5504
Total	7,440	1,49,91,000	100.00

(i) **Outstanding GDR/Warrants and Convertible Bonds, Conversion dates and likely impact in Equity :**

Not applicable

(j) **Plant Location :**

The Company owns three tea gardens each having its own processing factory at Dooars (North Bengal) in Jalpaiguri District.

- a) Diana Tea Estate
P.O. Banarhat - 735 202
- b) Baintgoorie Tea Estate
P.O. Mal - 735 221
- c) Goodhope Tea Estate
P.O. Dam Dim - 735 209

(k) **Address for correspondence :**

M/s. Maheshwari Datamatics Pvt. Ltd.
(Registrar & Share Transfer Agents)
6, Mangoe Lane, 2nd Floor, Kolkata - 700 001
Phone : (033) 2243-5029/5809, 2248-2248
Fax : (033) 2248-4787
E-mail : mdpl@cal.vsnl.net.in

REPORT ON CORPORATE GOVERNANCE

CEO/CFO Certification

To
The Board of Directors
Diana Tea Company Limited
3/B, Lal Bazar Street
Kolkata - 700 001

We, Sandeep Singhanian, Managing Director and Manoj Agarwala, Chief Financial Officer & Company Secretary of Diana Tea Company Limited to the best of our knowledge and belief, certify that :

1. We have reviewed financial statement and cash flow statement for the year.
2. Based on our knowledge and information, these statements do not contain materially untrue statement or omit any material fact or contain statements that might be misleading.
3. Based on our knowledge and information, the financial statements and other financial information included in the report, present in all material respects, a true and fair view of the company's affairs and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. We are responsible for establishing and maintaining internal controls and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
6. We have disclosed based on our most recent evaluation, wherever applicable to the Company's Auditors and the Audit Committee of the Company's Board of Directors :
 - a) significant changes in internal controls during the year;
 - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal controls system.

For Diana Tea Company Limited

Place : Kolkata
Date : May 14, 2012

Sandeep Singhanian
Managing Director

Manoj Agarwala
Chief Financial Officer &
Company Secretary

REPORT ON CORPORATE GOVERNANCE

Declaration regarding Code of Conduct

TO WHOM IT MAY CONCERN

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors.

I confirm that the Company has in respect of the financial year ended December 31, 2011 received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary, employees in the Executive cadre as on December 31, 2011.

For **Diana Tea Company Limited**

Place: Kolkata
Date : May 14, 2012

Sandeep Singhania
Managing Director

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To
The Members of
Diana Tea Company Limited
3/B, Lal Bazar Street
Kolkata - 700 001

We have examined the compliance of conditions of Corporate Governance by Diana Tea Company Limited (the Company) for the year ended December 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that the Registrars of the Company have certified that as on December 31, 2011, there were no investor grievance remaining unattended/pending.

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.

4, Chowringhee Lane
Kolkata - 700 016
Date : May 14, 2012

For **DAS & PRASAD**
Chartered Accountants
Regn. No.303054E
P. K. Agarwal
Partner
Membership No. 056921

AUDITORS' REPORT

To
The Members of
Diana Tea Company Limited

1. We have audited the attached Balance Sheet of **Diana Tea Company Limited** as at 31st December, 2011 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date both annexed thereto, which we have signed under reference to this report. 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 disclosure 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 of our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the companies (Auditor's Report) Amendment Order, 2004 ('CARO') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "the Companies Act, 1956" of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and on the basis of information and explanations given to us during the course of audit we state that :
 - i)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets of the Company at all its locations were physically verified by the Management at reasonable intervals during the year. As informed, no material discrepancies were noticed on such verification.
 - c) During the year the Company has disposed off one Tea Estate. According to the information and explanations given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.
 - ii)
 - a) As explained to us, the Management has conducted physical verification of inventory at reasonable intervals during the year except stock of tea lying with third party.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
 - iii) In respect of loans granted/obtained by the company to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us :-
 - a) The Company has granted inter-corporate loans to one Company. At the year end the outstanding balance of such loan granted was ₹ 8,00,000/- and maximum amount involved during the year was ₹ 8,00,000/-.
 - b) In our opinion, the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
 - c) The receipt of principal amounts and interest has been regular during the year.
 - d) There was no overdue amount in respect of above inter-corporate loans.
 - e) The Company has taken interest free unsecured loan from holding Company. The amount of loan taken by the Company

AUDITORS' REPORT

during the year was ₹ 1,06,23,000/- at the year end the outstanding balance of such loan taken was ₹ 1,21,08,000/- and maximum amount involved during the year was ₹ 1,21,08,000/-.

- f) In our opinion, terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
- g) In respect of aforesaid loan the Company is regular in repayment of the principal amount as stipulated and is also regular in payment of interest where applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods & services. During the course of audit, no major weakness has been noticed in the internal control in respect of these areas.
- v) a) To the best of our knowledge and belief and according to the information and explanation given to us, we are of the opinion that the particulars of the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time where such market prices are available.
- vi) The Company has not accepted any deposits from the public under Sections 58A and 58AA of the Act and the rules framed thereunder.
- vii) In our opinion, the Company has an internal audit system which need to be further strengthened in order to make it commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (i) of Section 209 of the Act and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) According to the information and explanations given to us and the records of the Company examined by us in respect of Statutory and other dues :-
- a) In our opinion, Undisputed Statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax and any other statutory dues has been regularly deposited with the appropriate authorities during the year except :-
- West Bengal Professional Tax Liability of ₹ 3,27,417/- in respect of interest for which the Company had applied for waiver.
- b) According to the records of the Company, the disputed statutory dues on account of Sales Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty and Cess that have not been deposited on account of matters pending before appropriate authorities are as follows :

AUDITORS' REPORT

Name of the Statute	Nature of Dues	Amount (in ₹)	Period to which the Amount relates	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Sales Tax	80,543/-	2000-2001	Commercial Tax Officer
Central Sales Tax Act, 1956	CST	25,28,836/-	2003-2004	Deputy Commissioner
Central Sales Tax Act, 1956	CST	2,718/-	2004-2005	Deputy Commissioner
Income Tax Act, 1961	Income Tax	7,32,432/- *	2007-2008	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	13,26,792/-	2008-2009	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	1,57,172	2009-2010	Commissioner of Income Tax (Appeal)

*The Company has paid ₹ 8,00,000/- against the same on protest.

- x) The Company does not have any accumulated losses at the financial year ended 31st December, 2011 and it has not incurred cash losses in the current and immediate preceding financial year.
- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to the Financial Institutions.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loan or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the Company is not a chit fund or nidhi/mutual benefit fund/societies. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv) a) According to the information and explanations given to us, Company is not dealing/trading in shares, securities or debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- b) According to the information and explanations given to us, long-term investments have been held by the Company in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the Bank or Financial Institutions during the year.
- xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no fund raised on short term basis have been used for long term investment and no long term fund have been used to finance the short term assets.
- (xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year and hence the question of the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
- (xix) The Company has not raised debentures during the year and hence question of any security in respect of debentures does not arise.

AUDITORS' REPORT

- (xx) The Company has not raised any money through public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company and based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have been informed of such case by the management.

4. Further to our comments 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 purpose of our audit.
- b) 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.
- c) The Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for Accounting Standard 15 (Revised 2005), in respect of non-provision of part of gratuity liability indicated in Note No.B-8(b) of Schedule 12.
- e) On the basis of the written representation received from the Directors as on 31st December, 2011 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st December, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read together with Notes as appearing in schedule 12 to the Accounts particularly (a) Note No.-B-5 for non provision of sundry debtors considered as doubtful of recovery, (b) Note No.B-8 (b) for non provision of gratuity liability, (c) Note No.B-9 for non-provision of diminution in value of investments, (d) Note No.B-13 for non provision of professional tax liability and (e) Note No.B-14 for non provision of loan receivable. Had the effect of above Notes Nos. (a) to (e) been taken in the books the profit as well as carried forward profit would have been reduced by the net of sum of the amounts referred in above notes; give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st December, 2011;
 - ii) in the case of Profit & Loss Account, of the PROFIT for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

4, Chowringhee Lane
Kolkata - 700 016
Date : May 14, 2012

For **DAS & PRASAD**
Chartered Accountants
Regn. No. 303054E
P. K. Agarwal
Partner
Membership No.056921

BALANCE SHEET as at 31st December, 2011

(Amount in ₹)

	Schedule	As at 31st December, 2011		As at 31st December, 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	74,955,000		74,955,000	
Reserves & Surplus	2	700,437,757	775,392,757	674,936,938	749,891,938
Loan Funds					
Secured Loans	3	102,837,975		111,624,615	
Unsecured Loans		12,133,000	114,970,975	1,515,000	113,139,615
Deferred Tax Liability			11,351,000		6,396,794
			901,714,732		869,428,347
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	655,263,002		817,756,739	
Less : Depreciation		113,353,496		133,666,579	
Net Block		541,909,506		684,090,160	
Capital Work-in-Progress		288,302	542,197,808	2,137,351	686,227,511
Investments	5		38,075,293		38,495,528
Current Assets, Loans & Advances					
Inventories		115,359,754		110,674,192	
Sundry Debtors		200,625,651		53,898,760	
Cash & Bank Balances		17,899,791		9,667,981	
Other Current Assets		15,276,126		18,284,939	
Loans & Advances		119,254,261		111,034,782	
		468,415,583		303,560,654	
Less : Current Liabilities & Provisions	7				
- Current Liabilities		121,994,645		130,020,480	
- Provisions		24,979,307		28,834,866	
		146,973,952		158,855,346	
Net Current Assets			321,441,631		144,705,308
			901,714,732		869,428,347
Notes on Accounts & Significant Accounting Policies	12				

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Annexed Report of even date.

For **DAS & PRASAD**
Chartered Accountants
Regn. No. 303054E

For and on behalf of the Board

P. K. Agarwal
Partner
Membership No.056921

Manoj Agarwala
Chief Financial Officer &
Company Secretary

Sandeep Singhania
Managing Director

Sarita Singhania
Wholtime Director

4, Chowringhee Lane, Kolkata - 700 016
Date : May 14, 2012

PROFIT & LOSS ACCOUNT for the year ended 31st December, 2011

(Amount in ₹)

Schedule	For the year ended 31st December, 2011	For the year ended 31st December, 2010
INCOME		
Sales & Services (Net) 8	510,060,850	621,604,806
Other Income 9	33,532,654	4,578,322
Amount Transferred from Capital Reserve [See Note No.B-3]	49,895	49,895
Closing Stock	100,130,149	643,773,548
EXPENDITURE		
Opening Stock	95,678,915	131,326,603
Purchases	29,410,103	52,188,905
Expenses 10	444,415,812	569,504,830
Profit before Depreciation & Interest	74,268,718	111,014,234
Depreciation	10,106,230	9,441,785
Interest & Finance Charges(Net) 11	11,792,131	21,898,361
Profit before Taxation	52,370,357	87,175,909
Provision for Taxation :		
- Current Tax	(7,138,037)	(5,113,032)
- Deferred Tax(Liability) /Assets	(4,954,206)	(9,367,769)
- Agricultural Income Tax	(2,062,677)	-
- MAT Credit Entitlement	238,432	(1,124,168)
Profit after Taxation	38,453,869	71,570,940
Balance Profit brought forward from previous year	13,218,629	4,714,876
Profit available for Appropriation	51,672,498	76,285,816
APPROPRIATIONS		
Transferred to General Reserve	30,000,000	50,000,000
Proposed Dividend	7,495,500	11,243,250
Provision for Tax on Proposed Dividend	1,215,958	1,823,937
Balance carried to Balance Sheet	12,961,040	13,218,629
	51,672,498	76,285,816
Basic & Diluted Earning Per Share	2.57	4.77
Notes on Accounts & Significant Accounting Policies 12		

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Annexed Report of even date.

For **DAS & PRASAD**
Chartered Accountants
Regn. No. 303054E

P. K. Agarwal
Partner
Membership No.056921

4, Chowringhee Lane, Kolkata - 700 016
Date : May 14, 2012

For and on behalf of the Board

Manoj Agarwala
Chief Financial Officer &
Company Secretary

Sandeep Singhania
Managing Director

Sarita Singhania
Wholetime Director

CASH FLOW STATEMENT for the year ended 31st December, 2011

(Amount in ₹)

	For the year ended 31st December, 2011		For the year ended 31st December, 2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra-ordinary items		52,370,357		87,175,909
Add :				
a) Depreciation	10,106,230		9,441,785	
b) Interest & Finance Charges	17,891,652		20,351,343	
c) Loss on Sale of Investment	427,516		-	
d) Loss on Discard of Tea Plantation	1,063,151		950,436	
e) Loss on Sale of Assets (Net)	-	29,488,549	193,315	30,936,879
		81,858,906		118,112,788
Deduct :				
a) Dividend Income	140,537		131,580	
b) Interest Income	6,099,521		5,954,803	
c) Profit on Sale of Assets (Net)	27,185,338		-	
d) Transferred from Capital Reserve	49,895	33,475,291	49,895	6,136,278
Operating Profit before Working Capital Changes		48,383,615		111,976,510
a) (Increase)/Decrease in Inventories		(4,685,562)		40,361,925
		43,698,053		152,338,435
b) Increase/(Decrease) in Trade & Other Payable	(8,765,958)		15,979,931	
c) (Increase)/Decrease in Trade & Other Receivable	(148,050,577)	(156,816,535)	1,434,061	17,413,992
Cash Flow from Operations		(113,118,482)		169,752,427
Deduct :				
a) Tax Paid		6,271,226		8,425,828
Net Cash (Outflow)/Inflow from Operating Activities		(119,389,708)		161,326,599
B. CASH FLOW FROM INVESTING ACTIVITIES				
Inflow				
a) Sale of Fixed Assets	185,524,923		396,346	
b) Capital Subsidy Received	2,182,196		-	
c) Interest Received	10,021,486		3,635,911	
d) Dividend Received	140,537		131,580	
e) Sale of Investment	1,575,725	199,444,867	-	4,163,837
Deduct :				
Outflow				
a) Acquisition of Fixed Assets	31,853,155		32,196,651	
b) Acquisition of Investments	1,583,006		23,256,262	
c) Loans Granted	10,500,000	43,936,161	2,700,000	58,152,913
Net Cash (Outflow)/Inflow from Investing Activities		155,508,706		(53,989,076)

CASH FLOW STATEMENT for the year ended 31st December, 2011

(Amount in ₹)

	For the year ended 31st December, 2011		For the year ended 31st December, 2010	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Inflow				
a) Proceeds from Borrowings	1,831,358	1,831,358	-	-
Deduct :				
Outflow				
a) Repayment of Borrowings	-		76,301,813	
b) Dividend Paid (including tax on dividend)	11,826,895		8,656,734	
c) Interest & Finance Charges Paid	17,891,651	29,718,546	20,351,343	105,309,890
Net Cash Inflow/(Outflow) from Financing Activities		(27,887,188)		(105,309,890)
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)		8,231,810		2,027,633
Cash & Cash Equivalents as at Opening		9,667,981		7,640,348
Cash & Cash Equivalents as at Closing		17,899,791		9,667,981

Note to the Cash Flow statement for the year ended 31st December, 2011 :

1. Previous Year figures have been recast/regrouped wherever considered necessary to make them comparable with current year figures.

For **DAS & PRASAD**
Chartered Accountants
Regn. No. 303054E

P. K. Agarwal
Partner
Membership No.056921

4, Chowringhee Lane, Kolkata - 700 016
Date : May 14, 2012

For and on behalf of the Board

Manoj Agarwala
Chief Financial Officer &
Company Secretary

Sandeep Singhania
Managing Director

Sarita Singhania
Wholtime Director

SCHEDULES forming part of the Balance Sheet

(Amount in ₹)

	As at 31st December, 2011		As at 31st December, 2010	
SCHEDULE 1 SHARE CAPITAL				
Authorised :				
24,000,000 Equity Shares of ₹ 5/- each (Previous Year 24,000,000 Equity Shares of ₹ 5/- each)		120,000,000		120,000,000
Issued, Subscribed & Paid-up :				
14,991,000 Equity Shares of ₹ 5/- each, fully paid (Previous Year 14,991,000 Equity Shares of ₹ 5/- each, fully paid)		74,955,000		74,955,000
Out of the above Shares :				
a) 8,994,600 Equity Shares of ₹ 5/- each have been allotted as fully paid-up Bonus Shares by way of Capitalisation of Share Premium Account.				
b) 924,300 Shares of ₹ 5/- each were allotted as fully paid-up Bonus Shares by way of Capitalisation of General Reserve.				
c) 74,520 Shares of ₹ 5/- each, fully paid were issued as pursuant to Contract without payment being received in cash.				
d) 8,179,340 Shares of ₹ 5/- each fully paid-up are held by Holding Company Diana Capital Ltd.				

SCHEDULE 2 RESERVES & SURPLUS				
Share Premium :				
As per last Account		32,361,300		32,361,300
Capital Reserve (Revaluation) :				
As per last Account	277,860,982		281,445,218	
Less : Assets discarded during the year	4,191,697		3,534,341	
Less : Transferred to Profit & Loss Account	49,895	273,619,390	49,895	277,860,982
Capital Reserve (Share Forfeiture Account) :				
As per last Account		9,500		9,500
General Reserve :				
As per last Account	351,486,527		301,486,527	
Add : Transferred from Profit & Loss Account	30,000,000	381,486,527	50,000,000	351,486,527
Balance in Profit & Loss Account		12,961,040		13,218,629
		700,437,757		674,936,938

SCHEDULES forming part of the Balance Sheet

(Amount in ₹)

	As at 31st December, 2011		As at 31st December, 2010	
SCHEDULE 3 LOAN FUNDS				
Secured Loans :				
1. From United Bank of India :				
a) Cash Credit Account		35,039,715		39,403,360
Secured on consortium basis with Punjab National Bank by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi Finished and Finished Goods, Stores & Spares, Book Debts, Receivable and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company				
b) Secured Term Loan		15,581,777		1,576,832
Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company. Repayable within one year ₹ 2,000,000/- (Previous Year ₹ 5,000,000/-)				
c) Secured Term Loan (Special Tea Term Loan)		22,637,156		42,760,000
Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company. Repayable within one year ₹ 22,637,156/- (Previous Year ₹ 20,122,844/-)				

SCHEDULES forming part of the Balance Sheet

(Amount in ₹)

	As at 31st December, 2011	As at 31st December, 2010
SCHEDULE 3 LOAN FUNDS (Contd.)		
2. From Punjab National Bank :		
a) Cash Credit Account	11,387,955	8,227,130
Secured on consortium basis with United Bank of India by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi Finished and Finished Goods, Stores & Spares, Book Debts, Receivable and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged/to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company		
b) Secured Term Loan	89,042	3,095,428
Secured by equitable mortgage of leasehold Tea Estates shared on pari-passu basis with United Bank of India and personal guarantee of two directors. Repayable within one year ₹ 89,042/- (Previous year ₹ 3,006,386/-)		
3. From Tea Board :		
Secured Term Loan (Special Purpose Tea Fund)	18,102,330	16,561,865
Secured by second charge by equitable mortgage of Leasehold Tea Estate ranking subsequent to the charge of the bank.		
	102,837,975	111,624,615
Unsecured Loans		
1. From Government of West Bengal	25,000	30,000
2. From Holding Company (Not Bearing Interest)	12,108,000	1,485,000
	12,133,000	1,515,000

SCHEDULES forming part of the Balance Sheet

(Amount in ₹)

SCHEDULE 4 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.01.2011	Addition during the Year	Cost of Assets sold/ discarded / Adjusted	Total as at 31.12.2011	Upto 31.12.2010	For the Year	Adjustment/ Written back during the Year	Total upto 31.12.2011	Balance as at 31.12.2011	Balance as at 31.12.2010
Land & Plantations	562,415,457	9,244,331	130,121,791	441,537,997	–	–	–	–	441,537,997	562,415,457
Buildings	74,344,204	1,519,508	15,620,316	60,243,396	24,528,955	1,712,944	5,573,447	20,668,452	39,574,944	49,815,249
Roads & Bridges	5,314,596	–	667,601	4,646,995	1,155,422	85,705	120,264	1,120,863	3,526,132	4,159,174
Plant & Machinery and Electric Installation	110,026,006	5,322,252	29,483,052	85,865,206	72,950,587	4,886,929	16,228,909	61,608,607	24,256,599	37,075,419
Water Installation	39,444,068	11,729,303	14,724,421	36,448,950	19,259,000	1,982,362	4,892,032	16,349,330	20,099,620	20,185,068
Furniture, Fittings & Other Equipments	8,260,727	584,368	767,967	8,077,128	5,671,031	411,200	581,992	5,500,239	2,576,889	2,589,696
Vehicles	17,951,681	4,847,267	4,355,618	18,443,330	10,101,584	1,027,090	3,022,669	8,106,005	10,337,325	7,850,097
Total	817,756,739	33,247,029	195,740,766 **	655,263,002	133,666,579	10,106,230	30,419,313	113,353,496	541,909,506	684,090,160
Previous Year Total	794,633,992	30,247,924	7,125,177	817,756,739	126,275,533	9,441,785	2,050,739	133,666,579	684,090,160	–

** Note : The above amount includes the Amount of fixed assets of Ambari Tea Estate transferred to Stanmore Estates Pvt. Ltd. during the year.

SCHEDULE 5 INVESTMENTS (AT COST)	Face Value	As at 31st December, 2011		As at 31st December, 2010	
	(₹)	Nos.	(₹)	Nos.	(₹)
Non Trade - Long Term Investments					
Quoted : In Fully Paid Equity Shares					
Agritech (I) Limited	10	820	19,018	820	19,018
Alsa Marine & Harvests Limited	10	800	33,692	800	33,692
Ambuja Cements Limited	2	615	–	615	–
Axis Bank Limited	10	200	163,512	–	–
Cerebra Integrated Technologies Limited	10	24,679	1,510,355	40,000	2,448,000
Dhunseri Investments Limited	10	75	–	75	–
Dhunseri Petrochem & Tea Limited	10	150	60,900	150	60,900
DSQ Software Limited	10	1,200	352,961	1,200	352,961
Electrosteel Steels Limited	10	200,000	2,000,000	200,000	2,000,000
Jindal Saw Limited	2	100	12,119	–	–
Jindal Steel & Power Limited	1	300	157,377	300	157,377
JSW Steel Limited	10	826	466,706	150	189,454
Kirloskar Multimedia Limited	10	50,000	500,000	50,000	500,000
Kirtivardhan Finvest Services Limited	1	560	–	560	–
LCC Infotech Limited	2	5,000	–	5,000	–
Larsen & Toubro Limited	2	100	120,629	–	–
Moving Pictures (I) Limited	10	6,958	382,690	6,958	382,690
Mukand Engineers Limited	10	34,690	2,999,030	34,690	2,999,030
Namaste Exports Limited	10	500	–	500	–
Nath Bio-Genes (I) Limited	10	902	20,917	902	20,917
Nath Seeds Limited	10	2,378	55,145	2,378	55,145

Flavonoids in tea might influence bone mass and tea drinking may reduce the risk of osteoporosis, the brittle bone diseases.

SCHEDULES forming part of the Balance Sheet

(Amount in ₹)

SCHEDULE 5 INVESTMENTS (AT COST) (Contd.)	Face Value	As at 31st December, 2011		As at 31st December, 2010	
		Nos.	(₹)	Nos.	(₹)
Noida Toll Bridge Company Limited	10	–	–	2,500	85,456
Ojas Techno Chem Product Limited	10	41,900	664,664	41,900	664,664
Padmini Technologies Limited	10	8,100	1,187,155	8,100	1,187,155
Raj Rayon Limited	10	7,190	317,566	7,190	317,566
RDL Infotech Limited	10	25,000	250,000	25,000	250,000
Reliance Capital Limited	10	49	88,285	49	88,285
Reliance Communication Limited	5	3,090	1,075,811	3,090	1,075,811
Reliance Industries Limited	10	242	169,092	242	169,092
Reliance Infrastructure Limited	10	506	977,323	506	977,323
Reliance Power Limited	10	22	–	22	–
Srei Infrastructure Finance Limited	10	21,780	1,276,701	12,100	1,276,701
Step Two Finance Limited	10	700	7,000	700	7,000
Suvarna Aqua Farm & Exports Ltd.	10	200	2,808	200	2,808
Tata Steel Limited	10	571	95,172	571	95,172
TCM Limited	10	800	27,720	800	27,720
Tecil Chemicals & H.P. Limited	10	200	6,000	200	6,000
Welspan Corporation Ltd.	5	400	29,354	–	–
			15,029,702		15,449,937
Unquoted : In Fully Paid Equity Shares					
Ambition Vyapaar Private Limited	10	2,000	20,000	2,000	20,000
Diana Capital Limited	10	117,370	2,432,627	117,370	2,432,627
Janak Steel Tubes Limited	100	20,300	20,300,000	20,300	20,300,000
Orkay Industries Limited	10	2,800	67,376	2,800	67,376
Rank Aqua Estates Limited	10	1,000	45,116	1,000	45,116
Sonal International Limited	10	5,000	180,472	5,000	180,472
			23,045,591		23,045,591
			38,075,293		38,495,528
Market Value of Quoted Investments			5,076,025		8,801,225

SCHEDULES forming part of the Balance Sheet

(Amount in ₹)

	As at 31st December, 2011		As at 31st December, 2010	
SCHEDULE 6 CURRENT ASSETS, LOANS & ADVANCES				
Current Assets (As taken, valued and certified by the Management)				
Inventories :				
- Stores & Spare Parts	14,811,138		13,995,282	
- Stores-in-Transit	418,467	15,229,605	999,995	14,995,277
- Stock of Tea and Tea Waste		100,130,149		95,678,915
		115,359,754		110,674,192
Sundry Debtors :				
Debts outstanding for a period exceeding six months :				
- Considered Doubtful	108,930		414,544	
- Considered Good	3,031,254		5,094,798	
Other Debts :				
- Considered Good	197,485,467	200,625,651	48,389,418	53,898,760
Cash & Bank Balances :				
- Cash-in-Hand (as certified)	773,742		2,420,544	
- With Scheduled Banks in Current Accounts	14,556,546		5,004,865	
- Deposit Accounts	2,170,484		1,989,484	
(Pledged with Bankers against issue of Bank Guarantees)				
Dividend Accounts	399,019	17,899,791	253,088	9,667,981
Other Current Assets :				
- Interest Receivable	8,891,669		12,813,633	
- Compensation Receivable	1,650,000		2,000,000	
- Deferred Interest	690,262		1,245,793	
- Subsidy Receivable	3,589,790		1,878,995	
- Deferred Reserve Fund	454,405	15,276,126	346,518	18,284,939
Loans & Advances (Unsecured, Considered good)				
- Loans (including ₹ 17,44,778/- considered doubtful)	96,444,778		85,944,778	
- Advances Receivable in cash or in kind or for value to be received	14,195,260		13,938,777	
- Income Tax Advance (Less Provisions)	7,605,690		10,296,745	
- Balance with Central Excise Department	3,051		35,951	
- Security Deposit	467,402		463,202	
- Prepaid Expenses	538,080	119,254,261	355,329	111,034,782
		468,415,583		303,560,654
SCHEDULE 7 CURRENT LIABILITIES & PROVISIONS				
Current Liabilities :				
- Sundry Creditors	91,055,550		94,606,390	
- Advance from Customers	30,537,891		35,156,853	
- Unclaimed Dividend Account	399,019		253,088	
- Share Application Refund Account	544		544	
- Interest accrued but not due	1,641	121,994,645	3,605	130,020,480
Provisions :				
- Proposed Dividend	7,495,500		11,243,250	
- Tax on Proposed Dividend	2,310,320		1,823,937	
- Provision for Bonus	15,173,487	24,979,307	15,767,679	28,834,866
		146,973,952		158,855,346

SCHEDULES forming part of the Profit & Loss Account

(Amount in ₹)

	For the year ended 31st December, 2011		For the year ended 31st December, 2010	
SCHEDULE 8 SALES				
Sales	512,019,592		622,959,279	
Less : Excise Duty & Cess	1,958,742		1,354,473	
Net Sales		510,060,850		621,604,806
		510,060,850		621,604,806

SCHEDULE 9 OTHER INCOME				
Miscellaneous Receipt	63,085		259,896	
Sale of Scrap	381,870		2,483,847	
Claims	60,917		32,454	
Dividend	140,537		131,580	
Replantation Subsidy	3,984,087		1,257,644	
Profit on Sale of Fixed Assets (Net)	27,185,338		–	
Liability written back (Net)	1,716,820		412,901	
		33,532,654		4,578,322

SCHEDULE 10 EXPENSES				
Manufacturing & Cultivation :				
- Stores & Spares Consumed	52,957,444		59,965,771	
- Power & Fuel	55,925,916		56,715,292	
- Purchase of Green Leaf	28,781,566		32,424,634	
- West Bengal Cess Duty	399,953	138,064,879	–	149,105,697
Repairs & Maintenance to :				
- Machinery	5,570,217		5,326,098	
- Building	4,751,171		3,936,724	
- Others	2,577,959	12,899,347	3,019,198	12,282,020
Payment to & Provisions for Employees :				
- Salaries, Wages, Bonus & Gratuity	192,727,739		179,250,089	
- Contribution to Provident Fund & Other Fund (including Administrative Charges)	27,982,971		26,495,636	
- Workers & Staff Welfare	19,367,039	240,077,749	23,321,742	229,067,467
Other Expenses :				
- Office Rent	180,000		144,000	
- Rates & Taxes	933,712		1,017,362	
- Insurance	616,452		488,047	
- Miscellaneous Expenses	25,842,297	27,572,461	16,765,991	18,415,400

SCHEDULES forming part of the Profit & Loss Account

(Amount in ₹)

	For the year ended 31st December, 2011		For the year ended 31st December, 2010	
SCHEDULE 10 EXPENSES (Contd.)				
Auditors' Remuneration :				
- For Statutory Audit	110,000		110,000	
- For Tax Audit	25,000		25,000	
- For Limited Review	24,000		24,000	
- For Cash Flow	10,000		10,000	
- For Service Tax	16,171		18,798	
- For Certificates & Others	23,848		13,500	
- For Expenses	39,217	248,236	46,878	248,176
Tea Selling Expenses :				
- Brokerage & Commission	7,602,670		7,943,778	
- Freight, Warehouse and Other Selling Expenses	9,662,297	17,264,967	8,939,352	16,883,130
Donation		2,543,555		236,555
Loss on Sale/Discard of Fixed Assets (Net)		-		193,315
Loss on Discard of Tea Plantation		1,063,151		950,436
Loss on Sale of Investment		427,516		-
Bad Debts Written Off		4,253,951		-
		444,415,812		427,382,196

SCHEDULE 11 INTEREST & FINANCE CHARGES (NET)				
Interest to Banks for Working Capital finance	8,380,883		9,358,249	
Interest on Term Loans	7,871,061		8,298,582	
Interest to Others	19,797		15,495	
Bank Charges	772,781		1,775,697	
Finance Charges	847,130	17,891,652	903,320	20,351,343
Less : Interest Income (Gross) (TDS ₹ 615,576/-) (Previous Year ₹ 561,613/-)		6,099,521		5,954,803
		11,792,131		14,396,540

SCHEDULES to and forming part of the Balance Sheet and the Profit & Loss Account

SCHEDULE 12 NOTES ON ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the generally accepted accounting principles and acceptable accounting standard notified under Section 211(3C) of the Companies Act, 1956 in India. A summary of significant accounting policies what have been applied consistently is set out below. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 1956.

1) Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention.

2) Revenue Recognition

2.1) The Company follows the Mercantile System of accounting and recognizes income and expenditure on an accrual basis.

2.2) Sales are net of Sales Tax wherever applicable.

3) Fixed Assets

Fixed Assets are stated at cost (or revalue amounts, as the case may be) less accumulated depreciation.

Cost includes purchase price net of MODVAT/CENVAT and any directly attributable cost of bringing the assets to working condition for the intended use.

Expenditure incurred on extension planting and for upkeep of the same up to commercial plucking are capitalised. Subsidies from Government in respect of Fixed Assets are deducted from the cost of respective assets on receipt/settled.

4) Replantation Expenditure

Expenditure on replanting and maintenance of replantation has been carried forward under fixed assets as Plantation.

5) Impairment of Fixed Assets

An impairment loss is recognised where applicable when the carrying value of the fixed assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

6) Depreciation & Amortisation

Depreciation on fixed assets has been provided on Straight Line Method as per provision of Section 205(2)(b) of the Companies Act, 1956, applying the rates as prescribed in the Schedule XIV of the Companies Act, 1956.

No provision has been made in respect of amortisation of Leasehold Land & Plantation.

7) Contingent Liabilities

Contingent Liabilities are generally not provided for, in the accounts and are separately shown in the Notes to the Accounts.

8) Inventories

Stock of Tea is valued at lower of cost computed on annual average basis or net realisable value. Stock of Tea Waste is valued at estimated realisable value.

Stock of stores and spares are valued at cost on weighted average basis or net realisable value.

As per practice followed by the Company the value of green leaf in stock as at the close of the year are not taken into accounts.

Provision is made for obsolete and slow moving stores wherever necessary.

9) Investments

Investments are classified as Long Term Investments and Current Investments (Investments intended to be held for not more than one year). Current Investments are carried at lower cost or fair value and provision is made to recognize any decline in the carrying value. Long Term Investments are carried at cost and provision is made to recognize any decline, other than temporary in the value of such investments. Unquoted investments are carried at cost. Cost includes purchase price plus brokerage and transfer cost.

Compounds in tea other than flavonoids have been shown to support the human immune system.

SCHEDULES to and forming part of the Balance Sheet and the Profit & Loss Account

SCHEDULE 12 NOTES ON ACCOUNTS (Contd.)

10) Excise Duty & Cess on Tea Production

Excise Duty & Cess on tea as applicable on manufactured goods is accounted for at the time of clearance. However, provision for Cess is made at the year end on finished goods lying in stock at factory.

11) Retirement Benefits

- a) Gratuities are paid in accordance with the Payment of Gratuity Act, 1972 and accounted for, as and when paid/payable.
- b) The Company contributes to the Employees Provident Fund maintained under the Employees Provident Fund Scheme run by the Central Government and are charged against revenue each year.
- c) Leave salary is accounted for on accrual basis.

12) Income Tax

Provision is made for Income-Tax on a yearly basis under the tax payable method based on tax liability as computed after taking credit for allowances, expenses and carry forward losses. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted.

Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods. Deferred tax assets are recognized for all deductible timing differences, unabsorbed depreciation and carry forward of losses only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets/liability is reviewed at each balance sheet date and the consequential adjustments are carried out.

13) Provisions

A Provision is recognised when there is a obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made.

14) Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are being capitalised as part of the cost of that assets and other borrowing costs are recognised as an expense of the year in which they are incurred.

15) Grants/Subsidies

Subsidies from government in respect of fixed assets are deducted from the cost of respective assets.

Other subsidies are accounted for on accrual basis when one is reasonably certain of its receipt. Duty drawbacks are recognised as deduction in reporting the related expenditure.

16) Foreign Currency Transactions

- Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transactions.
- The foreign currency assets and liabilities (other than those covered by forward contracts) as on the Balance Sheet date are revalued in the accounts on the basis of exchange rate prevailing at the close of the year and exchange difference arising therefrom, is charged to the Profit & Loss Account.
- In case of transactions covered by forward contracts, the difference between the contract rate and exchange rate prevailing on the date of transaction is charged to the Profit & Loss Account, proportionately over the period of contract.

B) OTHER NOTES

1) Contingent Liability not provided for in respect of :

- 1.1) Bank Guarantees issued to various Government Bodies to the extent of ₹ 8,251,173/- (Previous year ₹ 8,000,730/-).
- 1.2) Claim against the Company not acknowledged as debts amounting to ₹ 25,440,300/- (Previous year ₹ 25,440,300/-).

SCHEDULES to and forming part of the Balance Sheet and the Profit & Loss Account

SCHEDULE 12 NOTES ON ACCOUNTS (Contd.)

- 1.3) West Bengal Sales Tax demand for the Assessment Year 2000-01 of ₹ 80,543/- (Previous year ₹ 80,543/-).
- 1.4) Income Tax demand of ₹ 732,432/-, ₹ 1,326,792/- and ₹ 157,172/- being contested by the Company for the Assessment Year 2007-08, 2008-09 and 2009-10 respectively (Previous year ₹ 779,200/- and ₹ 1,328,258/- for the Assessment Year 2007-08 and 2008-09 respectively).
- 1.5) Central Sales Tax demand for the Assessment Year 2003-04 and 2004-05 of ₹ 2,528,836/- and ₹ 2,718/- respectively (Previous year ₹ 2,528,836/- and ₹ 2,718/- respectively).
- 2) Stock of Tea includes 813,860 Kgs. valuing ₹ 84,462,390/- lying with other Parties (Previous year 814,417 Kgs. valuing ₹ 80,642,607/-).
- 3) Depreciation as calculated includes additional charges of ₹ 49,895 on revalued assets and an amount equivalent to the additional charges has been transferred to Profit & Loss Account from Capital Reserve (Revaluation of Fixed Asset) such transfer according to an authoritative Professional view being acceptable for the purpose of the Companies annual accounts.
- 4) In accordance with the AS-28 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indication (listed in paragraphs 8 to 10 of the standard) with regard to impairment of any assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly, no impairment loss has been provided in the books of accounts.
- 5) No provision has been made for Sundry Debtors amounting to ₹ 108,930/- considered as Doubtful of Recovery (Under Litigation ₹ 108,930/-) (Previous year ₹ 414,544/-).
- 6) Sundry Creditors include outstanding in respect of Machinery and Vehicle amounting to ₹ 7,406,950/-(Previous year ₹ 9,691,870/-) purchased in terms of Hire Purchase Agreements.
- 7) The Company has not received any information from its suppliers regarding registration under “The Micro, Small and Medium Enterprises Development Act, 2006”. Hence, the information required to be given in accordance with Section 22 of the said Act, is not ascertainable. Hence, not disclosed;
- i) However Sundry Creditors includes ₹ 1,23,501/- (Previous year ₹ 2,84,352/-) due to Small Scale Industrial undertakings to the extent such parties have been identified from the available documents/information. An amount of ₹ 6,240/- is due to Vijay Trading Company which is outstanding for more then 30 days.
- ii) No interest was paid by the Company in terms of Section 16 of MSMED Act during the year.
- iii) There was no interest for delay in making payment beyond appointed date.
- iv) There is no interest accrued and remaining unpaid beyond the appointed date.
- v) No interest is remaining due and payable even in succeeding years, until such that when the interest dues as above are actually paid to Micro, Small and Medium Enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the aforesaid Act.
- 8) The disclosures required under Accounting Standard 15 (Revised 2005) “Employee Benefits” notified in the Companies (Accounting Standards) Rules, 2006, are given below :

a) *Defined Contribution Plan – Provident Fund*

Employer’s contribution to Provident Fund	₹ 15,113,865/-
Employees’ contribution to Provident Fund	₹ 15,113,865/-

b) *Defined Benefit Plan – Gratuity*

No provision has been made in respect of present liabilities for future payment of gratuity to the staff and workers, which will be charged to accounts as and when paid. According to actuarial valuation under Revised AS-15, the liability for gratuity obligation to staff and workers as on 31st December, 2011 is ₹ 59,982,875/- (Previous Year ₹ 64,225,223/-) and the net liability is ₹ 39,938,403/- (Previous Year ₹ 57,692,900/-).

SCHEDULES to and forming part of the Balance Sheet and the Profit & Loss Account

SCHEDULE 12 NOTES ON ACCOUNTS (Contd.)

The Company extends defined benefit plan in the form of gratuity to employees contribution to gratuity is made to Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd., SBI Life Insurance Company Ltd. and Birla Sunlife Insurance Company Ltd. in accordance with the scheme framed by the Corporation. The details are as under :

Liability to be recognised in Balance Sheet as on 31.12.2011	(Amount in ₹)
Present value of Obligations	59,982,875.00
Fair Value of Plan Assets	20,044,472.00
Net Asset/(Liability) not recognised in the Balance Sheet	(39,938,403.00)
Change in Plan Assets (Reconciliation of Opening & Closing Balances)	
Fair Value of Plan Assets as on 01.01.2011	6,532,323.00
Expected Return on Plan Assets	5,22,585.00
Actuarial Gain/(Losses)	2,989,564.00
Contributions	10,000,000.00
Benefits Paid	–
Fair Value of Plan Assets as at 31.12.2011	20,044,472.00
Reconciliation of Opening and Closing Balances of Obligation	
Change in defined Benefit Obligation :-	
Obligation as at 01.01.2011	64,225,223.00
Current Service Cost	2,837,150.00
Interest cost	5,298,580.00
Actuarial Losses/(Gain)	(12,378,078.00)
Benefits Paid	–
Obligation as on 31.12.2011	59,982,875.00
Expenditure to be recognised during the year	
Current Service Cost	2,837,150.00
Interest Cost	5,298,580.00
Expected Return on Plan Assets	(5,22,585.00)
Net Actuarial Losses/(Gain) recognised during the year	(15,367,642.00)
Total Expenditure/(Income) required to recognise in the Profit & Loss A/C but not recognised	(7,754,497.00)
Assumptions	
Discount Rate (Per Annum)	8.25%
Expected Rate of Return on Assets (Per Annum)	8.00%
Salary Escalation Rate	5.00%

The discount rate is based upon the market yield available on government bonds at the accounting date within a term that matches that of the liabilities and the salary increase should take account Inflation, Seniority, Promotion and other relevant factors.

- 9) In accordance with Accounting Standard (AS) 13 issued by the Council of the Institute of Chartered Accountants of India, the Long Term Investments held by the Company are valued at cost and ₹ 10,206,076/- (Previous year ₹ 7,245,068/-) being diminution in values thereof has been considered by the management to be temporary and accordingly has not been recognized in this account. These would, however be covered adequately by the Company's year-end Reserves & Surplus.
- 10) Miscellaneous Expenses includes Directors' Board Meeting Fee ₹ 72,000/- & Committee Meeting Fee ₹ 16,000/- (Previous year Board Meeting Fee ₹ 27,000/- and Committee Meeting Fee ₹ 9,000/-).
- 11) Profit on Sale of Fixed Assets includes ₹ 273.77 Lakhs on account of profit on Sale of one of the Tea Gardens namely Ambari Tea Estate.
- 12) The Company has not accounted for interest receivable from M/s. Pretoria Enclave Limited as per one time settlement (OTS) held in the year 2008. According to OTS M/s. Pretoria Enclave Limited will pay ₹ 80.00 Lacs as compensation in three yearly

SCHEDULES to and forming part of the Balance Sheet and the Profit & Loss Account

SCHEDULE 12 NOTES ON ACCOUNTS (Contd.)

instalments and after the completion of instalments of ₹ 80.00 Lacs. The aftermentioned Company will pay its principal amount from the year 2012-13 in three years time. Interest will be charged from April 2012 onwards.

- 13) No Provision has been made in respect of West Bengal Professional Tax liability of ₹ 327,417/- in respect of interest for which the Company had applied for waiver (Previous year ₹ 327,417/-).
- 14) No provision has been made for Loan receivable amounting to ₹ 17,44,778/- (under litigation) as considered doubtful of recovery during the year. Hence, no interest has been provided on the said loan (Previous year ₹ 17,44,778/-).
- 15) During the year Company has received Subsidy of ₹ 8,26,599/- and ₹ 13,55,597/- against Quality Upgradation & Product Diversification Scheme and Tea Plantation Development Scheme respectively. Accordingly the Company has calculated depreciation on net amount with prospective effect according to Accounting Standard - 12.
- 16) Land & Plantation includes ₹ 790 Lacs in respect of Ambari Tea Estate, conveyance for which is not executed. However, during the year Company has entered into a sale agreement with Stanmore Estates Pvt. Ltd. nominee of Maxwell Golden Tea Pvt. Ltd. for the sale of the said Ambari Tea Estate and necessary adjustment has been made in the accounts, and the necessary formalities and necessary permission from Government of West Bengal for transfer is under progress. The Company is acting as a custodian on behalf of the party till the existence of the sale agreement.
- 17) The Company's profits for the period 1st April, 2011 to 31st December, 2011 together with those for the subsequent period to 31st March, 2012 will be assessable (including under Section 115JB of the Income Tax Act, 1961) as one composite income for the Assessment Year 2012-2013 and in the view of this, no provision for the Taxation and Deferred Tax Liability has been made as the tax liability in respect of the said period of nine months cannot be quantified at present. However, provision for Income Tax for the three month from 1st January, 2011 to 31st March, 2011 along with previous nine month from 1st April, 2010 to 31st December, 2010 has been ascertained and duly provided.
- 18) In accordance with the Accounting Standard - 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has reviewed the net deferred tax liability/assets as at 31st March, 2011 and the net deferred tax liability have been computed ₹ 11,351,000/-. Accordingly the deferred tax amounting to ₹ 4,954,206/- for the year has been recognized in the Profit & Loss Account and the Deferred Tax Liability/Assets for the period from 1st April, 2011 to 31st December, 2011 has not been provided in view of the above note number 17.
- 19) In the opinion of the Board of Directors of the Company the Current Assets, Loans, Advances and Deposits are approximately of the value stated in the accounts, if realised, in ordinary course of business unless otherwise stated. The provisions for all known liabilities are adequate and not in excess of the amount reasonably required.
- 20) The Company is engaged in the business of integrated activities of manufacture and sale of tea, predominantly in the domestic market. Hence, there is no reportable segment as per the AS-17 on "Segment Reporting" as issued by the ICAI.

21) **Basic and Diluted Earnings Per Share :**

	2011	2010
a) Profit for the year attributable to Equity Share Holders (In ₹)	38,453,869	71,570,940
b) Number of Equity Shares of ₹ 5/- each outstanding during the year	14,991,000	14,991,000
c) Basic & Diluted Earnings Per Share (₹)	2.57	4.77

22) **Related Party Disclosures :**

(Amount in ₹)

Name of Party	Nature of Relation	Description of Transaction	Transaction during year ended on 31st December		Balance Outstanding as on 31st December	
			2011	2010	2011	2010
Singhania Builders Ltd.	Directors interested as Directors	Rent paid	180,000/-	144,000/-	-	-
		Electricity expenses paid	208,241/-	190,601/-	-	-
		Maintenance charges paid	55,601/-	43,899/-	-	11,675/-

SCHEDULES to and forming part of the Balance Sheet and the Profit & Loss Account

SCHEDULE 12 NOTES ON ACCOUNTS (Contd.)

Name of Party	Nature of Relation	Description of Transaction	Transaction during year ended on 31st December		Balance Outstanding as on 31st December	
			2011	2010	2011	2010
Mr. Sandeep Singhania	Managing Director	Remuneration & Perquisites	1,741,364/-	1,721,162/-	-	-
Mrs. Sarita Singhania	Wholetime Director	Remuneration & Perquisites	1,068,425/-	1,056,400/-	-	-
Diana Capital Ltd.	Holding Company	Loan taken	10,623,000/-	3,710,000/-	12,108,000/-	1,485,000/-
Woodville Properties & Finance Ltd.	Directors interested as Directors	Loan given	-	-	800,000/-	800,000/-
		Interest	72,000/-	65,973/-	54,247/-	-

In addition to above Company's financial assistance of ₹ 725 Lacs from United Bank of India are additionally secured by pledge of company's 957,500 equity shares held by Holding Company, Diana Capital Limited, 274,850 equity shares held by Managing Director Mr. Sandeep Singhania and 374,924 equity shares held by Wholetime Director Mrs. Sarita Singhania. Singhania Builders Ltd., has also given corporate guarantee of ₹ 35 Lacs for the above term loan of ₹ 725 Lacs as additional security to United Bank of India. However, the loan has been repaid in previous year and the company had made the application for release of the equity shares & corporate guarantee.

23) Remuneration to the Managing Director and Wholetime Director (Amount in ₹)

	Year ended 31st December, 2011	Year ended 31st December, 2010
a) Salary & Bonus	2,400,000/-	2,400,000/-
b) Contribution to Provident Fund	288,000/-	288,000/-
c) Perquisites	121,789/-	89,562/-

24) Information pursuant to the Provision of Paragraphs 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956.

	Year ended 31st December, 2011		Year ended 31st December, 2010	
	Quantity (Kgs.)	Amount (₹)	Quantity (Kgs.)	Amount (₹)
1) Tea				
Particulars of capacity, production, stock and sales :				
i) Licensed Capacity		Not applicable		Not Applicable
ii) Installed Capacity (Including Ambari Tea Estate) (as certified by the Management)	5,700,000		5,700,000	
iii) Actual Production (excluding tea issued for sampling, shortage, tea waste destroyed & complimentary 38,334 Kgs.) (Previous year 36,274 Kgs.)	4,060,724		4,364,973	
iv) Opening Stock	966,687	95,678,915/-	1,416,845	131,326,603/-
v) Purchases	291,946	29,410,103/-	546,404	52,188,905/-
vi) Closing Stock	965,981	100,130,149/-	966,687	95,678,915/-
vii) Gross Sales	4,353,376	512,019,592/-	5,361,535	622,959,279/-
2) Particulars of Raw Materials consumed (all indigenous)				
Green Leaf harvested	15,853,057	-	17,156,066	-
Green Leaf purchased (Green leaf harvested from Company's own gardens and utilized in the integrated activity of manufacture and value at the intermediate stage is not ascertainable)	1,783,601	28,781,566/-	1,954,049	32,424,634/-

SCHEDULES to and forming part of the Balance Sheet and the Profit & Loss Account

SCHEDULE 12 NOTES ON ACCOUNTS (Contd.)

	Year ended 31st December, 2011		Year ended 31st December, 2010	
	Amount (₹)	%	Amount (₹)	%
3) Value of Imported/Indigenous Stores and Spare Parts consumed and percentage thereof				
All Indigenous	52,957,444	100	59,965,771	100

(Amount in ₹)

Particulars	31.12.2011	31.12.2010
4) i) Expenditure in Foreign Currency		
Travelling & Others	721,636	204,869
ii) Earnings in foreign exchange (On account of export of Tea)	NIL	NIL

SCHEDULES to and forming part of the Balance Sheet and the Profit & Loss Account

SCHEDULE 12 NOTES ON ACCOUNTS (Contd.)

25) Abstract of the Balance Sheet as at 31.12.2011 and Company's General Business Profiles as per Part IV of Schedule VI (amended) to the Companies Act, 1956.

i) Registration Details

Registration No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/>	State Code	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/>		

ii) Capital raised during the year (Amount in ₹ Thousands)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Right Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

iii) Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="5"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="5"/>
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Sources of Funds

Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="5"/>	Reserve & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="8"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="3"/>
Deferred Tax Liability	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="1"/>		

Application of Funds

Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="8"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="5"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="2"/>	Miscellaneous Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

iv) Performance of the Company (Amount in ₹ Thousands)

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="4"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="4"/>
Profit before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="0"/>	Profit/(Loss) after Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="4"/>
Earning Per Share (₹)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="7"/>	Dividend Rate (%)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/>

v) Generic Name of three Principal Products/Services of the Company (As per Monetary Terms)

Item Code No. (ITC code)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/>
Product Description	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="A"/>

26) Figures for the Previous year have been re-grouped, re-arranged and re-cast wherever necessary.

Signatures to Schedule 1 to 12

For **DAS & PRASAD**
Chartered Accountants
Regn. No. 303054E

P. K. Agarwal
Partner
Membership No.056921

4, Chowringhee Lane, Kolkata - 700 016
Date : May 14, 2012

For and on behalf of the Board

Manoj Agarwala
Chief Financial Officer &
Company Secretary

Sandeep Singhania
Managing Director

Sarita Singhania
Wholtime Director

DIANA TEA COMPANY LIMITED

Registered Office : Sir R. N. M. House, 3B, Lal Bazar Street, Kolkata - 700 001

ATTENDANCE SLIP

L.F./Client ID No.

DP ID No.

No. of Shares held.....

I/We hereby record my/our presence at the 101st Annual General Meeting of the Members of the Company on Saturday, June 23, 2012, at Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata - 700 071 at 10.30 a.m.

Full name of the Shareholder : _____
(in block letters)

Signature of the Shareholder : _____

Full name of Proxy : _____
(in block letters)

Signature of the Proxy : _____

Notes :

1. You are requested to sign and handover this slip at the entrance to the Meeting Venue.
2. If you intend to appoint a proxy to attend the Meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

DIANA TEA COMPANY LIMITED

Registered Office : Sir R. N. M. House, 3B, Lal Bazar Street, Kolkata - 700 001

FORM OF PROXY

L.F./Client ID No.

DP ID No.

No. of Shares held.....

I/We _____ of _____ in the district of _____
_____ being a member/members of DIANA TEA COMPANY LIMITED hereby appoint
_____ of _____ in the district of _____
_____ or failing him/her _____ of _____

in the district of _____ as my/our proxy to vote for me/our behalf at the 101st Annual General Meeting of the Members of the Company to be held on 23rd day of June 2012 and at any adjourment thereof.

Signed this _____ day of _____ 2012.

Please
Affix
Re. 1/-
Revenue
Stamp

Notes :

1. The proxy need not be a member of the Company.
2. The proxy form signed across Re. 1/- Revenue Stamp Should reach Company's Registered Office atleast 48 hours before the time of meeting.

List of products

Bulk Packing Jute bags
(in 26 kgs & 35 kgs)

Tea Chest
(in 26 kgs & 35 kgs)

Poly Pouch Pack
(3 varieties in 25 gms)

Tea Bags
(25 bags & 100 bags pack)

Mini Chestlet
(500 gms)



DIANA TEA COMPANY LIMITED

“SIR R. N. M. HOUSE”

3B, Lal Bazar Street, Kolkata - 700 001

Phone : (033) 2248 8672, 4066 1590/93, Fax : (033) 2248 7571

E-mail : contactus@dianatea.in

