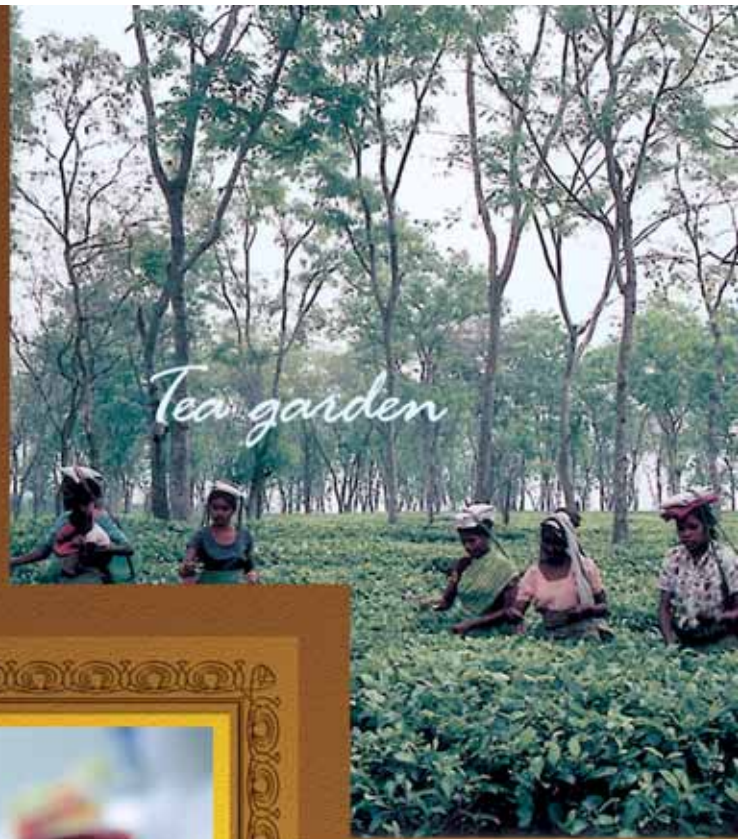


cottage



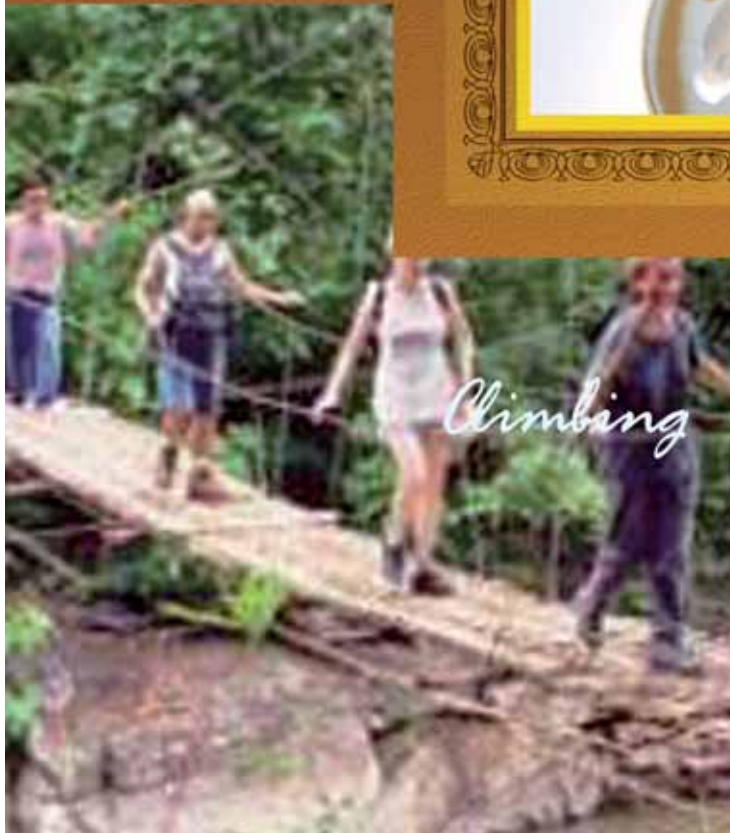
Tea garden



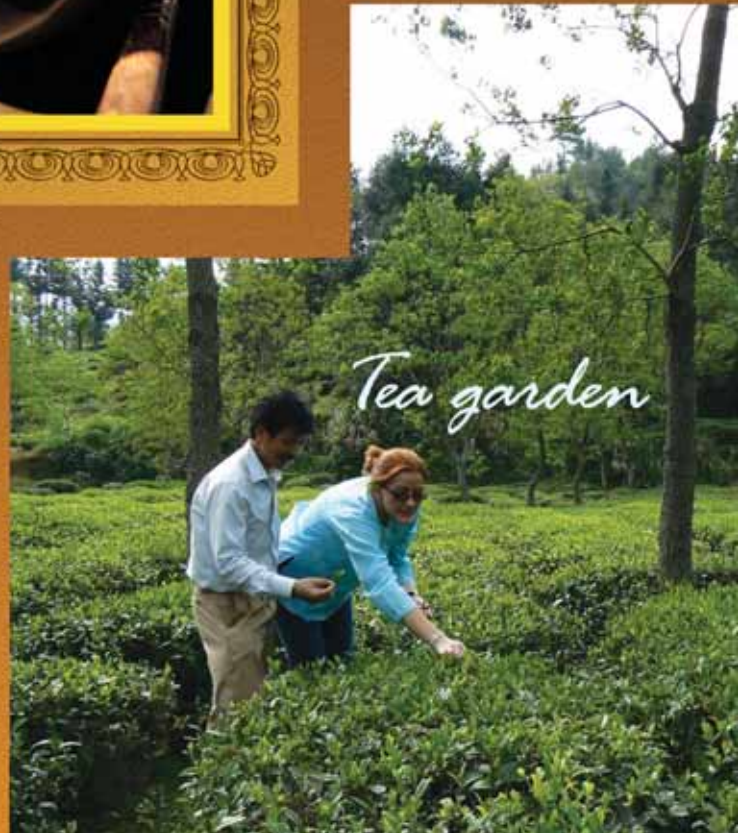
*Diana Tea
Company Ltd.*

*Annual Report
2007*

Climbing



Tea garden



Diversification The plan to be developed

Diana Tea Company has achieved turnover of Rs. 40.84 crores this year, while last year the turnover was Rs. 38.83 crores. So it is quite clear that the profit is increasing consequently. To utilize the profit and to become modernized as well as poised, the company is now seeking to move ahead with the diversification of business. We allocate 125 acres of land in one of our tea estate for the development of eco-based tea tourism. We have already approached West Bengal Government for the conversation about the eco-based tea tourism theory. Not only that, but we also have a plan to utilize the other vacant areas that remain in the tea estate by planting other relevant plants. To spread the business we have an idea of setting up a telecom / power transmission tower fabrication / galvanization unit in and around Kolkata.



1. uprooting 2. soil preparation 3. clone propagation in in-house vp nursery 4. Tea garden



Harmonization About eco-based tea tourism

Eco-tourism involves travel to destinations, where flora, fauna and cultural heritage are the primary attractions. In these places tourists can feel the nature with wildlife as well as the voyage too. Our Company has an ambition to ensure the eco-tourism through their spare tea garden. Conservation of biological and cultural diversity is the criteria of eco-tourism and Diana Tea Company is trying to implement the same. Developments of environmental and cultural knowledge as well as to reduce the wastage of natural beauty are our major motives. So we are keen to implement eco-based tea tourism, which is aiming to share socio-economic benefits with local communities and native people, whose consent and participation is really valuable for us.





Fascination Attraction of eco-based tea tourism

Nowadays tea-tourism is become popularized in India. The tourists are encouraged as well as interested to spend holidays in tea gardens with all amenities, such as entertainment, peace and pleasure of nature. In the Eco-based Tea Tourism, tourists can experience tea manufacturing process and the unique culture of tea garden. Apart from the environmental amusement, Diana Tea Company offers some basic conveniences, such as Food Court, Amphitheatre, Indoor Games Hub, Golf Course, Children's Park etc. Tea Garden Tours, Eco Tours, Handicrafts Village as well as Medical Camp and Health Spa are also available in our tea tourism system. Tourists can receive all the facilities while they stay in the garden cottages and in Outback Lodges.



Stabilization Developing tea facilities

Though the company is looking forward to diversify the business but our main motive is to increase the tea development. In India the domestic consumption of tea has already improved and export of tea from India has increased as well. Indian Government's intention is to intensify the export quantity, while our target is also going with the Government. Hopefully this note of the Government would add positive approach of optimism to the tea market. Nowadays the major tea companies become interested to switchover from CTC manufacturing to Orthodox tea for the market's requirements. Diana Tea Company is not the exception. That's why we are aiming to present all the enjoyable tea-taking facilities.

DIANA TEA COMPANY LIMITED

ANNUAL REPORT 2007

Board of Directors

Sandeep Singhania	- Managing Director
Sarita Singhania	- Wholetime Director
Neem Chand Mitruka	- Independent Director
Harish Parekh	- Independent Director
Naresh Pachisia	- Independent Director

Auditors

Das & Prasad
Chartered Accountants
4, Chowringhee Lane
Kolkata - 700016

Bankers

United Bank of India
Punjab National Bank
UTI Bank Ltd.

Gardens

Diana Tea Estate
P.O. Banarhat -735202
Dist.: Jalpaiguri

Baintgoorie Tea Estate
P.O. Mal-735221
Dist.: Jalpaiguri

Good Hope Tea Estate
P.O. Dam Dim-735209
Dist.: Jalpaiguri

Ambari Tea Estate
P.O. Ambari Bagan-735201
Dist.: Jalpaiguri

Registered Office

Sir R.N.M House
3B, Lal Bazar Street
Kolkata-700001
Phone: 2248-8672/1651/2164
Fax: (033) 2248-7571
E-mail: diana@cal3.vsnl.net.in

Revitalization Approach to the new market

When the company had started its journey, they did not get much profit, rather it was suffering from loss at the beginning. By the time with its aim and determination Diana Tea Company has increased its business. At present by marketing the tea bags, packet tea etc. it becomes one of the major tea producers of the Dooars region. Now it is aiming to go forward and capture the major portion of the market with the diversification of business. And the meaning of business diversification of our tea production company is the total entertainment of people with special blend of tea and amusing tour.

CONTENTS

- Notice
- Directors' Report
- Annexure to the Directors' Report A, B & C
- Auditor's Certificate on compliance with the Corporate Governance
- Auditors' Report
- Balance Sheet
- Profit & Loss Account
- Cash Flow Statement
- Schedules to the Balance Sheet
- Schedules to the Profit & Loss Account
- Notes on Accounts

DIANA TEA COMPANY LIMITED

NOTICE

NOTICE is hereby given that the 97th Annual General Meeting of Diana Tea Company Limited will be held on Saturday, June 21, 2008 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 2007 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Harish Parekh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

5. To Pass with or without modification the following resolutions as a Special Resolution:

“RESOLVED that pursuant to the provision of Section 94(1)(b) of the Companies Act, 1956 and other applicable provisions thereof, if any, consent of the Company be and is hereby accorded to the consolidation of the equity share capital of the company by increasing the nominal value of equity shares from Rs 2/- (Two) each to Rs 5/- (five) each so that every 5 (Five) equity shares with a nominal value of Rs 2/- each held by a share holder are consolidated into 2 (Two) equity share with a nominal value of Rs 5/- each and such consolidation shall take effect from the date to be decided by the Board of Directors of the Company or of a Committee thereof.

RESOLVED FURTHER that on consolidation of Equity Shares as aforesaid, the Board shall not issue fractional shares if they arise out of such consolidation. All fractional entitlements resulting from the consolidation shall be aggregated into whole shares and such numbers of whole shares so arising shall be held by such person or persons or trust as may be nominated in this behalf by the Board, and the said person or persons or Trustee be and is hereby authorized to sell the shares held by him on such terms and conditions (including the timing of the sale) as he/they/it deem(s) fit, and the net proceeds of such sale shall be distributed in due proportion, amongst such shareholders who would otherwise be entitled to such fractional entitlements.”

“RESOLVED FURTHER that the Board be and is hereby entitled from time to time to remove the person(s) so nominated and nominate any other person(s) in their place”.

“RESOLVED FURTHER that on approval of the consolidation of shares as above, the Board of Directors be and is hereby authorised to issue fresh share certificates in accordance with Companies (Issue of Share Certificate) Rules, 1960 to the members entitled to and all the existing share certificates of the Company shall stand cancelled upon issue of such shares.”

“RESOLVED FURTHER that the Board be and is hereby authorised to settle any question or difficulty pertaining to the consolidation of equity shares in such manner as it may think fit and to agree to any condition which may be imposed or any modification, which may be proposed by regulatory authorities.”

“RESOLVED FURTHER that, for the purpose of giving effect to the consolidation, the Board of Directors of the Company or any person authorised by the Board be and are hereby authorised to take all actions pursuant to this Resolution and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable for the purposes of giving effect to the said resolution.

DIANA TEA COMPANY LIMITED

6. To Pass with or without modification the following resolutions as a Special Resolution:

RESOLVED that pursuant to the provisions of Section 16 of the Companies Act, 1956 and consequent upon consolidation of Equity shares of the Company as aforesaid, the Capital Clause as contained in clause 5 of the Memorandum of Association of the Company be and is hereby altered by substituting the same with the following clause 5:

‘5. The Share Capital of the Company is Rs.12,00,00,000 (Rupees Twelve crores) divided into 2,40,00,000 (two crore forty lakh) Equity shares of Rs.5 (Rupees five) each with power to increase and classify the share capital from time to time’.”

For and on behalf of the Board

Registered Office

3B, Lal Bazar Street

Kolkata - 700 001

Date : 26th May, 2008

SANDEEP SINGHANIA

Managing Director

DIANA TEA COMPANY LIMITED

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 17th June, 2008 to 21st June, 2008 (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 17th June, 2008 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 30th June, 1998 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. Harish Parekh**
Mr. Harish Parekh was appointed as an Additional Director of the Company with effect from 14th July, 2005. Mr. Parekh is a Commerce Graduate having 37 years experience in Tea Industry. His wide experience and knowledge is beneficial to the operations of the Company.
His Directorships in other Companies are –
 - 1) The Methoni Tea Co. Ltd.
 - 2) Gujarat Tea Processors & Packers Ltd.
 - 3) Quality Tea Plantations Pvt. Ltd.
 - 4) Rossel Tea Ltd.
 - 5) Trans Global Projects (India) Ltd.
 - 6) Beeyu Overseas Ltd.
 - 7) The Moran Tea Co. (India) Ltd.
 - 8) Tezpore Tea Co. Ltd.
 - 9) Neelkanth Tea Co. Ltd.
 - 10) The Grob Tea Co. Ltd.

ANNEXURE TO THE NOTICE

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

Item No.5 & 6

To reflect the true value of the shares and fulfill the expectations of the shareholders, it is felt desirable to consolidate the equity shares of Re1/- each of the company into equity shares of Rs.5/- each. (consolidating 5 equity shares of Rs.2/- each into 2 equity shares of Rs.5/- each). It is expected that the proposed consolidation will be advantageous to both the shareholders and the Company as a whole. It is also proposed to make consequential changes in the Memorandum of Association of the Company. The resolutions are elaborately setout at item No.5 and 6.

Accordingly, your Director recommends the resolution for your approval.

None of the Directors are concerned or interested in this resolution except to the extent of their shareholding.

Registered Office

3B, Lal Bazar Street
Kolkata - 700 001
Date : 26th May, 2008

For and on behalf of the Board

SANDEEP SINGHANIA
Managing Director

DIANA TEA COMPANY LIMITED

REPORT OF THE DIRECTORS For the year ended 31st December, 2007

Dear Shareholders,

Your Directors have pleasure in presenting their 97th Annual Report along with the Audited Accounts for the year ended 31st December 2007

(Figures in Rupees)

	31st December, 2007	31st December, 2006
FINANCIAL RESULTS		
Profit before Interest, Depreciation, Taxation and Extra Ordinary item.	6,74,99,966	6,38,24,492
Less: Depreciation	89,55,512	87,02,438
Interest & Finance Charges	2,47,97,972	2,26,96,169
Profit before Taxation & Extra Ordinary item	3,37,46,482	3,24,25,885
Prior Period item	-	(19,46,788)
Profit before taxation	3,37,46,482	3,04,79,097
Provision for taxation		
- Current	-	(19,200)
- Fringe Benefit Tax	(2,00,000)	(1,25,000)
Deferred Tax (Liability)/Assets	(18,09,180)	(32,44,247)
Profit after Tax	3,17,37,302	2,70,90,650
Balance brought forward from previous year	2,87,42,830	16,52,180
Surplus available for appropriation	6,04,80,132	2,87,42,830
Appropriations:		
Transferred to General Reserve	5,00,00,000	-
Interim Dividend	37,47,750	-
Provision for tax on interim dividend	6,36,930	-
Balance carried forward to Balance sheet	60,95,452	2,87,42,830
	6,04,80,132	2,87,42,830
Basic and diluted earning per share	0.85	0.72

REVIEW OF PERFORMANCE

The gross turnover of your company for the year was Rs.40.84 crores when compared to Rs.38.63 crores last year. Out of the said turnover, Rs.624.72 lakh is coming out of tea trading segment compared to Rs.235.14 lakh previous year, which shows a growth of 166% in the said segment. Own production for the year was 48.61 lakh Kgs. when compared to 47.86 lakh Kgs. in previous year. Year under review, as in past was an year of poor weather condition prevailing in the tea growing areas. In spite of such adverse condition your company had been able to increase its own production by 75,000 Kgs., which was due to its efficient field management and irrigation system. Company's focus on improvisation of quality of its tea has given rich dividend by getting better price realisation, which is higher at Rs.74/- per Kg when compared to Rs.73/- per Kg previous year. Three of the four company's tea gardens are ranked in top 15 position in batting order of Dooars/Terai in case of average price realisation. Our continuous process of cost cutting measures, development work in fieldwork and improvisation in quality has resulted in better profitability for the company. With the growth of other segments like bought leaf manufacture; tea trading segments, company has been able to maintain its growth on operational profit and net profit respectively.

PROSPECTS

Your Company is optimistic about the future of the tea market in the coming year as there has been negligible quantity of carry forward stock coming from last year to this year. Further more, production in the month of March and April this year has been poor because of bad weather condition and less rain fall. The crop loss in Kenya was to the tune of 38 million Kgs. till the month of March 2008 which could result in increased export of CTC tea from India which could add fuel to the fire. Domestic consumption in India continues to grow at a steady rate of 3.3% CAGR which will ultimately result into shortage of CTC tea in the current year. Major tea

DIANA TEA COMPANY LIMITED

companies are committed to switchover from CTC manufacturing to Orthodox tea in the current year, which would add further pressure on CTC tea. Government's target to achieve the export figure at 180 million Kgs. would definitely add a positive note of optimism to the tea market. Steady dollar rate could help export figure, improve drastically. Till date tea market is showing buoyancy and prices are up to the tune of about Rs.15/- per Kg. We expect this trend will continue in the balance part of the year. SPTF (Special Purpose Tea Fund) scheme has already been taken off and this would give immense financial benefit to the tea growing companies. Value added product launched by the company is getting good response in the market and is growing steadily. We expect a reasonable growth in this segment in the coming year. Your company has also approached IRCTC (Indian Railways Catering and Tourism Corporation Limited) for registration of its brand in Indian Railways. Your company intend to grow in this field in both organic and inorganic way.

DIVERSIFICATION PROGRAMMES

Company has earmarked 125 acres of land in its Good hope Tea Estate, which is lying on the National Highway No.31, for development of eco-based tea tourism. Company has entered into a MOU with Shristi Infrastructure Development Corporation Limited for the development of the said land for the said purpose and has approached the Government of West Bengal for conversion of the said land for the purpose of Eco-based tea tourism. Company has plans to utilize the other vacant area lying in the tea estate for cultivation of other cash crops such as black pepper, medicinal plants, jetropha plants etc. Company is also looking the possibility and viability of setting up a telecom/power transmission tower fabrication/galvanization unit in and around Kolkata.

Given the prevailing scenario in the tea industry, and future plans of the company is to expand itself by consolidation of tea plantation and diversifying into potential industries, your company is confident of its better performance and growth in the coming years.

SHARE CAPITAL

The Board of Director has proposed of consolidate the authorised capital by reclassifying the existing paid up value of equity Shares from Rs.2/- to Rs.5/-.

Your approval for the same is being sought at the ensuing Annual General Meeting.

DIVIDEND

The Board of Directors has declared an interim dividend @5% during the year and now they feel that there is a need to conserve resources for the developmental activities of the company and as such the interim dividend declared be treated as final dividend for the year ended 31st December 2007.

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

CORPORATE GOVERNANCE

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

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

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.

DIANA TEA COMPANY LIMITED

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, 2007 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
3B, Lal Bazar Street
Kolkata- 700 001
Date : April 30, 2008

SANDEEP SINGHANIA
Managing Director

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS REPORT - ANNEXURE 'A'

FORM 'A'
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF ENERGY

Particular	Unit	Current Year ended 31.12.2006	Previous Year ended 31.12.2006
A) POWER & FUEL CONSUMPTION			
1) Electricity			
a) Purchased			
Unit	(KWH)	4690386	4838765
Total Amount	(Rs.)	24664113	24248226
Rate per unit	(Rs./KWH)	5.26	5.01
b) Own Generation			
Through Diesel Generator Unit	(KWH)	326404	419486
Unit per Ltr.of Diesel Oil	(KWH)	2.84	3.50
Fuel Cost / Unit	(Rs./KWH)	12.91	9.85
2) Furnace Oil for Tea Processing in Withering & Drying			
Quantity	(Ltrs.)	53420	77687
Total Amount	(Rs.)	1389373	1785218
Average Rate	(Rs./Ltrs.)	26.01	22.98
3) Other for Tea Processing in Withering & Drying			
a) Coal			
Quantity	(M.T.)	3730	3356
Total Cost	(Rs.)	10695462	9518599
Rate / Unit	(Rs./M.T.)	2867	2836
b) H.S.D.Oil: For Transportation & Material Handling			
Quantity	(Ltrs.)	78648	82466
Total Cost	(Rs.)	2641437	2808106
Rate / Unit	(Rs./Ltrs.)	33.59	34.05
c) Petrol: For Transportation & Material Handling			
Quantity	(Ltrs.)	17125	18043
Total Cost	(Rs.)	808299	891385
Rate / Unit	(Rs./Ltrs.)	47.20	49.40
B) CONSUMPTION PER UNIT OF PRODUCTION			
Product -- Tea (Gross)	(Kg.)	4913777	4862093
Energy Use : Electricity (including own Generation) -- for Manufacturing	(KWH/Kg.)	0.78	0.76
Other Fuel for Processing of Tea			
Furnace Oil	(Ltr./Kg.)	0.02	0.02
Coal	(Kg./Kg.)	0.76	0.69
Other			
H.S.D.Oil	(Ltr./Kg.)	0.02	0.02
Petrol	(Ltr./Kg.)	0.004	0.000

Researchers say polyphenols, found in tea, prevent cardio-vascular diseases.

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS REPORT (Contd...)

FORM 'B'
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH & 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 |
| 3) Future Plan of Action | } | Research Association which is |
| 4) Expenditure on R & D | } | registered under Section 35(2)(ii) |
| a) Capital | } | of the Income Tax Act, 1961 |
| 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 products and services and export plan. | } | Not applicable |
| 3. Total Foreign Exchange Earned and Used: | | |
| Earned | : | Rs.5,56,190/- |
| Used | : | NIL |

For and on behalf of the Board

Registered Office
3B, Lal Bazar Street
Kolkata- 700 001
Date : April 30, 2008

SANDEEP SINGHANIA
Managing Director

Opt for the healthier option, Iced tea with a dash of lemon.

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS REPORT- ANNEXURE 'B'

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Though the all India crop to end December 2007 has been lower at 944.7 million Kgs against 955.9 million Kgs. last year, the company produced higher crop at 48.61 lakh Kgs tea against 47.86 lakh Kgs. in previous year. The sale realisation was also higher at Rs.74.89 per Kg. of made tea as against Rs.73.26 per kg. previous year.

MARKET SCENARIO

The average price realisation of North Indian tea has increased to Rs.74.47 per Kg. compared to Rs.71.78 per Kg. in the previous year. The prices at the three auction centres are given below to analyse the trend.

Auction Centres	2007	2006	2005
Kolkata	82.98	80.01	70.02
Siliguri	67.06	65.12	58.38
Guwahati	70.99	68.04	60.03

Domestic consumption in India is growing at a steady rate of 3.3% CAGR. Thus, inspite of lowest export figure in previous year, there was eventually no carry forward stock to current year. If this trend continues the tea industry can look forward to the future with lot of optimism.

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

Tea Areas	Company's Tea	Consolidated Auction Average
Dooars	74.89	69.66

PACKET TEA

Company's value added division, which consists mainly of packet and dipping tea, is picking up steadily in North India and Indian railways. Company's sale volume under this head has risen significantly when compared to last year and company is hopeful of maintaining the same growth in the coming years also.

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.

For and on behalf of the Board

Registered Office
3B, Lal Bazar Street
Kolkata - 700 001
Date : April 30, 2008

SANDEEP SINGHANIA
Managing Director

Give your heart some rest, A cup of tea is the best.

DIANA TEA COMPANY LIMITED

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:

Five Board meetings were held in 2007 on 31ST January 2007, 31st March 2007, 30th April 2007, 21st July 2007, and 27th October 2007.

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	5	Yes	3	-	-
Mrs. Sarita Singhania	Wholetime Director	5	Yes	3	-	-
Mr. Naresh Pachisia	Non-Executive Independent Director	4	Yes	5	5	-
Mr. Neem Chand Mitruka	Non-Executive Independent Director	1	No	2	-	-
Mr. Harish Parekh	Non-Executive Independent Director	3	Yes	10	7	2

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

3. Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and all employees in management grade of the Company. All Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

4. AUDIT COMMITTEE

The Audit Committee comprises Mr.Harish Parekh, Chairman of the Committee, Mr.Neem Chand Mitruka, Independent Director, Mr.Naresh Pachisia, Independent Director and Mr. Sandeep Singhania, 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.

Anti oxidants that are in tea, Keeps you always fit and healthy.

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS REPORT- ANNEXURE 'C' (Contd...)

Four Meetings of Audit Committee were held on 31st March, 2007, 30th April, 2007, 21st July, 2007 and 27th October, 2007.
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	1

5. Remuneration Committee

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 21st July, 2007.

Attendance Record of the Remuneration Committee Meetings:

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

6. 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 2007 are given below:

Name of Directors	Sitting Fees(Rs.)		Salary & Perks(Rs.)
	Board Meeting	Committee Meeting	
Mr.Sandeep Singhanian			14,76,519
Mrs.Sarita Singhanian			10,28,891
Mr.Naresh Pachisia	12,000	5,000	
Mr.Neem Chand Mitruka	3,000	1,000	
Mr.Harish Parekh	9,000	4,000	
Total	24,000	10,000	25,05,410

7. Investor Grievance and Share Transfer Committee

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 Singhanian - Member (Managing Director)
Mrs.Sarita Singhanian - 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 31.12.2006	NIL
b)	No.of complaints received from Stock Exchange/SEBI/Shareholders during the year	9
c)	No.of complaints resolved	9
d)	No.of complaints not resolved/no action taken/pending as on 31.12.2007	NIL

Drinking tea prevents cell damage that leads to cancer, heart disease and other ills.

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS REPORT- ANNEXURE 'C' (Contd...)

Name and designation of Compliance Officer :
Mr. Anshoo Mathur, Senior Executive

8. General Body Meetings

Location and time where last three AGMs were held:

Date	Location	Time
23rd June, 2007	Gyan Manch Education (Society Hall, 11, Pretoria Street, Kolkata-700071)	10-30 A.M.
17th June, 2006	- Do -	10-30 A.M.
19th June, 2005	- Do -	10-30 A.M.

AGM 2004	One Special Resolution regarding Section 94 of the Companies Act, 1956 were adopted.
----------	--

No Special resolutions or ordinary resolutions were required to be put through postal ballot at the previous 96th AGM held on 23.06.2007.
No resolution on matters requiring through postal ballot are placed for shareholders approval at the forthcoming 97th AGM.

9. 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.

10. CEO/CFO CERTIFICATION

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

11. Means of communication:

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

12. Shareholders' Information:

a) AGM date, time and venue:

Saturday, the 21 June, 2008 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:

Period	Approval by the Board of Director (tentative)
1st Quarter ending March 31, 2008	last week of April, 2008
2nd Quarter ending June 30, 2008	last week of July, 2008
3rd Quarter ending September 30, 2008	last week of October, 2008
Final Audited Results for the year ending December 31, 2008 including 4th Quarter	March, 2009
AGM for the year ending December 31,2008	May, 2009

Flavonoids in tea significantly reduce the oxidant functional groups that generally lead to formation of tumours.

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS REPORT- ANNEXURE 'C' (Contd...)

- c) Book closure:
Tuesday 17th June 2008 to Saturday, 21st June 2008.
- d) Listing on Stock Exchanges:
The Company's securities are listed at

Sl. No.	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 Association Ltd. 7, Lyons Range, Kolkata – 700 001	14038
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:

Year 2006 (in Rs.)

Month	The Bombay Stock Exchange Ltd.(BSE)	
	High	Low
January	11.48	8.10
February	11.02	7.52
March	9.60	6.43
April	14.47	6.91
May	17.00	10.50
June	19.00	14.70
July	26.05	17.25
August	35.00	22.60
September	33.70	27.10
October	30.10	23.05
November	26.15	20.30
December	28.80	23.65

- 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).
3,68,42,585 Equity shares representing 98.30% of the paid up capital of the Company were held in demat form with NSDL & CDSL as on 31st December, 2007

Studies suggest a beneficial link between tea and increasing bone density.

DIANA TEA COMPANY LIMITED

ANNEXURE TO THE DIRECTORS REPORT- ANNEXURE 'C' (Contd...)

- h) a) Distribution of share holding as on 31st December, 2007.

Group of Shares	No.of Shareholders	%	No.of Shares held	% to Total Shares
1 to 500	2,186	69.77	353176	0.9424
501 to 1000	398	12.70	326123	0.8702
1001 to 2000	244	7.79	359292	0.9587
2001 to 3000	71	2.27	180734	0.4822
3001 to 4000	46	1.47	160365	0.4279
4001 to 5000	33	1.05	153264	0.4889
5001 to 10000	58	1.85	409855	1.0936
10001 & higher	97	3.10	35534691	94.8161
	3133	100.00	3,74,77,500	100.0000

- b) Share holding pattern as at 31st December, 2007.

Category	No.of Shareholders	No.of Shares held	% of Shareholding
Promoters	13	25207568	67.2605
Financial Institutions, Banks, Insurance Co.etc.	3	2845097	7.5915
Private Body Corporates	199	4923796	13.138
Individuals	2870	4303104	11.4819
NRI/OCB	48	197935	0.5281
TOTAL	3133	37477500	100.00

- 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 Dooars (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
3B, Lal Bazar Street
Kolkata - 700 001
Date : April 30, 2008

SANDEEP SINGHANIA
Managing Director

Tea provides nearly 90 percent of the favonoid antioxidants per capita in US diet.

DIANA TEA COMPANY LIMITED

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, Lal Bazar Street,
Kolkata – 700 001

We have examined the compliance of conditions of Corporate Governance by Diana Tea Company Limited (the company) for the year ended 31st December 2007, 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, 2007, 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 DAS & PRASAD
Chartered Accountants

4, Chowringhee Lane,
Kolkata – 700 016
Date : April 30, 2008

G. D. AGARWAL
Partner
Membership No.4543

DIANA TEA COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS OF DIANA TEA CO. LTD.

1. We have audited the attached Balance Sheet of Diana Tea Company Limited as at 31st December, 2007 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 & 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. 8,00,000/- and maximum amount involved during the year was Rs. 8,00,000/-.
 - b) In our opinion, the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the company.
 - c) The receipt of principal amounts and interest has been regular during the year.
 - d) There was no overdue amount in respect of above inter-corporate loans.
 - e) The Company has taken interest free unsecured loan from holding company. At the year end the outstanding balance of such loan taken was Rs. 4,70,000/- and maximum amount involved during the year was Rs.47,00,000/-.
 - f) In our opinion, terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
 - g) In respect of aforesaid loan the company is regular in repayment of the principal amount as stipulated and is also regular in payment of interest where applicable.
 - iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase of inventory, fixed assets, and for the sale of goods & services. During the course of audit, no major weakness has been noticed in the internal control in respect of these areas.
 - v) 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.

DIANA TEA COMPANY LIMITED

- 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. 5,09,491/- 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	443169	66322	509491

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.4,25,807/- 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
West Bengal Sales Tax Act, 1994	Sales Tax	10,44,853/-	2003-2004	Assistant Commissioner
Central Sales Tax Act, 1956	CST	25,28,836/-	2003-2004	Assistant Commissioner
Central Sales Tax Act, 1956	CST	1,94,968/-	2004-2005	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 2007 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.

Anti oxidants that are in tea, Keeps you always fit and healthy.

DIANA TEA COMPANY LIMITED

- b) According to the information and explanations given to us, long-term investments have been held by the Company in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the Bank or Financial Institutions during the year.
- xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no fund raised on short term basis have been used for long term investment and no long term fund have been used to finance the short term assets.
- xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year and hence the question of the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
- xix) The Company has not raised debentures during the year and hence question of any security in respect of debentures does not arise.
- xx) The Company has not raised any money through public issue during the year.
- xxi) During the course of our examination of the books and records of the company and based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have been informed of such case by the management.
4. Further to our comments in paragraph 3 above, we report that
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance sheet, Profit 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, 2007 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st December, 2007 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, 2007;
- 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

4, Chowringhee Lane
KOLKATA - 700 016
Date : March 31, 2008

G. D. AGARWAL
Partner
Membership No. 4543

A glass of Cola harms a lot, Tea is good, cold or hot.

DIANA TEA COMPANY LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2007

	Schedule	As at 31st December,2007		As at 31st December,2006	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital	1	74,955,000		74,955,000	
Reserves & Surplus	2	526,109,534	601,064,534	501,118,298	576,073,298
Loan Funds:					
Secured Loans	3	275,578,915		262,055,483	
Unsecured Loans		545,000	276,123,915	90,000	262,145,483
			<u>877,188,449</u>		<u>838,218,781</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	4	771,016,789		754,642,926	
Less: Depreciation		108,706,022		99,765,231	
Net Block		662,310,767		654,877,695	
Capital Work-in-Progress		-	662,310,767	24,854	654,902,549
Investments	5		12,103,945		42,918,415
Current Assets, Loans & Advances					
Inventories	6	104,479,855		81,972,517	
Sundry Debtors		107,638,459		68,471,458	
Cash & Bank Balances		18,632,920		6,327,893	
Other Current Assets		22,873,305		19,844,283	
Loans & Advances		83,262,079		43,272,906	
		<u>336,886,618</u>		<u>219,889,057</u>	
Less: Current Liabilities & Provisions					
Current Liabilities	7	131,635,433		76,884,765	
Provisions		5,718,471		7,656,679	
		<u>137,353,904</u>		<u>84,541,444</u>	
Net Current Assets			199,532,714		135,347,613
Deferred Tax Assets			3,241,024		5,050,204
			<u>877,188,449</u>		<u>838,218,781</u>
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

G. D. Agarwal
Partner
Membership No. 4543

4, Chowringhee Lane
Kolkata-700 016
Date : March 31, 2008

For and on behalf of the Board

Sandeep Singhania
Managing Director

Sarita Singhania
Wholetime Director

DIANA TEA COMPANY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

	Schedule	for the year ended 31st December,2007		for the year ended 31st December,2006	
		Rs.	Rs.	Rs.	Rs.
INCOME:					
Sales & Services - Net	8	406,895,189		384,851,323	
Other Income	9	5,275,156		3,316,399	
Closing Stock		77,788,399	489,958,745	60,593,813	448,761,535
EXPENDITURE:					
Opening Stock		60,593,813		69,363,824	
Purchases		58,413,951		25,094,390	
Expenses	10	303,451,015	422,458,779	290,478,829	384,937,043
PROFIT BEFORE DEPRECIATION & INTEREST					
Depreciation		8,955,512	67,499,966	8,702,438	63,824,492
Interest & Finance Charges -Net	11	24,797,972	33,753,484	22,696,169	31,398,607
PROFIT BEFORE TAXATION & EXTRA ORDINARY ITEM					
Prior Period Item	12		33,746,482		32,425,885
			-		(1,946,788)
PROFIT BEFORE TAXATION					
Provision for Taxation			33,746,482		30,479,097
- Fringe Benefit Tax			(200,000)		(125,000)
- Current Tax			-		(19,200)
- Deferred Tax(Liability) /Assets			(1,809,180)		(3,244,247)
PROFIT AFTER TAXATION					
Balance Profit brought forward from previous year			31,737,302		27,090,650
			28,742,830		1,652,180
PROFIT AVAILABLE FOR APPROPRIATION					
			<u>60,480,132</u>		<u>28,742,830</u>
APPROPRIATIONS:					
Transferred to General Reserve			50,000,000		-
Interim Dividend			3,747,750		-
Tax on Interim Dividend			636,930		-
Balance carried to Balance Sheet			6,095,452		28,742,830
			<u>60,480,132</u>		<u>28,742,830</u>
Basic & Diluted Earning Per Share			0.85		0.72
Notes on Accounts & Significant Accounting Policies	13				

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

As per our Annexed Report of even date.

For Das & Prasad
Chartered Accountants

G. D. Agarwal
Partner
Membership No.4543

4, Chowringhee Lane
Kolkata-700 016
Date : March 31, 2008

For and on behalf of the Board

Sandeep Singhania
Managing Director

Sarita Singhania
Wholetime Director

DIANA TEA COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

	for the year ended 31st December, 2007		for the year ended 31st December, 2006	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra ordinary items		33,746,482		32,425,885
Add:				
a) Depreciation	8,955,512		8,702,438	
b) Interest & Finance Charges	31,374,736		28,681,462	
c) Share Issue Expenses Written off	-		-	
d) Loss on Sale of Assets	1,187,166		314,059	
e) Loss on Sale of Investments	-	41,517,414	1,367,598	39,065,557
		75,263,896		71,491,442
Deduct:				
a) Dividend Income	16,038		30,749	
b) Interest Income	6,576,764		5,985,293	
c) Profit on Sale of Investments	774,056	7,366,857	-	6,016,042
Operating Profit before Working Capital Changes		67,897,039		65,475,400
Deduct/(Add):				
Increase/(Decrease) in Inventories		22,507,337		(3,564,253)
		45,389,700		69,039,653
Add/(Less):				
a) Increase/(Decrease) in Trade & Other Payable	53,823,757		(4,623,685)	
b) Increase/(Decrease) in Trade & Other Receivable	(79,852,393)	(26,028,636)	(17,556,181)	(22,179,866)
Cash Flow from Operations		19,361,065		46,859,787
Deduct:				
a) Tax Paid		867,549		1,266,037
Cash Flow before extra-ordinary items		18,493,516		45,593,750
Deduct: Prior Period Expenses		-		1,946,788
Net Cash (Outflow)/Inflow from Operating Activities		18,493,516		43,646,962
B. CASH FLOW FROM INVESTING ACTIVITIES				
Out Flow				
a) Acquisition of Fixed Assets	20,337,281		15,720,457	
b) Repayment of Loan	-		685,445	
c) Acquisition/(Sale) of Investments	722,152	21,059,433	21,146,034	37,551,936
Deduct : In Flow				
a) Sale of Fixed Assets	375,000		310,000	
b) Interest Received	4,058,478		2,402,842	
c) Dividend Received	16,038		30,749	
d) Sale of Investments	32,310,678		25,913,366	
e) Profit on Sale of Investments	774,056	37,534,249	-	28,656,957
Net Cash (Outflow)/Inflow from Investing Activities		16,474,816		(8,894,979)

Tea hydrates the body, Keeps it cool and ready.

DIANA TEA COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007 (CONTD...)

	for the year ended 31st December, 2007		for the year ended 31st December, 2006	
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES				
IN FLOW				
a) Proceeds from Borrowings	13,978,432	13,978,432	-	-
Deduct: Out Flow				
Dividend Paid	4,384,680		4,273,372	
Interest & Finance Charges Paid	32,257,057	36,641,737	29,919,706	34,193,078
Net Cash Inflow/(Out flow) from Financing Activities		(22,663,305)		(34,193,078)
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)		12,305,027		558,905
Cash & Cash Equivalents as at Opening		6,327,893		5,768,988
Cash & Cash Equivalents as at Closing		18,632,920		6,327,893

Note to the Cash Flow statement for the year ended 31st December, 2007

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

For Das & Prasad
Chartered Accountants

G. D. Agarwal
Partner
Membership No.4543

4, Chowringhee Lane
Kolkata-700 016
Date : March 31, 2008

For and on behalf of the Board

Sandeep Singhania
Managing Director

Sarita Singhania
Wholetime Director

Tea lowers the bad cholesterol (LDL) in your body.

DIANA TEA COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st December,2007		As at 31st December,2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE: 1				
SHARE CAPITAL				
Authorised :				
5,00,00,000 Equity Shares of Rs.2/- each(Previous Year 50,00,000 Equity Shares of Rs. 2/- each)		100,000,000		100,000,000
Issued, Subscribed & Paid-up:				
37477500 Equity Shares of Rs.2/- each,fully paid (Previous Year 37477500 Equity Shares of Rs. 2/- each, fully paid)		74,955,000		74,955,000
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	32,361,300		32,361,300	
Less: Capitalisation during the year for issue of Bonus Share	-	32,361,300	-	32,361,300
Capital Reserve (Revaluation):				
As per last Account	288,518,141		290,479,434	
Less: Assets discarded during the year	2,361,386	286,156,755	1,961,293	288,518,141
Capital Reserve (Share Forfeiture Account)				
As per last Account		9,500		9,500
General Reserve:				
As per last Account	151,486,527		151,486,527	
Add: Transferred from Profit & Loss Account	50,000,000	201,486,527	-	151,486,527
Balance in Profit & Loss Account		6,095,452		28,742,830
		526,109,534		501,118,298

Tea contains the mineral fluoride in high enough doses to prevent tooth decay.

DIANA TEA COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

	As at 31st December,2007		As at 31st December,2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE: 3				
LOAN FUNDS :				
Secured Loans:				
1. From United Bank of India :				
a) Cash Credit Account		67,169,252		64,598,406
Secured on consortium basis with Punjab National Bank by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi finished and Finished Goods, Stores & Spares, Book Debts, Receivable and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged / to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company				
b) Secured Term Loan		42,293,225		53,819,153
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 pledge 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. 16,508,980 (Previous Year Rs.12,819,012)				
c) Secured Term Loan (Special Tea Term Loan)		61,046,634		65,827,046
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.11,494,044/-(Previous Year Rs.6,066,452/-)				

Those who drank more than 6 cups per day, had a more than 50% lower risk of coronary heart disease compared to tea abstainers.

DIANA TEA COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

	As at 31st December,2007		As at 31st December,2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE: 3 (Contd...)				
2. From Punjab National Bank:				
a) Cash Credit Account		78,819,804		50,049,160
Secured on consortium basis with United Bank of India by a first charge on the current assets of the Company namely, Stock of Raw Materials, Semi finished and Finished Goods, Stores & Spares, Book Debts, Receivable and also secured by pari-passu first charge on all immovable assets of the Company, both present and future, excluding specific items of assets charged / to be charged in favour of lenders or suppliers providing finance for the acquisition thereof and also personal guarantees of two Directors of the Company				
b) Secured Term Loan		15,000,000		10,000,000
Secured by equitable mortgage of leasehold Tea Estates shared on pari-passu basis with UBI and personal guarantee of two directors Repayable within one year Rs. 28,25,000 (Previous year Rs.9,50,000/-)				
c) Secured Term Loan (Special Tea Term Loan)		11,250,000		17,761,718
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. 72,35,832/-(Previous Year Rs. 65,11,718/-)				
		<u>275,578,915</u>		<u>262,055,483</u>
Unsecured Loans:				
1. From Government of West Bengal		75,000		90,000
2. From Holding Company (Not Bearing Interest)		470,000		-
		<u>545,000</u>		<u>90,000</u>

Antioxidants in tea may prevent and reduce the severity of rheumatoid arthritis.

DIANA TEA COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

SCHEDULE: 4 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	Cost as at 01.01.2007 Rs.	Addition During the year Rs.	Cost of Assets sold discarded/ Rs.	Total as at 31.12.2007 Rs.	Upto 31.12.2006 Rs.	For the year Rs.	Adjustment Withen back during the year Rs.	Total upto 31.12.2007 Rs.	Balance as at 31.12.2007 Rs.	Balance as at 31.12.2006 Rs.
Land & Plantations	533,099,994	11,669,194	3,533,877	541,235,311	-	-	-	-	541,235,311	533,099,993
Buildings	68,743,538	403,374	-	69,146,912	18,154,865	1,557,053	-	19,711,918	49,434,994	50,588,673
Roads & Bridges	5,226,596	88,000	-	5,314,596	809,779	85,756	-	895,535	4,419,061	4,416,817
Plant & Machinery and Electric Installation	98,498,993	6,896,094	-	105,395,087	54,165,554	4,774,391	-	58,939,909	46,452,178	44,333,439
Water Installation	29,325,557	990,787	-	30,316,344	13,907,063	1,298,591	-	15,205,654	15,110,690	15,418,494
Furniture, Fittings & Other Equipments	6,383,499	317,686	-	6,701,185	3,957,631	437,980	-	4,395,611	2,305,574	2,425,868
Vehicles	13,367,150	-	456,796	12,910,354	8,772,739	801,777	17,121	9,557,395	3,352,959	4,594,411
Total	754,645,327	20,362,135	3,990,673	771,016,789	99,767,631	8,955,512	17,121	108,706,022	662,310,767	654,877,695
Previous Year Total	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	

	Face value Rs.	As at 31st December,2007		As at 31st December,2006	
		Nos.	Rs.	Nos.	Rs.
SCHEDULE: 5					
INVESTMENTS (AT COST)					
Non Trade - Long Term Investments					
Quoted: In Fully Paid Equity Shares					
Alsa Marine & Harvests Limited	10	800	33,692	800	33,692
Agri-Tech (I) Ltd.	10	620	19,018	620	19,018
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
Gujarat Ambuja Cement Limited	2	615	-	685	-
ITC Limited	1	-	-	1,000	169,303
Kirloskar Multimedia Limited	10	50,000	500,000	50,000	500,000
Kirtivardhan Finvest Services Limited	1	560	-	560	-
Moving Pictures (I) Limited	10	9,958	547,690	9,958	547,690
Mukand Engineers Limited	10	40,690	3,517,730	40,690	3,517,730
MTNL Limited	10	-	-	1,000	165,403
Nath Seeds Limited	10	1,798	55,145	1,798	55,145
Nath Bio-Genes (I) Ltd.	10	682	20,917	682	20,917
Noida Toll Bridge		2,500	85,456	-	-
Ojas Techno Chem Product Limited	10	41,900	664,664	41,900	664,664
Padmini Technologies Limited	10	8,100	1,187,155	8,100	1,187,155
Ray Rayon		10,000	441,684	-	-
RDL Infotech Limited	10	25,000	250,000	25,000	250,000

Tea fights against diabetes because it dramatically boosts insulin activity in the body.

DIANA TEA COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

	Face value	As at 31st December,2007		As at 31st December,2006	
	Rs.	Nos.	Rs.	Nos.	Rs.
SCHEDULE: 5 (Contd...)					
Reliance Industries Limited	10	90	88,900	90	88,900
Reliance Capital Ltd.		49	88,285	-	-
Reliance Energy Ltd.		6	-	-	-
Reliance Communication Venture Limited	5	3,090	1,075,811	6,090	2,065,855
Reliance Communication Venture Limited	5	3,090	1,075,811	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	100	6,746
Step Two Finance Limited	10	700	7,000	-	-
South Asia Petrochemicals Limited	10	-	-	5,000	88,865
Tezpore Tea Company Limited	10	300	60,900	300	60,900
Tata Steel Limited	10	309	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	500	5,000	2,128	21,280
			<u>11,545,854</u>		<u>12,353,324</u>
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	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		-	-	700	7,000
			<u>558,091</u>		<u>565,091</u>
			<u>12,103,945</u>		<u>12,918,415</u>
In Fully Paid Units					
Opulent Venture Capital Trust	1000	-	-	30,000	30,000,000
			<u>12,103,945</u>		<u>42,918,415</u>
Market Value of Quoted Investments			<u>7,799,279</u>		<u>6,296,065</u>

Daily consumption of tea decreases the risk of stone development in kidney.

DIANA TEA COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

	As at 31st December,2007		As at 31st December,2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE: 6				
CURRENT ASSETS, LOANS & ADVANCES				
Current Assets: (As taken, valued and certified by the Management)				
Inventories				
Stores & Spare Parts	26,523,941		21,335,015	
Stores-in-Transit	167,515	26,691,455	43,689	21,378,704
Stock of Tea and Tea Waste		77,788,399		60,593,813
		<u>104,479,855</u>		<u>81,972,517</u>
Sundry Debtors				
Debts outstanding for a period exceeding six months:				
Considered Doubtful	108,930		108,930	
Considered Good	6,736,817		4,817,928	
Other Debts				
Considered Good	100,792,713	107,638,459	63,544,600	68,471,458
Cash & Bank Balances				
Cash-in-hand (as certified)	2,733,148		1,514,162	
Cheque in transit	10,750,000		-	
Remittance-in-transit (as certified)	1,680,000		2,350,000	
With Scheduled Banks in Current Accounts	1,963,399		905,434	
Deposit Accounts (Pledged with Bankers against issue of Bank Guarantees)	1,396,814		1,396,814	
Dividend Accounts	109,558	18,632,920	161,483	6,327,893
Other Current Assets				
Interest Receivable	15,782,130		13,263,844	
Deferred Interest	1,664,178		1,812,588	
Replantation Subsidy Receivable	4,774,061		2,870,596	
Input Tax Receivable	652,937	22,873,305	1,897,255	19,844,283
Loans & Advances:				
(Unsecured, Considered good)				
Loans	70,400,000		31,000,000	
Advances Receivable in cash or in kind or for value to be received	7,839,562		6,914,186	
Income Tax Advance (Less Provisions)	4,091,672		4,277,155	
Balance with Central Excise Department	106,281		192,595	
Security Deposit	443,202		441,564	
Prepaid Expenses	381,362	83,262,079	447,406	43,272,906
		<u>336,886,618</u>		<u>219,889,057</u>

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

DIANA TEA COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (CONTD...)

	As at 31st December,2007		As at 31st December,2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE: 7				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities:				
Sundry Creditors	80,744,777		62,774,692	
Advance from Customers	50,775,631		13,060,803	
Unclaimed Dividend Account	109,558		161,483	
Share Application Refund Account	544		544	
Interest accrued but not due	4,922	131,635,433	887,243	76,884,765
Provisions:				
Provision for Bonus	5,718,471	5,718,471	7,656,679	7,656,679
		<u>137,353,904</u>		<u>84,541,444</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	for the year ended 31st December,2007		for the year ended 31st December,2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE: 8				
SALES				
Sales	408,363,931		386,328,469	
Less: Excise Duty & Cess	1,514,842		1,525,651	
Net Sales	406,849,089		384,802,818	
Services Rendered	46,100	406,895,189	48,505	384,851,323
SCHEDULE: 9				
OTHER INCOME				
Miscellaneous Receipt	54,107		799,416	
Claims	84,441		94,033	
Dividend	16,038		30,749	
Replantation Subsidy	4,369,036		167,960	
Profit on Sale of Investment(Net)	774,056		-	
Profit on Share Speculation	21,519		-	
Liabilities Written Back (Net)	(44,039)	5,275,156	2,224,241	3,316,399

DIANA TEA COMPANY LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (CONTD...)

	for the year ended 31st December,2007		for the year ended 31st December,2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE: 10				
EXPENSES				
Manufacturing & Cultivation:				
Stores & Spares Consumed	28,949,033		26,218,289	
Power & Fuel	39,181,584		38,651,218	
Purchase of Green Leaf	37,391,519	105,522,136	41,427,255	106,296,762
Repairs & Maintenance to:				
Machinery	3,949,470		3,639,478	
Building	2,180,184		1,782,579	
Others	1,477,434	7,607,088	1,553,699	6,975,756
Payment to & Provisions for Employees:				
Salaries, Wages, Bonus & Gratuity	127,939,266		119,453,358	
Contribution to Provident Fund & Other Fund (including Administrative Charges)	14,007,148		13,443,103	
Workers & Staff Welfare	17,064,311	159,010,725	14,154,475	147,050,936
Other Expenses:				
Office Rent	108,000		108,000	
Rates & Taxes	707,222		768,408	
Insurance	750,387		851,340	
Miscellaneous Expenses	11,664,487	13,230,096	11,601,093	13,328,841
Auditors' Remuneration:				
For Statutory Audit	85,000		85,000	
For Tax Audit	25,000		25,000	
For Limited Review	24,000		18,000	
For Taxation Matters	5,000		5,000	
For Cash Flow	10,000		10,000	
For Service Tax	30,607		19,798	
For Certificates & Others	20,000		20,000	
For Expenses	21,163	220,770	31,412	214,210
Tea Selling Expenses:				
Brokerage & Commission	4,904,176		4,484,716	
Freight, Warehouse and Other Selling Expenses	11,725,303	16,629,479	10,426,796	14,911,512
Donation		43,555		19,155
Loss on Sale/Discard of Fixed Assets		1,187,166		314,059
Loss on Sale of Investment		-		1,367,598
		<u>303,451,015</u>		<u>290,478,829</u>
SCHEDULE: 11				
INTEREST & FINANCE CHARGES(Net)				
Interest to Banks for Working Capital finance	14,939,187		13,275,777	
Interest on Term Loans	15,732,364		14,500,148	
Interest to Others	73,735		11,355	
Finance Charges	629,450	31,374,736	894,182	28,681,462
Less : Interest Income (Gross) (TDS Rs. 7,35,437 Previous Year Rs. 7,99,763/-)		6,576,764		5,985,293
		<u>24,797,972</u>		<u>22,696,169</u>
SCHEDULE: 12				
Prior Period Adjustment				
Interest Income	-		1,270,687	
Interest Exp.	-		676,101	1,946,788
		-		<u>1,946,788</u>

Tea has less caffeine than coffee - so switch to morning tea to avoid jitters, indigestion or headaches caused by high caffeine in coffee.

Frequent intake of tea increases memory, alertness.

DIANA TEA COMPANY LIMITED

Schedules to and forming part of the Balance Sheet as at 31st December 2007
and the Profit & Loss Account for the year ended on that date.

SCHEDULE: 13

NOTES ON ACCOUNTS

A) Significant Accounting Policies

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

1) Accounting Convention

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

2) Revenue Recognition

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

2.2) Sales are net of Sales Tax wherever applicable.

3) Fixed Assets

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

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

Expenditure incurred on extension planting and for upkeep of the same up to commercial plucking are capitalised.

Subsidies from Government in respect of Fixed Assets are deducted from the cost of respective assets on receipt/settled.

4) Replantation Expenditure

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

5) Impairment of Fixed Assets:

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

6) Depreciation & Amortisation

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

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

7) Contingent Liabilities

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

8) Inventories

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

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

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

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

9) Investments

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

Tea is calorie-free, unless you add sweetener or milk. If you're looking for a satisfying, calorie-free beverage, tea is a top choice.

DIANA TEA COMPANY LIMITED

NOTES ON ACCOUNTS (Contd...)

10) Excise Duty & Cess on Tea Production:

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

11) Retirement Benefits

a) Gratuities are paid in accordance with the Payment of Gratuity Act, 1972 and accounted for, as and when paid/payable.

b) The Company contributes to the Employees Provident Fund maintained under the Employees Provident Fund Scheme run by the Central Government and are charged against revenue each year.

c) Leave salary is accounted for on accrual basis.

12) Income Tax

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

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

13) 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.

14) Foreign Currency Transactions

- Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transactions.

- The foreign currency assets and liabilities (other than those covered by forward contracts) as on the Balance Sheet date are revalued in the accounts on the basis of exchange rate prevailing at the close of the year and exchange difference arising therefrom, is charged to the Profit & Loss Account.

- In case of transactions covered by forward contracts, the difference between the contract rate and exchange rate prevailing on the date of transaction, is charged to the Profit & Loss Account, proportionately over the period of contract.

B) OTHER NOTES:

1) Contingent Liability not provided for in respect of :-

1.1) Bank Guarantees issued to various Government Bodies to the extent of Rs.66, 22,029/-
(Previous year Rs.66, 22,029/-).

1.2) Claim against the Company not acknowledged as debts amounting to Rs.2, 54,40,300/-
(Previous year Rs.2, 54,40,300/-).

1.3) West Bengal Sales Tax demand for the Assessment Year 2000-01 of Rs.80, 543/-

1.4) Income tax demand of Rs. 2,83,14,481/- Being contested by the company for the Assessment year 2004-05.

1.5) West Bengal Sales Tax demand for the Assessment Year 2003-04 of Rs.10, 44,853/-

1.6) Central Sales Tax demand for the Assessment Year 2003-04 of Rs.25, 28,836/-

1.7) Central Sales Tax demand for the Assessment Year 2004-05 of Rs.1, 94,968/-

Heavy tea drinkers - whether they like it black, green, hot or cold - are more likely to survive a heart attack than those who don't sip the healthy brew.

DIANA TEA COMPANY LIMITED

NOTES ON ACCOUNTS (Contd...)

- 2) Stock of Tea includes 9,05,657 Kgs. valuing Rs.5,87,59,026/- lying with other Parties (Previous year 6,94,347 Kgs. valuing Rs.4,39,93,826/-).
- 3) 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/-).
- 4) Sundry Creditors include outstanding in respect of Machinery and vehicle amounting to Rs. 82,13,282/-(Previous year Rs.111, 21,471/-) purchased in terms of Hire Purchase Agreements.
- 5) The Company has not received any information from its suppliers regarding registration under "The Micro, Small and Medium Enterprises Development Act,2006". Hence, the information required to be given in accordance with Section 22 of the said Act, is not ascertainable. Hence, not disclosed.
- 6) 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, 2007 is Rs. 4,21,06,124 (Previous year Rs. 3,82,70,407/-).
- 7) 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.48,49,168/- (Previous year Rs.60,57,259/-) 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.
- 8) Miscellaneous Expenses includes Directors Board Meeting Fee & Committee Fee Rs.34,000/- (Previous year Rs.43,000/-).
- 9) No provision has been made for interest receivable amounting to Rs. 14,13,443/- as considered doubtful of recovery during the year.
- 10) Sundry Creditors includes Rs.2,53,556/- (Previous Year Rs.2,07,203/-) due to Small Scale Industrial undertakings to the extent such parties have been identified from the available documents/information. An amount of Rs.56,268/- is due to party namely M/s.Hanu Polymers Private Limited., Rs.1,97,288/- is due to M/s.Avani Poly Pvt. Ltd., are outstanding for more than 30 days.
- 11) Land & Plantation includes Rs.790 lacs in respect of Ambari Tea Estate, conveyance for which is not executed.
- 12) The Provision for taxation has been computed on the basis of the profits for the year ended 31st December, 2007 which extends over two Assessment Years, Assessment Year 2007-08 and Assessment Year 2008-09 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 2008-09 will be determined on the basis of profits for the period from 1st April 2007 to 31st March 2008.
- 13) In accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has reviewed the net deferred tax liability/assets as at 31st December, 2007 and the net deferred tax assets have been computed Rs.32,41,024/-. Accordingly the deferred tax amounting to Rs.18, 09,180/- for the year has been recognized in the Profit and Loss Account.
- 14) In the opinion of the Board of Directors of the Company the Current Assets, Loans, Advances and Deposits are approximately of the value stated in the accounts, if realised, in ordinary course of business unless otherwise stated. The provisions for all known liabilities are adequate and not in excess of the amount reasonably required.
- 15) Basic and Diluted Earnings/(Loss) per share:

	2007	2006
a) Profit for the year attributable to Equity Share Holders (In Rs.)	3,17,37,302	2,70,90,650
b) 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.)	0.85	0.72

Tea increases your metabolism.

DIANA TEA COMPANY LIMITED

NOTES ON ACCOUNTS (Contd...)

- 16) Related Party Disclosures:

Name of Party	Nature of Relation	Description of Transaction	Transaction during year ended on 31st December,		Balance Outstanding as on 31st December,	
			2007 Rs.	2006 Rs.	2007 Rs.	2006 Rs.
Singhania Builders Ltd.	Directors interested as Directors	Rent Payment Electricity	1,08,000 1,20,277	1,08,000 1,17,152	- 18,315	- 13,406
Mr. Sandeep. Singhania	Managing Director	Remuneration & perquisites	13,20,519	11,22,291	-	-
Mrs. Sarita Singhania	Whole time Director	Remuneration & perquisites	9,20,891	6,53,300	-	-
Diana Capital Ltd.	Holding Company	Loan taken	47,00,000	42,00,000	4,70,000	-
Woodville Properties & Finance Ltd.	Directors Interested as Directors	Loan given Interest	8,00,000 79,781	14,00,000 1,60,551	8,00,000 1,29,547	- 69,808

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.

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

	Year ended 31st December, 2007 Rs.	Year ended 31st December, 2006 Rs.
a) Salary & Bonus	22,00,000	15,37,904
b) Contribution to Provident Fund	2,64,000	1,84,548
c) Perquisites	41,410	53,139

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

No.	Name of Shares	No. of Shares	Purchase Amount (Rs.)	Sold Amount (Rs.)
1)	J. P. Hydro	3000	1,06,728	1,11,740

Tea is a better option than aerated drinks, which have adverse effect on bone building mineral, Calcium.

DIANA TEA COMPANY LIMITED

NOTES ON ACCOUNTS (Contd...)

19) 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

	Year ended 31st December, 2007	Year ended 31st December, 2006
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 52,953 Kgs., Previous year 75,647 Kgs.)	48,60,824 Kgs.	47,86,446 Kgs.

	Year ended 31st December, 2007		Year ended 31st December, 2006	
	Quantity Kgs.	Amount Rs.	Quantity Kgs.	Amount Rs.
iv) Opening Stock (including tea waste destroyed 34675 Kgs.)	9,49,656	6,05,93,813	10,96,252	6,93,63,824
v) Purchase of tea	8,25,887	6,02,88,985	3,55,277	2,47,75,963
vi) Closing Stock	11,82,644	7,77,88,399	9,49,656	605,93,813
vii) Gross Sales	54,53,723	40,84,10,031	52,73,279	38,60,02,558
2) Coffee				
i) Purchase	1,755	2,86,338	1,264	1,67,380
ii) Sales	1,755	2,91,571	1,264	1,84,402
3) Milk				
i) Purchase	2,006	2,09,748	1,542	1,51,047
ii) Sales	2,006	2,18,556	1,542	1,41,509
4) Particulars of Raw Materials consumed (all indigenous)				
Green leaf harvested	1,71,48,347	-	1,69,13,183	-
Green leaf purchased	40,95,426	3,734,91,519	44,33,629	4,14,27,255

(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.

	Year ended 31st December, 2007		Year ended 31st December, 2006	
	Rs.	%	Rs.	%
All Indigenous	2,89,49,033	100	2,62,18,289	100
6) i) Expenditure in Foreign currency (On account of payment of Interest on Foreign Currency Loan from Bank)	NIL		21,23,565	
ii) Earnings in foreign exchange (On account of export of Tea)	5,56,190		7,21,469	

Drinking tea may help keep your arteries smooth and clog-free, the same way a drain keeps your bathroom pipes clear..

DIANA TEA COMPANY LIMITED

NOTES ON ACCOUNTS (Contd...)

20) Abstract of the Balance Sheet as at 31.12.2007 and Company's General Business Profiles as per Part IV of Schedule VI (amended) to the Companies Act, 1956

I. Registration Details

Registration No. :			2	2	7	5	State Code				2	1
Balance Sheet Date :	3	1	1	2	2	0	0	7				

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

Public Issue :				N	I	L	Right Issue :				N	I	L
Bonus Issue :				N	I	L	Private Placement :				N	I	L

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

Total Liabilities :	8	7	7	1	8	8	Total Assets :	8	7	7	1	8	8
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Sources of Funds

Paid-up Capital :		7	4	9	5	5	Reserve & Surplus :	5	2	6	1	0	9
Secured Loans :	2	7	5	5	7	9	Unsecured Loans :				5	4	5

Application of Funds

Net Fixed Assets :	6	6	2	3	1	0	Investments :		1	2	1	0	4
Net Current Assets :	1	9	9	5	3	3	Misc. Expenditure :				N	I	L
Deferred Tax Assets :			3	2	4	1	Accumulated Losses :				N	I	L

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

Turnover :	4	8	9	9	5	9	Total Expenditure :	4	5	6	2	1	3
Profit Before Tax :		3	3	7	4	6	Profit After Tax :		3	1	7	3	7
Earning per share in Rs. :			0	.	8	5	Dividend Rate % :						

V. 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	

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

Signatures to Schedule 1 to 13

For Das & Prasad
Chartered Accountants

G. D. Agarwal
Partner
Membership No.4543
4, Chowringhee Lane
Kolkata-700 016
Date : March 31, 2008

For and on behalf of the Board

Sandeep Singhania
Managing Director
Sarita Singhania
Wholetime Director

Tea gives you a sweet smile.

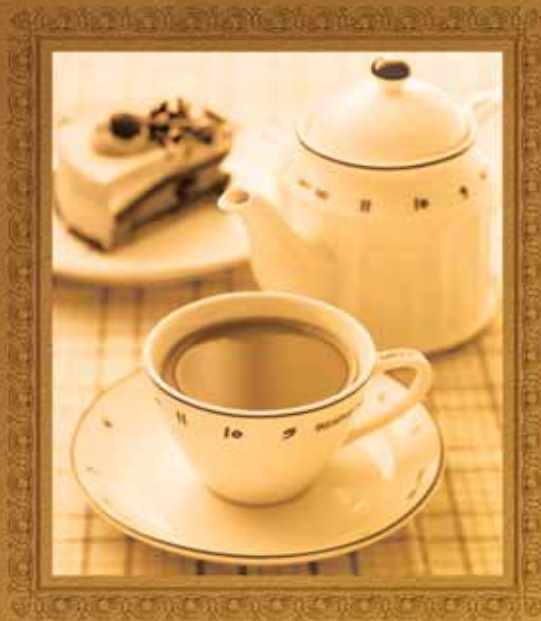


PORTFOLIO

Cost of products

- Bulk Packing Jute Bags
(In 26 kgs & 35 kgs)
- Tea Chest
(In 26 kgs & 35 kgs)
- Mini Chestlet
(500 gms)
- Poly Pouch Pack
(3 varieties in 250 gms)
- Tea Bags
(25 bags & 100 bags pack)





DIANA TEA COMPANY LIMITED

"SIR R. N. M. HOUSE"

3B, Lal Bazar Street, Kolkata 700 001

Phone: 2248-8672/1651/2164, Fax: (033) 2248-7571

E-mail: diana@cal3.vsnl.net.in