

NOTICE

NOTICE is hereby given that the 96th Annual General Meeting of Diana Tea Company Limited will be held on Saturday, June 23, 2007 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 31st December, 2006 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Neem Chand Mitruka, who retires by rotation and being eligible offers himself for re-appointment.
3. 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 :

4. 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 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 Mr. Sandeep Singhania as Managing Director of the Company for a period of five years with effect from August 27, 2007 upon the terms and conditions including remuneration as set out in the draft agreement, the agreement which is hereby specifically approved and sanctioned with authority to the Remuneration Committee and/or to the Board of Directors of the Company to alter and vary the terms and conditions of the said 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 and Mr. Sandeep Singhania, provided, however, that the remuneration payable to Mr. Sandeep Singhania shall not exceed the limits specified in the Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof.

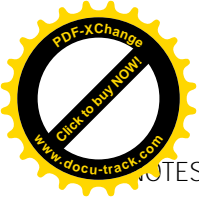
RESOLVED FURTHER that in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. Sandeep Singhania, the remuneration payable to him by way of salary, allowances, commission and perquisites shall not, without the approval of the Central Government (if required), exceeds the limit prescribed under the Companies Act, 1956 or any amendment, modification, verification 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 and 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.”

For and on behalf of the Board

Registered Office
3B, Lal Bazar Street
Kolkata - 700 001.
Date : April 30, 2007

RAJU CHANDAK
Company Secretary cum Executive Finance



NOTES & INFORMATION TO SHAREHOLDERS -

- 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 21st June, 2007 to 23rd June, 2007 (both days inclusive) for the purpose of Annual General Meeting.
- 4) Shareholders seeking any information with regard to accounts are requested to write to the Company before 21st June, 2007 so as to enable the management to keep the information ready.
- 5) Members/ Proxies should bring the attendance slip duly filled in for recording their attendance at the meeting.
- 6) Shareholders are requested to kindly bring their copies of Annual Report at the meeting.
- 7) In terms of the amended provisions of Section 205A read with section 205C of the Companies Act, 1956, the unclaimed dividend for the year ended 31st March, 1999 & interim dividend for the year ended 31st March, 2000 has been transferred to the Investor Education and Protection Fund established by the Central Government. The unclaimed dividend for the subsequent years will be transferred to the Investor Education and Protection Fund as and when the same fall due for transfer.
- 8) Information about the Directors retiring by rotation as required under Clause 49 of the Listing Agreement.
 - i) Mr. Neem Chand Mitruka
Mr. Neem Chand Mitruka joined the Board on 31st March, 2005. His wide experience and knowledge of over 40 years in Tea industry is beneficial to the operations of the Company.

His Directorships in other Companies are -

- 1) Kusum Udyog Limited.
- 2) Kusum Iron & Steel Limited.
- 3) Dalu Holding P Ltd.

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

Item No.4

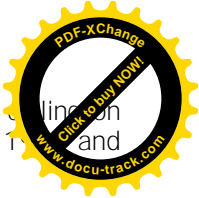
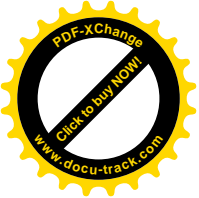
The members of the Company in their Annual General Meeting held on 28th June, 2002 had re-appointed Mr. Sandeep Singhania as Managing Director of the Company for a period of 5 years from 27th August, 2002 to 26th August, 2007.

Mr. Singhania is a commerce graduate and is associated with the Company for more than 15 years and have through experience of tea industry. His sharp intellect, key insight and logical analysis of various issues have provided most valuable inputs in improving the activities of the Company.

Considering the proven ability of Mr. Singhania the Board of Directors in its meeting held on 30th April, 2007 has approved the re-appointment of Mr. Singhania as Managing Director of the Company for a future period of five years with effect from 27th August, 2007 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 in their meeting held on 30th April, 2007.

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 five years with effect from August 27, 2007. During currency of such five 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 : Such amount as Mr. Singhania may agree/accept on the day of his re-appointment and on 1st April of each subsequent year subject to a maximum of Rs. 125,000/- per month.



- b. Commission : Commission as determined by the Board of Directors within the overall managerial remuneration laid down in Sections 198 and 309 of the Companies Act, 1956 based on the net profits of the Company in any particular year.
- c. Perquisites : In addition to the salary and commission payable, Mr. Singhanian 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. Singhanian. However total amount of such perquisites and allowances to be restricted to 50% of the annual salary.

For the purpose of calculating the above ceiling of 50%, the perquisites and allowance shall be valued as per Income Tax Rules, wherever applicable and in absence of such rules they shall be valued at actual cost to the Company.

Provision for use of the Company's car for official duties and telephone at residence (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the above ceiling of 50%.

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

Draft Agreement to be entered into between the Company and Mr. Singhanian which inter-alia, provides for the terms of re-appointment and salary and perquisites payable to him during the tenure of his office will be available for inspection by the members of the Company at the Registered Office of the Company on any working day prior to the date of the meeting between 10.00 a.m. to 1.00 p.m. and will also be available at the meeting.

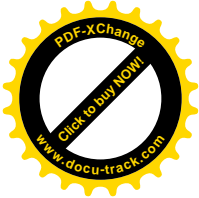
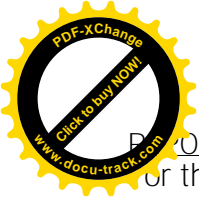
The material terms of re-appointment and remuneration payable to Mr. Singhanian as set out in the accompanying Notice be considered as abstract and Memorandum of interest, pursuant to the provision of Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. Sandeep Singhanian and Mrs. Sarita Singhanian, who is a relative of Mr. Sandeep Singhanian is concerned or interested in the said resolution.

For and on behalf of the Board

Registered Office
3B, Lal Bazar Street
Kolkata - 700 001.
Date : April 30, 2007

RAJU CHANDAK
Company Secretary cum Executive Finance



REPORT OF THE DIRECTORS
for the year ended 31st December, 2006

Dear Shareholders,

Your Directors have pleasure in presenting their 96th Annual Report along with the Audited Accounts for the year ended 31st December 2006

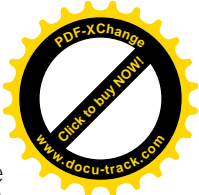
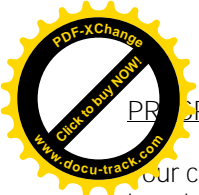
(Figures in Rupees)

FINANCIAL RESULTS 31st December, 2006 31st December, 2005

<i>Profit before Interest, Depreciation, Taxation</i>		
and Extra Ordinary & prior period item.	6,38,24,492	6,32,86,243
<u>Less :</u> Depreciation	87,02,438	90,20,853
Interest & Finance Charges	<u>2,26,96,169</u>	<u>2,20,10,239</u>
Profit before Taxation & Extra Ordinary & prior period item	3,24,25,885	3,22,55,151
 Extra Ordinary item	-	18,40,346
Prior Period item	<u>19,46,788</u>	-
Profit/(Loss) before taxation	3,04,79,097	3,04,14,805
Provision for taxation - Current	(19,200)	-
- Fringe Benefit Tax	(1,25,000)	(1,50,000)
Deferred Tax (Liability)/Assets	<u>(32,44,247)</u>	<u>18,82,166</u>
 Profit after Tax	2,70,90,650	3,21,46,971
 Transferred from Debenture Redemption Reserve	-	1,66,00,000
 Balance brought forward from previous year	16,52,180	21,78,581
	-----	-----
Surplus available for appropriation	2,87,42,830	5,09,25,552
<u>Appropriations :</u>		
Transferred to General Reserve	-	4,50,00,000
Proposed Dividend	-	37,47,750
Provision for tax on proposed dividend	-	5,25,622
Balance carried forward to Balance sheet	2,87,42,830	16,52,180
	-----	-----
	2,87,42,830	5,09,25,552
	=====	=====
 Basic and Diluted Earning per Share	0.72	0.91

REVIEW OF PERFORMANCE

The Gross Turnover of tea of your Company for the year was Rs. 38.63 Crores by selling 52.73 Lac Kgs of Made Tea as compared to 30.10 Crores by selling 46.26 Lac Kgs in previous year. The price realization for the year was Rs.73.26 when compared to Rs.65.07 last year. Our production for the year was 47.86 Lac Kgs of Made Tea when compared to 43.60 Lac Kgs last year. In spite of having unfavourable weather condition in initial part of the year, company has been able to make its normal crop. This had only been possible because of continuous development work undertaken by the company in its field with adequate irrigation facility in the tea estates. Company continues with its policy to focus on quality tea making which enabled us to fetch better price realization. Cost cutting measures had helped us contain our cost inflation significantly. Company continues to expand its production in bought leaf segment, which is a profit making segment. The above mentioned policy has helped in major growth of our operational profit, thus enabling company to post overall better results.



PROSPECTS

Your company is optimistic about the market for the coming year, particularly for the good quality of tea. There has been hardly any carry forward of stock from last year into the current year. Further more, initial unfavourable weather condition prevailing in all the producing areas is likely to be felt in the availability of tea. However, export continues to be an area of concern, where there is no reasonable growth. Better global production mainly contributed by Kenya is likely to put more pressure on exports. But there is a significant shortfall of Orthodox Tea because of bad crop in Sri Lanka. This provides an opportunity to the Indian Tea Industry to accelerate its export by producing more Orthodox Tea. This will also help in avoiding too much rush of CTC teas. Talks with Pakistan regarding MFN status and significant import duty reduction on tea by Egypt Govt. is likely to give export boost to Indian Tea Industry. Domestic consumption growth of tea at the rate of 3.3% CAGR is a very positive sign for the Industry. If the trend continues, there is going to be crop shortage by next year. People have realized health value of tea, as such all multinational companies like Pepsi, Coke etc. are getting into tea marketing in different flavours and value additions. Government has also launched SPTF fund for tea industry which is going to be very helpful. Productivity linked wages has enabled North Bengal tea estates cut its plucking cost to a major extent and shall also be helpful in future.

Your company has started its marketing of Packet Tea last year, which is growing slowly. Our packet tea has penetrated into states like Haryana, Rajasthan and Chattisgarh. Our tea bag division has also shown good response in corporate offices in Kolkata and has found place in Eastern Railways. Our brand visibility "DIANA – PRINCESS OF TEA" is increasing every day.

Our Tea Bag segment has also attracted export orders. Company has exported its tea bags to renowned Food & Beverage marketing company of Australia. Your Company is confident of growing in abovementioned segments in years to come. Company is working out various ways to utilize its unutilised land in its tea estates in most productive and profitable manner, for which every effort is being made.

Your company is confident of better performance and growth for the forthcoming year.

DEVELOPMENT PROGRAMMES

Adequate steps are being taken to enhance production through vertical development measures such as replantation, rejuvenation, pruning and in-filling with better varieties of clone. Irrigation facilities are being further improved. Necessary capital expenditure is made in Plant & Machinery to augment capacity of the factory.

DIVIDEND

With a view to conserve the resources of the Company, the Board does not recommend dividend for the year under review.

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.

We recognise the value of people as our most valuable asset and cordial relations with the employees were maintained at all the Company's 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 improvement in the difficult circumstances of the tea industry.

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

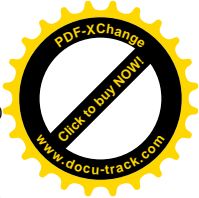
Information pursuant to Section 217(2)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy and technology absorption, foreign exchange earning and outgo are given by way of Annexure 'A' to this Report.

DIRECTORS

Mr. Neem Chand Mitruka 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 the Report, together with the Auditors' compliance certificate thereon.

As a measure of the Company's efforts to strengthen its corporate governance practices, it is already in the process of implementing the additional requirements as laid down in Clause 49 of the Listing Agreement.

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 31st December, 2006 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 information.

AUDITORS

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

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.

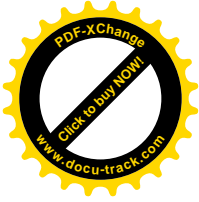
For and on behalf of the Board

Registered office

3-B, Lal Bazar Street
Kolkata – 700 001
Date : April 30, 2007

SANDEEP SINGHANIA
Managing Director

SARITA SINGHANIA
Wholetime Director



ANNEXURE TO THE DIRECTORS REPORT (Contd.)

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 } The Company subscribes to
Tea }
} Research Association
- which is }
3) Future Plan of Action } registered under Section
35(2)(ii) } of the Income Tax Act, 1961
- 4) Expenditure on R & D }
a) Capital }
b) Recurring }
c) Total }
d) Total R&D Expenditure as a percentage of Total Turn over}

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 } Not applicable
- 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 there for }
and future plans of action }

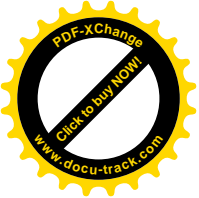
FOREIGN EXCHANGE EARNINGS AND OUTGO

- 1) Activities relating to exports, initiatives taken }
to increase exports. }
- 2) Development of new export markets for } Not applicable
products and services and export plan. }
- 3) Total Foreign Exchange Earned and Used:
Earned Rs. 7,21,469/-
Used Rs. 21,23,565/-

Registered office
3-B, Lal Bazar Street
Kolkata – 700 001
Date : April 30, 2007

For and on behalf of the Board
Sandeep Singhania
Managing Director

Sarita Singhania
Wholetime Director



**ANNEXURE TO THE DIRECTORS' REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OVERVIEW

The all India crop to end December 2006 has been a record production at 955.9 million Kgs. The Company produced 47.86 Lac Kgs tea against 43.60 Lac Kgs last year and sale realisation was Rs.73.26 per Kg. of made tea as against Rs.65.07 last year.

MARKET SCENARIO

The average price realisation of North Indian tea has increased to Rs.71.78 in 2006 compared to Rs.64.35 in the previous year. The prices at the three auction centres are given below to analyse the trend.

<u>Auction Centres</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Kolkata	80.01	70.02	80.34
Siliguri	65.12	58.38	64.13
Guwahati	68.04	60.03	68.78

In spite of higher production and lower exports, the carry over stock to the current year is stated to be low. If this trend continues, the Industry can look forward to the future with optimism.

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

<u>Tea Areas</u>	<u>Company's Tea</u>	<u>Consolidated Auction Average</u>
Dooars	73.26	67.65

PACKET TEA

Company has launched its packet tea business in North India last year, which is picking up slowly. Our packet tea segment has also captured market in the States of Chhattisgarh and Rajasthan.

VENDING MACHINE & DIPPING TEA BAGS

Company has also launched vending machine concept in various corporate offices and is hopeful to expand its business in Kolkata during the current year. Company has also started its tea bag exports to Australia.

RISKS AND CONCERNS

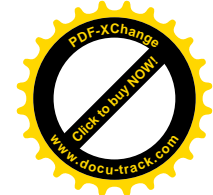
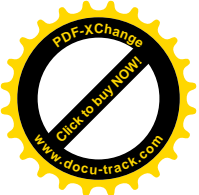
Tea Industry is an agricultural industry and its performance is dependant on vagaries of nature. The price pattern of last four years has taken its toll on the tea industry.

FINANCIAL REVIEW AND ANALYSIS

The Company's financial position is strong enough which is helping it in turbulent time. The development work in garden is always given top priority for improvement in quantity as well as quality. The surplus fund of 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 systems are periodically tested and supplemented by an extensive programme of internal audit by independent firm of Chartered Accountants. Audits are finalised 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.

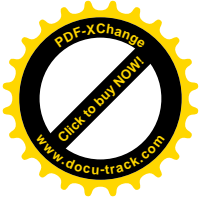
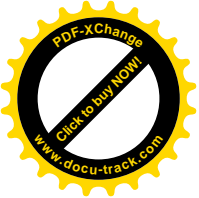
Registered office
3-B, Lal Bazar Street
Kolkata – 700 001
Date : 30.04.2007

For and on behalf of the Board

Sandeep Singhania
Managing Director

Sarita Singhania
Wholetime Director



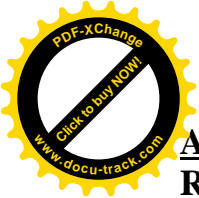
**DIANA TEA COMPANY LIMITED**

ANEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'A'

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Unit	Current Year ended 31.12.2006	Previous Year ended 31.12.2005
POWER & FUEL CONSUMPTION			
1) Electricity			
a) Purchased			
Unit	(KWH)	4,838,765	4,213,713
Total Amount	(Rs.)	24,248,226	22,275,739
Rate/Unit	(Rs./KWH)	5.01	5.29
b) Own Generation			
Through Diesel Generator Unit	(KWH)	419,486	420,564
Unit per Ltr.of Diesel Oil	(KWH)	3.50	2.82
Fuel Cost/ Unit	(Rs./KWH)	9.85	11.06
2) Furnace Oil for Tea Processing in Withering & Drying			
Quantity	(Ltrs.)	77,687	202,450
Total Amount	(Rs.)	1,785,218	3,743,633
Average Rate	(Rs./Ltr.)	22.98	18.49
3) Other for Tea Processing in Withering & Drying			
a) Coal			
Quantity	(M.T.)	3,356	2,954
Total Cost	(Rs.)	9,518,599	8,391,188
Rate/Unit	(Rs./M.T.)	2,836	2,840
b) H.S.D. Oil : For Transportation & Material Handling			
Quantity	(Ltrs.)	82,466	84,023
Total Cost	(Rs.)	2,808,106	2,522,823
Rate/Unit	(Rs./Ltr.)	34.05	30.03
c) Petrol : For Transportation & Material Handling			
Quantity	(Ltrs.)	18,043	15,723
Total Cost	(Rs.)	891,385	680,763
Rate/Unit	(Rs./Ltr.)	49.40	43.30
B) CONSUMPTION PER UNIT OF PRODUCTION			
Product-Tea (Gross)	(Kg.)	4,862,093	4,406,336
Energy Use: Electricity (including own Generation)- for Manufacturing	(KWH/Kg)	0.76	0.78
Other Fuel for Processing of Tea			
Furnace Oil	(Ltr/Kg)	0.02	0.27
Coal	(Kg/Kg)	0.69	0.80
Other			
H.S.D Oil	(Ltr/Kg)	0.02	0.02
Petrol	(Ltr/Kg)	0.00	0.00



ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'C' Report on Corporate Governance

1. **Company's Philosophy on code of Governance**

The Company's core business is cultivation and manufacturing of tea and is amongst top five producers of tea in Dooars region of West Bengal. The Company continues to lay utmost importance on continuous upliftment of human assets and economic assets like plantations. The Company's overall philosophy is excellence in all spheres of its operations.

2. **Board of Directors**

Composition :

Company's Board consists of five Directors, out of which three are independent Directors, thereby more than 50% of the Board consists of Non-Executive Independent Directors.

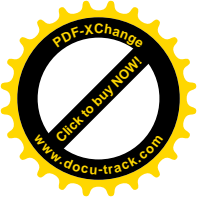
Membership as other Board of Directors / Committee of Directors and Attendance record for the Company :

Six Board meetings were held in 2006 on 25th Feb 2006, 24th April 2006, 18th May 2006, 17th June 2006, 31st July 2006, and 30th October 2006.

Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM	No. of * outside Director-Ship 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	3	-	-
Mr. Naresh Pachisia	Non-Executive Independent Director	6	Yes	5	-	-
Mr. Neem Chand Mitruka	Non-Executive Independent Director	4	Yes	2	-	-
Mr. Harish Parekh	Non-Executive Independent Director	3	No	9	7	2

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

3. **AUDIT COMMITTEE**



The Board constituted the Audit Committee on 31st October, 2005.

The Audit Committee comprises Mr. Harish Parekh, Chairman of the Committee, Mr. Neem Chand Mitruka, Independent Director, Mr. Naresh Pachisia, Independent Director and Mr. Sandeep Singhanian, Managing Director of the Company. The terms of reference of the Committee are in line with the norms specified for Audit Committee under the listing Agreement and Section 292A of the Companies Act, 1956.

Four Meetings of Audit Committee were held on 24th April, 2006, 18th May, 2006, 31st July, 2006 and 30th October, 2006. Attendance Record of the Audit Committee Meeting :

Sl. No.	Name of Directors	No. of Meeting Attended
1)	Mr. Harish Parekh	3
2)	Mr. Naresh Pachisia	4
3)	Mr. Sandeep Singhanian	4
4)	Mr. Neemchand Mitruka	3

4. Remuneration Committee

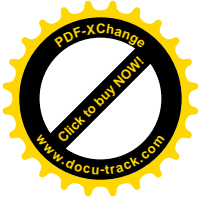
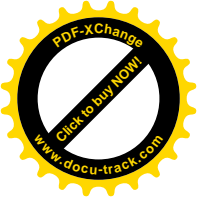
The Board constituted the Remuneration Committee on 31st October, 2005. The composition of the Committee is as under:

Mr. Harish Parekh - Chairman
Mr. Naresh Pachisia - Member
Mr. Neem Chand Mitruka - Member

Terms of reference of this committee include determination of the Company's policy on specific remuneration packages, commission payable to Directors/Managing Director of the Company and sitting fees and other expenses payable to the Directors for attending meeting of the Board, or Committee thereof within the limits approved by the shareholders from time to time.

A meeting of the Director's Remuneration Committee was held on 24th April, 2006.

Attendance Record of the Remuneration Committee Meetings:



Sl. No.	Name of Directors	No. of Meetings Attended
1)	Mr. Harish Parekh	1
2)	Mr. Naresh Pachisia	1

5. Remuneration of Directors

The details of salary and perks paid to the Managing Director and Whole time Director and sitting fee paid to the Directors of the company during the year 2006 are given below:-

Name of Directors	Sitting Fees(Rs.)		Salary & Perks(Rs.)
	Board Meeting	Committee Meeting	
Mr.Sandeep Singhania			11,22,291
Mrs.Sarita Singhania			6,53,300
Mr.Naresh Pachisia	15,000	4,000	
Mr.Neem Chand Mitruka	9,000	3,000	
Mr.Harish Parekh	9,000	3,000	
Total	33,000	10,000	17,75,591

6. Investor Grievance and Share Transfer Committee

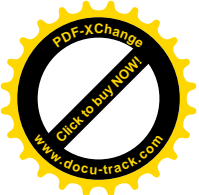
The Board constituted the Investors Grievance and Share Transfer Committee on 31st October, 2005.

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

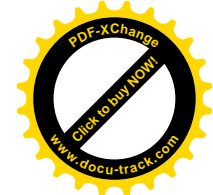
Mr. Naresh Pachisia - Chairperson (Non-Executive)
Mr. Neem Chand Mitruka - Member (Non-Executive)
Mr. Sandeep Singhania - Member (Managing Director)
Mrs.Sarita Singhania – Member (Wholetime Director)

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 31.12.2005	1
b)	No.of complaints received from Stock Exchange/SEBI/Shareholders during the year	16
c)	No.of complaints resolved	17



b)	No.of complaints not resolved/no action taken/pending as on 31.12.2006	Nil
----	--	-----



Name and designation of Compliance Officer :
Mr.Raju Chandak, Company Secretary cum Executive Finance

7. General Body Meetings

Location and time where last three AGMs were held:

<u>Date</u>	<u>Location</u>	<u>Time</u>
17 th June, 2006	Gyan Manch Education Society Hall, 11, Pretoria Street, Kolkata-700071	10-30 A.M.
19 th May, 2005	- Do -	10-30 A.M.
8 th June, 2004	- Do -	10-30 A.M.

8. Other Disclosures:

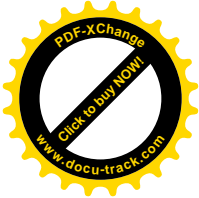
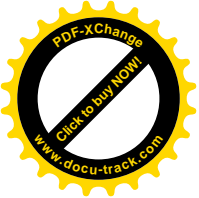
A. Related Party Transaction:

Disclosures of materially significant related party transaction:

Details of related party transaction as specified in Accounting Standard 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. No penalties/strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws or any matter related to capital market, during the last three years.



9. Means of communication:

- (a) Quarterly results and Half-yearly results are published in Newspapers such as The Financial Express, Dainik Statesman (Bengali).
- (b) Company's E-mail address: diana@cal3.vsnl.net in & dianatea@airtelbroadband.in
- (c) Management discussion and Analysis Report forms part of the Director's Report.

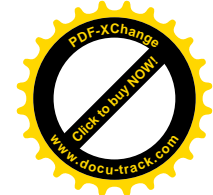
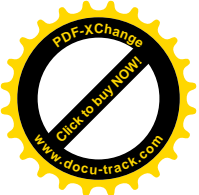
10. Shareholders' Information:

- (a) AGM date, time and venue:
Saturday, the 23 June, 2007 at 10-30 A.M.
Gyan Manch Education Society Hall,
11, Pretoria Street, Kolkata-700071.
- (b) Financial Calendar and publication of Results:
The Financial Year of the Company is January to December.
Publication of Results will be as follows:

<u>Period</u>	<u>Approval by the Board of Director (tentative)</u>
1 st Quarter ending March 31, 2007	last week of April, 2007
2 nd Quarter ending June 30, 2007	last week of July, 2007
3 rd Quarter ending September 30, 2007	last week of October, 2007
Final Audited Results for the year ending December 31, 2007 including 4 th Quarter	March, 2008
AGM for the year ending December 31,2007	May, 2008

- (c) Book closure:
Thursday 21st June 2007 to Saturday, 23rd June 2007
- (d) Listing on Stock Exchanges:
The Company's securities are listed at ;

	Name of the Stock Exchange	Stock Code
1	The Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Tower Dalal Street, Mumbai-400 001	530959
2	The Calcutta Stock Exchange	14038



	Association Ltd. 7, Lyons Range, Kolkata – 700 001	
3	The 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 Association Ltd., ii) The Delhi Stock Exchange Association Ltd. and iii) Ahmedabad Stock Exchange Ltd.

(e) Stock Price Data:

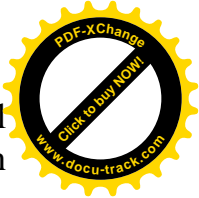
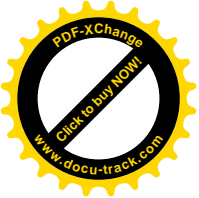
<u>Year 2006</u>	<u>(in Rs.)</u>	
Month	The Bombay Stock Exchange Ltd.(BSE)	
	High	Low
January	17.30	13.50
February	23.51	12.56
March	26.30	15.00
April	19.35	14.30
May	20.08	14.25
June	16.85	11.50
July	13.85	10.75
August	13.24	10.53
September	13.05	10.02
October	12.00	10.01
November	11.70	9.70
December	12.06	7.85

(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).



3,53,84,678 Equity shares representing 94.42% of the paid up capital of the Company were held in demat form with NSDL & CDSL as on 31st December, 2006

(h) a) Distribution of share holding as on 31st December, 2006.

Group of Shares	No.of Share holders	%	No.of Shares held	% to Total Shares
1 to 500	2,365	67.17	4,59,454	1.23
501 to 1000	532	15.11	4,38,506	1.17
1001 to 2000	294	8.35	4,41,308	1.18
2001 to 3000	116	3.29	2,98,764	0.80
3001 to 4000	62	1.76	2,19,673	0.59
4001 to 5000	28	0.80	1,32,412	0.35
5001 to 10000	60	1.70	4,27,405	1.14
10001 & higher	64	1.82	3,50,59,978	93.54
	3,521	100.00	3,74,77,500	100.00

b) Share holding pattern as at 31st December, 2006.

Category	No.of Share holders	No.of Shares held	% of Share holding
Promoters	16	2,59,17,386	69.16
Financial Institutions, Banks, Insurance Co. Foreign Institutional etc.	3	42,52,370	11.35
Private Body Corporates	198	43,66,515	11.65
Individuals	3,247	28,76,022	7.67
NRI/OCB	57	65,207	0.17

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

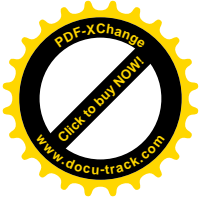
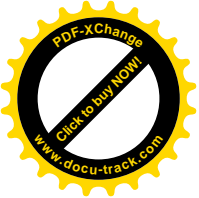
Not Applicable

(j) Plant Location :

The company owns four tea gardens each having its own processing factory in Doars (North Bengal)- in Jalpaiguri District

a) Diana Tea Estate
P.O.Banarhat-735202

b) Baintgoorie Tea Estate



P.O.Mal-735221

- c) Goodhope Tea Estate
P.O.Dam Dim-735209
- d) Ambari Tea Estate
P.O.Ambari Bagan-735201

- (k) Address for correspondence :
(Registrar & Share Transfer Agents)

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

For and on behalf of the Board

Registered office

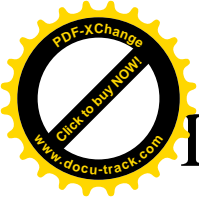
3-B, Lal Bazar Street

Kolkata – 700 001

Date : 30th April, 2007

SD/-

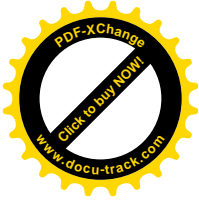
Sandeep Singhania
Managing Director



Das & Prasad

CHARTERED ACCOUNTANTS

9, JAGMOHAN MULLICK LANE,
2ND FLOOR, KOLKATA – 700 007
Off : 2268-2694 / 4318 / 3291 9542
Fax : +91 (33) 2272 4140
e-mail : dpcheck@cal3.vsnl.net.in



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
SIR RNM HOUSE
3/B, Lalbazar 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 31st December 2006, 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 31st December, 2006, 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.

For and on behalf of
DAS & PRASAD
Chartered Accountants

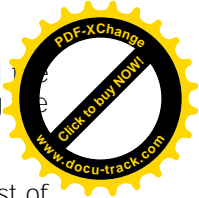
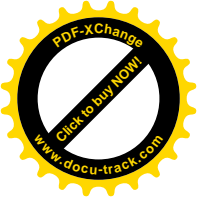
Kolkata
Date : April 30, 2007

SD/-
G. D. AGARWAL
Partner
Membership No.4543



AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of Diana Tea Company Limited as at 31st December, 2006 and the Profit and 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 the reasonable intervals during the year. As informed, no material discrepancies were noticed on such verification.
 - c) In our opinion and according to the information and explanations given to us, the Company has not disposed off any substantial part of fixed assets during the year.
 - 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 procedure 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 Rs. Nil and maximum amount involved during the year was Rs.14,00,000/-
 - (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 have 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. At the year end outstanding balance of such loan taken was Rs.Nil lacs and maximum amount involved during year was Rs.42.00 lacs.
- (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) In respect of controls or arrangements entered in the register maintained in pursuance of section 301 of The Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us :-
- a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register, have been so entered.
- b) According to the information and explanations given to us and in our opinion, there are no transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Sections 301 of the Act and exceeding value of Rupees Five Lacs in respect of any party during the year, which have been made at rates which are not reasonable having regard to the prevailing market rates at the relevant time.
- 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) According to the information and explanations given to us, Company has an internal audit system 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:-

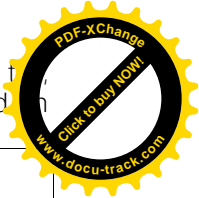
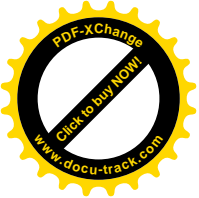
- i) Cess of Rs.11.65 lacs related to 2002-03 which is still due and not disputed by the Company at any forum, the details of which is given here in below,

(Amount in Rs.)

Accounting Year	W.B.Primary Education Cess	W.B.Rural Employment Cess	Total
2002-03	702866	461684	1164550

As per the directive of Hon'ble Supreme Court order dated 29th October, 1999 the above payment has been deferred. Now vide Notification No.869-F.T dated 7th April, 2005 (As per West Bengal Government Finance Act, 2005) the above amount is to be paid in 24 equal monthly installments commencing from April 2005.

- ii) West Bengal Professional Tax of Rs.4,40,571/- including interest out of the same Rs.98,390/-, principal amount has been paid and the company has applied waiver for interest.

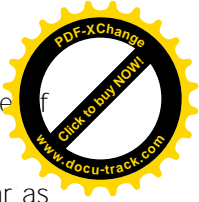


- (b) According to the records of the Company, the disputed statutory dues on account of sales tax, income tax, wealth tax, service tax, excise duty and cess that have not been deposited on account of matters pending before appropriate authorities are as follows:

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the Amount relates	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Sales tax	80,543/-	2000-2001	Assistant Commissioner
Income Tax Act, 1961	Disputed income of Rs 2,83,14,481/- which was set off by the I.T. Dept. with carry forward losses	Nil	2004-2005	Commissioner of Income tax (Appeal)

- x) The Company does not have any accumulated losses at the financial year ended 31st December, 2006 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 (iv) 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.
- (xviii) 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.
- (xix) 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.
- (xx) The Company has not raised debentures during the year and hence question of any security in respect of debentures does not arise.
- (xxi) The Company has not raised any money through public issue during the year.
- (xxii) 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

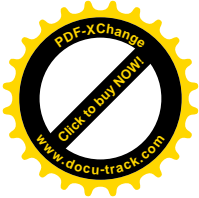
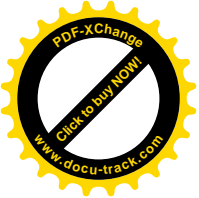


- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance sheet, Profit and 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 and 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, in respect of non-provision of part of gratuity liability indicated in Note No.B-5 of Schedule 13.
- e) On the basis of the written representation received from the Directors as on 31st December, 2006 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st December, 2006 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 13 to the Accounts particularly (a) Note No.-B-3 for non provision of sundry debtors considered as doubtful of recovery, (b) Note No.B-5 for non provision of gratuity liability, (c) Note No.B-6 for non-provision of diminution in value of investments and (d) Note No. B-9 for non-provision for doubtful recovery of interest receivable Had the effect of above Notes Nos. (a) to (d) 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, 2006;
- ii) in the case of Profit and 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.

For DAS & PRASAD
Chartered Accountants

9, Jagmohan Mullick Lane
KOLKATA - 700 007
Date : March 31, 2007

SD/-
G.D.Agarwal
Partner
Membership No.4543



DIANA TEA COMPANY LTD.

Balance Sheet as at 31st December, 2006		As at 31st December, 2006		As at 31st December, 2005	
		Schedule	Rs.	Rs.	Rs.
SOURCES OF FUNDS :					
Shareholders' Funds :					
Share Capital	1	74,955,000		74,955,000	
Reserves & Surplus	2	501,118,298	576,073,298	475,988,941	550,943,941
Loan Funds :					
Secured Loans	3	262,055,483		260,725,928	
Unsecured Loans		90,000	262,145,483	2,105,000	262,830,928
			838,218,781		813,774,869
APPLICATION OF FUNDS :					
Fixed Assets					
Gross Block	4	754,642,926		741,752,924	
Less : Depreciation		99,765,231		91,304,542	
Net Block		654,877,695		650,448,382	
Capital Work-in-Progress		24,854	654,902,549	21,500	650,469,882
Investments					
	5		42,918,415		49,053,346
Current Assets, Loans & Advances					
Inventories	6	81,972,517		85,536,770	
Sundry Debtors		68,471,458		29,753,307	
Cash & Bank Balances		6,327,893		5,768,988	
Other Current Assets		19,844,283		14,464,681	
Loans & Advances		43,272,906		65,110,190	
		219,889,057		200,633,936	
Less : Current Liabilities & Provisions					
Current Liabilities	7	76,884,765		83,591,127	
Provisions		7,656,679		11,085,619	
		84,541,444		94,676,746	
Net Current Assets					
			135,347,613		105,957,190
Deferred Tax Assets					
			5,050,204		8,294,451
			838,218,781		813,774,869
Notes on Accounts & Significant Accounting Policies					
	13				

The Schedules referred to above form an integral part of the Balance Sheet.
As per our Annexed Report of even date.

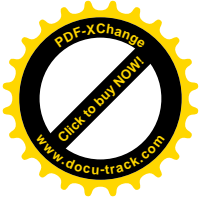
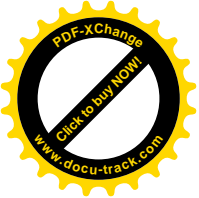
For Das & Prasad
Chartered Accountants

SD/-
G. D. Agarwal
Partner
Membership No. 4543
9, Jagmohan Mullick Lane, Kolkata - 700 007
Date : March 31, 2007

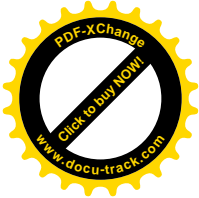
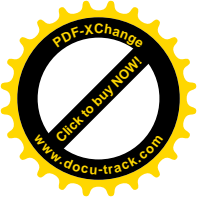
SD/-
R.Chandak
Company Secretary cum
Executive Finance

For and on behalf of the Board
SD/-
Sandeep Singhania
Managing Director
Sarita Singhania
Wholetime Director

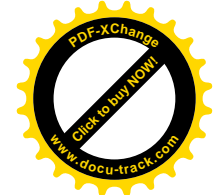
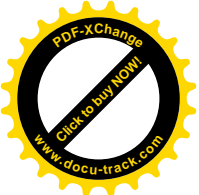




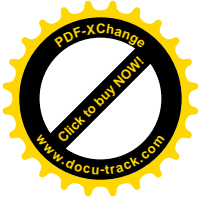
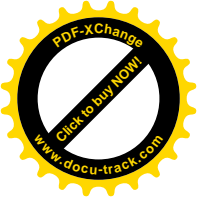
DIANA TEA COMPANY LTD. Schedules forming part of the Balance Sheet	As at 31st December, 2006		As at 31st December, 2005	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : 1 SHARE CAPITAL Authorised : 5,00,00,000 Equity Shares of Rs.2/- each(Previous Year 5,00,00,000 Equity Shares of Rs 2/- each)		<u>100,000,000</u>		<u>100,000,000</u>
Issued, Subscribed & Paid-up : 37477500 Equity Shares of Rs.2/- each,fully paid (Previous Year 37477500 Equity Shares of Rs 2/- each, fully paid)		<u>74,955,000</u>		<u>74,955,000</u>
Out of the above Shares : a) 2,24,86,500 Equity Shares of Rs.2/- each have been allotted as fully paid-up Bonus Shares by way of Capitalisation of Share Premium Account. b) 23,10,750 Shares of Rs.2/- each were allotted as fully paid-up Bonus Shares by way of Capitalisation of General Reserve. c) 1,86,300 Shares of Rs.2/- each, fully paid were issued as pursuant to Contract without payment being received in cash. d) 2,07,65,850 Shares of Rs.2/- each fully paid-up are held by Holding Company Diana Capital Ltd.				
SCHEDULE : 2 RESERVES & SURPLUS Share Premium : As per last Account Less : Capitalisation for issue of Bonus Share	32,361,300 -	32,361,300	77,334,300 44,973,000	32,361,300
Capital Reserve (Revaluation) : As per last Account Less : Assets discarded during the year Less: Transferred to Profit & Loss Account	290,479,434 - 1,961,293	288,518,141	290,545,314 65,880 -	290,479,434
Capital Reserve (Share Forfeiture Account) As per last Account		9,500		9,500
General Reserve : As per last Account Add: Transferred from Profit & Loss Account	151,486,527 -	151,486,527	106,486,527 45,000,000	151,486,527
Debenture Redemption Reserve : As per last Account Less :Transferred to Profit & Loss Account	- -	-	16,600,000 16,600,000	-
Balance in Profit & Loss Account		28,742,830 501,118,298		1,652,180 475,988,941



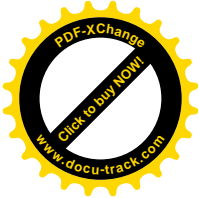
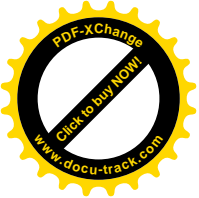
DIANA TEA COMPANY LTD. Schedules forming part of the Balance Sheet	As at 31st December, 2006		As at 31st December, 2005	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : 3				
LOAN FUNDS :				
Secured Loans :				
1. From United Bank of India :				
a) Cash Credit Account Secured on consortium basis with Punjab National Bank 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		64,598,406		13,457,349
b) Foreign Currency Loan Equivalent to US Dollar 800000 within Cash Credit Account mentioned as above.Repayable within one year Rs.Nil/ (Previous Year Rs.3,61,04,000/-)		-		36,104,000
c) Secured Term Loan 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 and corporate guarantee by a group company and also by pledgement of the company's 40,18,187 numbers of Equity shares held by Holding Company and two Directors of the Company. Repayable Within one year Rs.12,819,012(Previous year Rs 12364606)		53,819,153		67,239,606
d) Secured Term Loan (Special Tea Term Loan) 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 Rs.60,66,452/-(Previous Year Rs.57,49,239/-)		65,827,046		33,905,833
e) Foreign Currency Loan Equivalent to US Dollar 800000 within Special Tea Term Loan mentioned as above.		-		36,104,000
2. From Punjab National Bank :				
a) Cash Credit Account 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		50,049,160		47,157,073
b) Secured Term Loan Secured by equitable mortgage of leasehold Tea Estates shared on pari-passu basis with UBI and personal guarantee of two directos (Repayable within one year Rs. 9,50,000) (Previous year Rs.Nil/-)		10,000,000		-
c) Secured Term Loan Secured by first charge on specific irrigation equipments financed and personal guarantee of two directors of the Company. Repayable within one year Rs.Nil /- (Previous year Rs.398019/-)		-		398,019



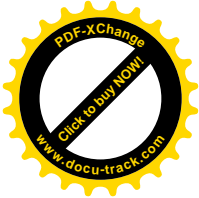
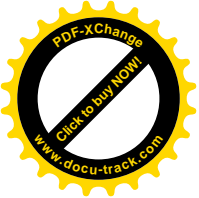
DIANA TEA COMPANY LTD. Schedules forming part of the Balance Sheet	As at 31st December, 2006		As at 31st December, 2005	
	Rs.	Rs.	Rs.	Rs.
d) Secured Term Loan (Special Tea Term Loan) Secured by a first charge on the current assets of the Company and also secured by pari-passu first charge on all immovable 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 Rs.65,11,718/-(Previous Year 56,10,048)		17,761,718		21,860,048
3. From Industrial Investment Bank of India Secured Term Loan Secured by pari-passu first charge created/ to be created 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 second charge on Current Assets of the Company and also personal guarantees of two Directors of the Company. Repayable within one year Rs. Nil/- (Previous Year Rs.45,00,000/-)		-		4,500,000
		262,055,483		260,725,928
Unsecured Loans :				
1. From Government of West Bengal		90,000		105,000
2. From Holding Company (Not Bearing Interest)		-		2,000,000
		90,000		2,105,000



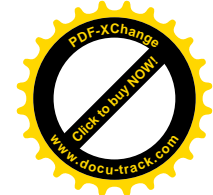
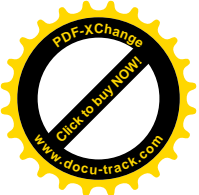
DIANA TEA COMPANY LTD. Schedules forming part of the Balance Sheet	Face value	As at 31st December, 2006		As at 31st December, 2005	
	RS.	Nos.	Rs.	Nos.	Rs.
SCHEDULE : 5					
INVESTMENTS (AT COST)					
Non Trade - Long Term Investments					
Quoted: In Fully Paid Equity Shares					
Aekta Limited	10	-	-	2,800	70,206
Alsa Marine & Harvests Limited	10	800	33,692	800	33,692
Agri-Tech (I) Ltd.	10	620	19,018	-	-
Cubex Tubings Ltd	10	-	-	2,477	159,458
Cerebra Integrated Technologies Limited	10	40,000	2,448,000	40,000	2,448,000
DSQ Software Limited	10	1,200	352,961	1,200	352,961
Essar Oil Limited	10	-	-	5,000	53,935
Gujarat Ambuja Cement Limited	2	685	-	2,385	-
Himachal Futuristic Communication Ltd	10	-	-	4,200	413,070
India Foils Limited	10	-	-	800	19,400
Indo Count Industries Limited	10	-	-	50	500
ITC Limited	1	1,000	169,303	-	-
JSW Steel Limited JVSL Warrants	10	-	-	299	2,990
Jindal Saw Pipe Ltd	10	-	-	2,000	826,389
Kirloskar Multimedia Limited	10	50,000	500,000	50,000	500,000
Kirtivardhan Finvest Services Limited	1	560	-	560	-
LCC Infotech Limited	2	-	-	150,000	1,131,298
Moving Pictures (I) Limited	10	9,958	547,690	9,958	547,690
Mukand Engineers Limited	10	40,690	3,517,730	44,690	3,863,530
MTNL Limited	10	1,000	165,403	-	-
Nath Seeds Limited	10	1,798	55,145	3,100	95,080
Nath Bio-Genes (I) Ltd.	10	682	20,917	-	-
Ojas Techno Chem Product Limited	10	41,900	664,664	41,900	664,664
Oswal Chemical & Fertilizer Limited	10	-	-	9,800	176,914
Padmini Technologies Limited	10	8,100	1,187,155	8,100	1,187,155
Pentasoft Technologies Limited	10	-	-	8,510	2,186,896
RDL Infotech Limited	10	25,000	250,000	25,000	250,000
Reliance Industries Limited	10	90	88,900	90	35,365
Reliance Communication Venture Limited	5	6,090	2,065,855	-	-
Suvarna Aqua Industries Limited	10	200	2,808	200	2,808
SKP Securities Limited	10	500	5,000	500	5,000
Srei Infrastructure Finance Limited	10	100	6,746	62,850	2,876,492
S.E.Asia Marine Engg. & Construction Ltd.	10	-	-	1,000	157,586
South Asia Petrochemicals Limited	10	5,000	88,865	5,000	88,865
Tanfac Industries Limited	10	-	-	1,000	70,189
Tezpore Tea Company Limited	10	300	60,900	300	60,900
Tata Steel Limited	10	459	47,572	459	47,572
TCM Limited	10	800	27,720	800	27,720
Tecil Chemical & H.P. Limited	10	200	6,000	200	6,000
Tyche Peripheral System Limited	10	2,128	21,280	14,593	145,930
			12,353,324		18,508,255
Schedule : 5 Cont...					



DIANA TEA COMPANY LTD. Schedules forming part of the Balance Sheet	Face value	As at 31st December, 2006		As at 31st December, 2005	
	RS.	Nos.	Rs.	Nos.	Rs.
SCHEDULE : 5 Cont...					
Unquoted: In Fully Paid Equity Shares					
Diana Capital Limited	10	29,870	245,127	29,870	245,127
Ambition Vyapaar P. Ltd.	10	2,000	20,000	-	-
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
Step Two Finance Limited	10	700	7,000	700	7,000
			565,091		545,091
			12,918,415		19,053,346
In Fully Paid Units					
Opulent Venture Capital Trust	1000	30,000	30,000,000	30,000	30,000,000
			42,918,415		49,053,346
Market Value of Quoted Investments					
			6,296,065		9,850,237

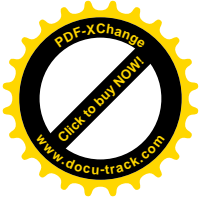
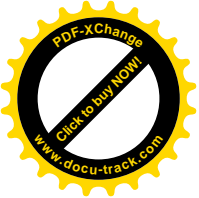


DIANA TEA COMPANY LTD. Schedules forming part of the Balance Sheet	As at 31st December, 2006		As at 31st December, 2005	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : 6				
CURRENT ASSETS, LOANS & ADVANCES				
Current Assets : (As taken, valued and certified by the Management)				
Inventories				
Stores & Spare Parts	21,335,015		16,054,626	
Stores-in-Transit	43,689	21,378,704	118,320	16,172,946
Stock of Tea and Tea Waste		60,593,813		69,363,824
		81,972,517		85,536,770
Sundry Debtors				
Debts outstanding for a period exceeding six months :				
Considered Doubtful	108,930		108,930	
Considered Good	4,817,928		8,675,251	
Other Debts				
Considered Good	63,544,600	68,471,458	20,969,126	29,753,307
Cash & Bank Balances				
Cash-in-hand (as certified)	1,514,162		988,340	
Remittance-in-transit (as certified)	2,350,000		2,478,878	
With Scheduled Banks in Current Accounts	905,434		737,667	
Deposit Accounts (Pledged with Bankers against issue of Bank Guarantees)	1,396,814		1,396,814	
Dividend Accounts	161,483	6,327,893	167,289	5,768,988
Other Current Assets				
Interest Receivable (Includes Rs. 1317383/- considered as doubtful)	13,263,844		9,681,393	
Deferred Interest	1,812,588		-	
Replantation Subsidy Receivable	2,870,596		2,870,596	
Input Tax Receivable	1,897,255		913,229	
Quality Upgradation Subsidy Receivable	-	19,844,283	999,463	14,464,681
Loans & Advances : (Unsecured, Considered good)				
Loans	31,000,000		55,750,000	
Advances Receivable in cash or in kind or for value to be received	6,914,186		5,036,859	
Income Tax Advance (Less Provisions)	4,277,155		3,155,318	
Balance with Central Excise Department	192,595		260,782	
Security Deposit	441,564		417,978	
Prepaid Expenses	447,406	43,272,906	489,253	65,110,190
		219,889,057		200,633,936



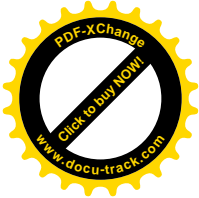
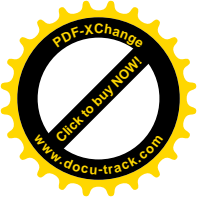
DIANA TEA COMPANY LTD. Schedules forming part of the Balance Sheet	As at 31st December, 2006		As at 31st December, 2005	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : 7				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities :				
Sundry Creditors	62,774,692		57,132,667	
Advance from Customers	13,060,803		24,165,140	
Unclaimed Dividend Account	161,483		167,289	
Share Application Refund Account	544		544	
Interest accrued but not due	887,243	76,884,765	2,125,487	83,591,127
Provisions :				
Proposed Dividend	-		3,747,750	
Tax on Proposed Dividend	-		525,622	
Provision for Bonus	7,656,679	7,656,679	6,812,247	11,085,619
		84,541,444		94,676,746





DIANA TEA COMPANY LTD. Cash Flow Statement for the year ended 31st December, 2006	For the year ended 31st December, 2006		For the year ended 31st December, 2005	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		32,425,885		32,255,151
Add :				
a) Depreciation	8,702,438		9,020,853	
b) Interest & Finance Charges	28,681,462		28,566,622	
c) Loss on Sale of Assets	314,059		-	
d) Loss on Sale of Investments	1,367,598	39,065,557	1,002,179	38,589,654
		71,491,442		70,844,805
Deduct :				
a) Dividend Income	30,749		189,722	
b) Interest Income	5,985,293		6,556,383	
c) Transferred from Capital Reserve	-		65,880	
d) Profit on Sale of Investments	-	6,016,042	38,057,997	44,869,982
Operating Profit before Working Capital Changes		65,475,400		25,974,823
Deduct/(Add) :				
Increase/(Decrease) in Inventories		(3,564,253)		(13,176,056)
		69,039,653		39,150,879
Add/(Less) :				
a) Increase/(Decrease) in Trade & Other Payable	(4,623,685)		(16,429,036)	
b) Increase/(Decrease) in Trade & Other Receivable	(17,556,181)	(22,179,866)	2,660,775	(13,768,261)
Cash Flow from Operations		46,859,787		25,382,618
Deduct :				
a) Tax Paid		1,266,037		317,826
Cash Flow before extra-ordinary items		45,593,750		25,700,444
Deduct : Prior Period Expenses		1,946,788		1,840,346
Net Cash (Outflow)/Inflow from Operating Activities		43,646,962		23,860,098
B. CASH FLOW FROM INVESTING ACTIVITIES				
Out Flow				
a) Acquisition of Fixed Assets	15,720,457		7,775,107	
b) Repayment of Loan	685,445			
c) Acquisition/(Sale) of Investments	21,146,034		46,421,031	
d) Loss on Sale of Investments	-	37,551,936	38,591,724	92,787,862
Deduct :				
In Flow				
a) Sale of Fixed Assets	310,000		118,723	
b) Interest Received	2,402,842		1,269,787	
c) Dividend Received	30,749		5,435,328	
d) Sale of Investments	25,913,366		189,722	
e) Profit on Sale of Investments	-		44,287,259	
f) Loans Repayment Received	-	28,656,957	38,057,997	89,358,816
Net Cash (Outflow)/Inflow from Investing Activities		(8,894,979)		(3,429,046)

Contd.2



DIANA TEA COMPANY LTD. Cash Flow Statement for the year ended 31st December, 2006 (Contd..)	For the year ended 31st December,2006		For the year ended 31st December,2005	
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES				
IN FLOW				
a) Proceeds from Borrowings	-			(5,353,455)
Deduct :				
Out Flow				
Dividend Paid	4,273,372		56,181	
Interest & Finance Charges Paid	29,919,706	34,193,078	28,566,622	28,622,803
Net Cash Inflow/(Out flow) from Financing Activities		(34,193,078)		(33,976,258)
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)		558,905		(13,545,206)
Cash & Cash Equivalents as at Opening		5,768,988		19,314,194
Cash & Cash Equivalents as at Closing		6,327,893		5,768,988

Note to the Cash Flow statement for the year ended 31st December, 2006

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

For Das & Prasad
Chartered Accountants

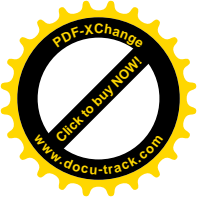
SD/-
G. D. Agarwal
Partner
Membership No. 4543
9, Jagmohan Mullick Lane, Kolkata - 700 007
Date : March 31, 2007

SD/-
R.Chandak
Company Secretary cum
Executive Finance

For and on behalf of the Board

SD/-
Sandeep Singhania
Managing Director

Sarita Singhania
Wholetime Director



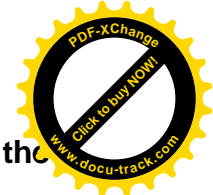
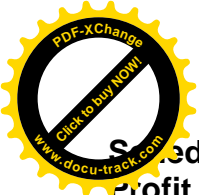
Diana Tea Company Limited

Schedules forming part of the Balance Sheet

SCHEDULE 4

FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	Cost as at 01.01.2006 Rs.	Addition During the Year Rs.	Cost of Assets sold discarded / Adjusted Rs.	Total as at 31.12.2006 Rs.	Upto 31.12.2005 Rs.	For the Year Rs.	Adjustment/ Written back during the Year Rs.	Total upto 31.12.2006 Rs.	Balance as at 31.12.2006 Rs.	Balance as at 31.12.2005 Rs.
Land & Plantations	524,383,052	10,806,294	2,089,353	533,099,993	-	-	-	-	533,099,993	524,383,052
Buildings	68,722,038	21,500	-	68,743,538	16,606,654	1,548,211	-	18,154,865	50,588,673	52,115,384
Roads & Bridges	5,226,596	-	-	5,226,596	724,585	85,194	-	809,779	4,416,817	4,502,011
Plant & Machinery and Electric Installation	96,303,289	2,195,704	-	98,498,993	49,592,626	4,572,928	-	54,165,554	44,333,439	46,710,663
Water Installation	29,325,557	-	-	29,325,557	12,613,669	1,293,394	-	13,907,063	15,418,494	16,711,888
Furniture, Fittings & Other Equipments	6,025,950	357,549	-	6,383,499	3,547,447	410,184	-	3,957,631	2,425,868	2,478,503
Vehicles	11,766,442	2,336,056	737,748	13,364,750	8,219,561	792,527	241,749	8,770,339	4,594,411	3,546,881
T o t a l	741,752,924	15,717,103	2,827,101	754,642,926	91,304,542	8,702,438	241,749	99,765,231	654,877,695	650,448,382
Previous Year Total	737,655,192	7,910,604	3,812,872	741,752,924	82,706,409	9,020,853	422,720	91,304,542	650,448,382	



Schedules to and forming part of the Balance Sheet as at 31st December 2006 and the Profit & Loss Account for the year ended on that date.

SCHEDULE 13

NOTES ON ACCOUNTS

) **Significant Accounting Policies**

The financial statements have been prepared in accordance with the generally accepted accounting principles and acceptable accounting standard in India. A summary of significant accounting policies which 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.

0) **Accounting Convention**

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

0) **Revenue Recognition**

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

1.0) Sales are net of Sales Tax wherever applicable.

0) **Fixed Assets**

Fixed assets are stated at cost (or revalued 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.

0) **Replantation Expenditure**

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

0) **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.

0) **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.

0) **Contingent Liabilities**

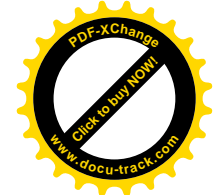
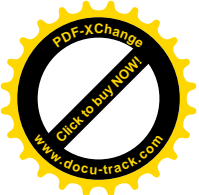
Contingent Liabilities are generally not provided for, in the accounts and are separately shown in the Notes to the Accounts.

0) **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.

0) **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.

0) **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.

0) **Retirement Benefits**

-) Gratuities are paid in accordance with the Payment of Gratuity Act, 1972 and accounted for, as and when paid/payable.
-) 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.
-) Leave salary is accounted for on accrual basis.

0) **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.

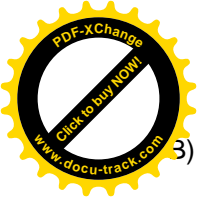
Deferred tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods. Deferred tax assets are recognized for all deductible timing 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.

0) **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.

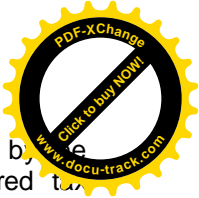
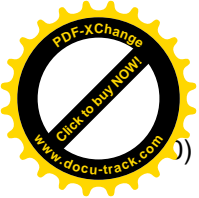
0) **Foreign Currency Transactions**

- 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.



3) OTHER NOTES :

- 0) Contingent Liability not provided for in respect of :-
- 0.0) Bank Guarantees issued to various Government Bodies to the extent of Rs.66,22,029/- (Previous year Rs.66,22,029/-).
- 0.0) Claim against the Company not acknowledged as debts amounting to Rs.2,54,40,300/- (Previous year Rs.2,54,40,300/-).
- 0.0) West Bengal Sales Tax demand for the Assessment Year 2000-01 of Rs.80,543/-
- 0.0) Income tax demand on income of Rs. 2,83,14,481/- being contested by the company for the Assessment year 2004-05. However this has been setoff against carry forward losses by the Income Tax Department.
- 0) Stock of Tea includes 6,94,347 Kgs. valuing Rs.4,39,93,826/- lying with other Parties (Previous year 9,15,230 Kgs. valuing Rs.5,78,69,993/-).
- 0) No provision has been made for Sundry Debtors amounting to Rs.1,08,930/- considered as Doubtful of Recovery (Under Litigation) (Previous year Rs.1,08,930/-).
- 0) Sundry Creditors include outstanding in respect of Machinery and vehicle amounting to Rs.111,21,471/- (Previous year Rs.91,85,937/-) purchased in terms of Hire Purchase Agreements.
- 0) 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 the liability for gratuity payable to Staff and Workers as on 31st December, 2006 is Rs.3,82,70,407/- (Previous year Rs.3,65,32,565/-).
- 0) 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 Rs.60,57,259/- (Previous year Rs.1,15,00,030/-) 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.
- 0) Miscellaneous Expenses includes Directors Board Meeting Fee & Committee Fee Rs.43,000/- (Previous year Rs.23,500/-).
- 0) Interest to Banks for Working Capital Finance & Term Loan includes Rs.185407/- (Previous year Rs.14,60,151/-) being the proportionate amount of foreign exchange fluctuation for repayment of foreign currency loan from bank, covered by forward contract.
- 0) No provision has been made for interest receivable amounting to Rs. 13,17,383/- as considered doubtful of recovery during the year.
- 0) Sundry Creditors includes Rs.2,07,203/- (Previous Year Rs.2,46,026/-) due to Small Scale Industrial undertakings to the extent such parties have been identified from the available documents/information. An amount of Rs.60976/- is due to party namely M/s.Hanu Polymers Private Limited., Rs.1,15,006/- is due to M/s.Avani Poly Pvt. Ltd., are outstanding for more than 30 days.
- 0) Land & Plantation includes Rs.790 lacs in respect of Ambari Tea Estate, conveyance for which is not executed.
- 0) The Provision for taxation has been computed on the basis of the profits for the year ended 31st December, 2006 which extends over two Assessment Years, Assessment Year 2006-07 and Assessment Year 2007-08 and in view of the carried forward losses and on the basis of computation, provision for taxation is not required. Although the ultimate tax liability for the Assessment Year 2007-08 will be determined on the basis of profits for the period from 1st April, 2006 to 31st March, 2007.



In accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India, the Company has reviewed the net deferred tax liability/assets as at 31st December, 2006 and the net deferred tax assets have been computed Rs.50,50,204/-. Accordingly the deferred tax amounting to Rs.32,44,247/- for the year has been recognized in the Profit and Loss Account.

0) 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 provision for all known liabilities are adequate and not in excess of the amount reasonably required.

0) Basic and Diluted Earnings/(Loss) per share :	<u>2006</u>	<u>2005</u>
) Profit for the year attributable to Equity Share Holders (In Rs.)	2,70,90,650	3,39,87,317
) Number of Equity Shares of Rs.2/- each outstanding during the year (Adjusted)	3,74,77,500	3,74,77,500
c) Adjusted Basic & Diluted Earnings per share (Rs.)	0.72	0.91

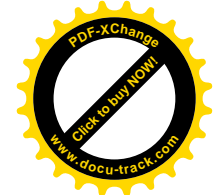
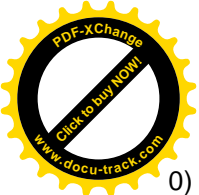
0) Related Party Disclosures :

Name of Party	Nature of Relation	Description of Transaction	Transaction during year ended on 31 st December,		Balance Outstanding as on 31 st December,	
			2006 Rs.	2005 Rs.	2006 Rs.	2005 Rs.
Singhania Builders Ltd.	Directors interested as Directors	Rent Payment	1,08,000	1,08,000	-	-
		Electricity	1,17,152	1,39,851	13,406	5888
Mr. Sandeep Singhania	Managing Director	Remuneration & perquisites	11,22,291	3,62,363	-	-
Mrs. Sarita Singhania	Wholetime Director	Remuneration & perquisites	6,53,300	2,90,752	-	-
Diana Capital Ltd.	Holding Company	Loan taken	42,00,000	53,50,000	-	20,00,000
Woodville Properties & Finance Ltd.	Directors Interested as Directors	Loan given	14,00,000	52,75,000	-	-
		Interest	1,60,551	2,10,637	69,808	192,668

In addition to above Company's financial assistance of Rs.725 Lacs from United Bank of India are additionally secured by pledgement of company's 23,93,750 equity shares held by Holding Co., Diana Capital Limited, 6,87,125 equity shares held by Managing Director Mr.Sandeep Singhania and 9,37,312 equity shares held by Whole time Director Mrs.Sarita Singhania. Singhania Builders Ltd., has also given corporate guarantee of Rs.35 Lacs for the above term loan of Rs.725 Lacs as additional security to United Bank of India.

0) Remuneration to the Managing Director and Whole-time Director.

	Year ended 31 st December, 2006 Rs.	Year ended 31 st December, 2005 Rs.
a) Salary & Bonus	15,37,904	5,40,000
b) Contribution to Provident Fund	1,84,548	64,800
c) Perquisites	53,139	48,315



0) During the year Company has purchased & sold following Investments.

<u>Sl. No.</u>	<u>Name of Shares</u>	<u>No. of Shares</u>	<u>Purchase Amount</u> (Rs.)	<u>Sold Amount</u> (Rs.)
1)	Associated Cement Company	1000	9,84,117	9,89,500
2)	JSW Steel Ltd.	499	1,07,165	1,41,751
3)	Maharashtra Seamless Ltd.	7000	23,77,288	24,81,032
4)	Srei Infrastructure Finance Ltd.	9000	4,91,756	4,88,335
5)	Reliance Industries Ltd.	6910	69,21,567	69,62,230
6)	Reliance Capital Ltd.	1000	2,68,785	2,71,860
7)	Reliance Comm. Venture Ltd.	26500	73,90,815	76,99,628

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

1) **Tea**

Particulars of capacity, production, stock and sales

	<u>Year ended</u> <u>31st December, 2006</u>		<u>Year ended</u> <u>31st December, 2005</u>	
i) Licenced Capacity	Not applicable		Not Applicable	
ii) Installed Capacity (as certified by the Management)	55,00,000 Kgs.		55,00,000 Kgs	
iii) Actual Production (excluding tea issued for sampling, shortage, tea waste destroyed & complimentary 75,647 Kgs., Previous year 45,466 Kgs.)	47,86,446 Kgs.		43,60,870 Kgs.	
	<u>Quantity</u> <u>Kgs.</u>	<u>Amount</u> <u>Rs.</u>	<u>Quantity</u> <u>Kgs.</u>	<u>Amount</u> <u>Rs.</u>
iv) Opening Stock (including tea waste destroyed 15040 Kgs.)	10,96,252	6,93,63,824	13,59,970	84,073,345
v) Purchase of tea	3,55,277	2,47,75,963	1,000	68,000
vi) Closing Stock	9,49,656	6,05,93,813	10,96,252	693,63,824
vii) Gross Sales	52,73,279	38,60,02,558	46,25,588	30,09,91,778

2) **Coffee**

i) Purchase	1264	1,67,380	17	2652
i) Sales	1264	1,84,402	17	2463

Milk

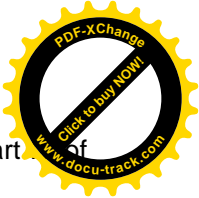
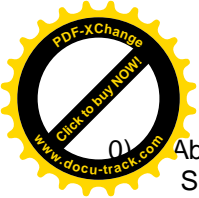
i) Purchase	1542	1,51,047	29	2552
ii) Sales	1542	1,41,509	29	2565

3) Particulars of Raw Materials consumed (all indigenous)

	<u>Kgs.</u>	<u>Rs.</u>	<u>Kgs.</u>	<u>Rs.</u>
Green leaf harvested	1,69,13,183	-	1,57,00,572	-
Green leaf purchased	44,33,629	4,14,27,255	32,32,382	2,65,99,119
(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)				

5) Value of Imported/Indigenous Stores and Spare Parts consumed and percentage thereof.

	<u>Rs.</u>	<u>%</u>	<u>Rs.</u>	<u>%</u>
All Indigenous	2,62,18,289	100	2,60,26,241	100
6) i) Expenditure in Foreign currency (On account of payment of Interest on Foreign Currency Loan from Bank)	21,23,565		63,89,242	
ii) Earnings in foreign exchange (On account of export of Tea)	7,21,469		Nil	



Abstract of the Balance Sheet as at 31.12.2006 and Company's General Business Profiles as per Part Schedule VI (amended) to the Companies Act, 1956.

H) Registration Details

Registration No.

2 2 7 5

Balance Sheet Date

31	12	2006
Date	Month	Year

State Code

2 1

I) Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Bonus Issue

N I L

Right Issue

N I L

Private Placement

N I L

I) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

8 3 8 2 1 8

Total Assets

8 3 8 2 1 8

Sources of Funds

Paid-up Capital

7 4 9 5 5

Secured Loans

2 6 2 0 5 5

Reserve & Surplus

5 0 1 1 1 8

Unsecured Loans

9 0

Application of Funds :

Net Fixed Assets

6 5 4 9 0 2

Net Current Assets

1 3 5 3 4 8

Deferred Tax Assets

5 0 5 0

Investments

4 2 9 1 8

Misc. Expenditure

N I L

Accumulated Losses

N I L

I) Performance of the Company (Amount in Rs. Thousands)

Turnover

4 4 8 7 6 2

Profit Before Tax

3 0 4 7 9

Earning per share in Rs.

0 . 7 2

Total Expenditure

4 1 8 2 8 3

Profit After Tax

2 7 0 9 1

Dividend Rate %

IV) Generic Names of Three Principal Products/Services of the Company (As per Monetary Terms)

Item Code No. (ITC CODE)

0 9 0 2

Product Description

T E A

0) Figures for the Previous year have been regrouped, rearranged and recasted wherever necessary.

Signatures to Schedule 1 to 13

For DAS & PRASAD
Chartered Accountants
SD/-
G. D. AGARWAL

For and on behalf of the Board

Partner
Membership No.4543
9, Jagmohan Mullick Lane

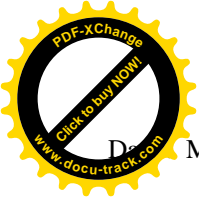
sd/-
Raju Chandak

sd/-
Sandeep Singhani
Managing Director

sd/-
Sarita Singhania
Wholtime Director

KOLKATA - 700 007

C-/Sec cum Executive Finance



March 31, 2007.

